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**CUSTOMER RELATIONSHIP MANAGEMENT IN THE MODERN  
ECONOMY**

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**Abstract**

The article justifies the relevance and necessity of use of digital tools to increase the focus on customers by companies. Customer relationship management in the information society is one of the most important factors of the success of any organization. “The client is always right” is a key phrase in determination of the priorities for the work of modern competitive companies around the world. The goal of each company is not only to attract new consumers of services, but also to maintain mutually beneficial relationships with each client. In this case, focusing on the wishes and interests of the client becomes the primary task of any business. That is why, considering the process of building sustainable competitive strategies by an organization, it is necessary to have a deeper understanding of the definition of "customer relationship management" for enterprises and organizations of all sectors of the economy. A company that uses the customer relationship management can reduce its advertising, promotion costs and reinvest funds in its development. Customers will always return to a customer oriented company and shop more often, simply because they like it. During the study, a number of the most important measures necessary for a comprehensive increase in the efficiency of companies' activities have been formed.

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*Keywords:* Customer relationship management, loyalty, information and communication technologies, digital environment, Internet, market system



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## 1. Introduction

With the development of information and communication technologies (ICT), the modern macro- and micro-environments are becoming more and more dynamic. The internet infrastructure is improving and the use of digital tools is increasing every year. According to the Global Digital 2021 report on the state of the digital spher, at the beginning of 2021, 4.7 billion people are using Internet worldwide, which is 59.5% of the world's population (Evnevich, 2017). In the digital era, ICTs are the engine of transformation in almost all areas of company activity, from business models and processes to forms of interaction with consumers and partners. The digital transformation involves a paradigm shift from a traditional product-focused strategy to a strategy that mainly focuses on the customer. Industrial countries are shifting from a producing to a service economy, which encourages companies' values to shift in favour of intellectual assets, and price competition becomes less efficient and too “expensive” for companies. Customer relationship management in the information society is one of the most important factors of the success of the organization. “The customer is always right” is a key definition of the benchmarks for the work of leading companies that strive to take a competitive position. Companies are moving away from a focus on current performance and seek to establish long-term relationships with their customers (Arlenkov et al., 2017). That is why the study of customer relationship management in the digital environment is one of the most relevant studies. During the study it has been found that the leaders of customer-focused companies in the Net Promoter Scores (net support index) increase revenues about 2.5 times faster than their industry competitors, and provide the increasing of shareholders profit from two to five times over the next 10 years (Are You Undervaluing Your Customers?, 2021). The essence of the concept of "customer relationship management" is stated in the following definition: this is one of the most important values, according to which a business exists to meet the needs and interests of consumers of services, in other words, it is a complete focus on the client (Piketty, 2015).

## 2. Problem Statement

Until now, most companies do not consider a focus on the customer as a priority, and this is a serious problem, since in the market system the most important figure is the client, the buyer, the consumer. The top management of organizations increasingly defines for itself the desire for customer relationship management as a priority area of work, since a customer-oriented company works for the target audience and satisfies the needs of its customers, it can count on mutual customer loyalty, which means an increase in profits (Ansoff, 2008).

## 3. Research Questions

The work highlights the following research questions:

- Customer relationship management as a priority direction in business development in the context of the development of information and communication technologies.
- Pandemic as a driver of modernization of focus on customer in business.

- Internet tools for development of customer relationship management.
- Key indicators of customer relationship management.

#### **4. Purpose of the Study**

The aim of the study is to generalize, systematize and develop theoretical views that determine the essence of the customer relationship management in company management and its increasing importance in the process of digital transformation of business.

#### **5. Research Methods**

The works of the following recognized specialists in the field of customer focus have been used as a theoretical basis of the research: Ansoff (2008), Doyle (2004), Drucker (2004), Kotler (2008), Kotler and Keller (2010), Tompson (2005), Levitt (2001), Sewell and Brown (2017).

Peppers and Rodzgers (2006) proposed to call this approach as customer relationship management or CRM, since then CRM continues to attract the attention of researchers and practitioners.

Zeithaml and Parasuraman (1990) and Berry et al. (1983) developed the SERVQUAL method at the end of the 20th century using empirical research based on the service concept. This method is based on a consumer survey, in which respondents should indicate the rating of several characteristics of the service provided, grouped by the main dimensions of the service.

The greatest interest in the study and application of a customer relationship management has occurred at the very beginning of the 21st century, when, as a result of the processes of globalization and the growth of competition, focus on customer has been finally realized by service professionals and stood out as a separate concept. The main role in the formation of this concept was played by the doctrine of market orientation in the early 90s of the XX century: (Barksdale & Darden, 1971; Deshpand et al., 1991; Jaworski & Kohli, 1993; Kohli et al., 1993; Lusch, 1976; Narver & Slater, 1990).

The methodological basis of the work is analysis, synthesis, induction, deduction, systems approach, economic-statistical and other recognized methods of economic analysis.

The informational basis is the information contained in the works of specialists, as well as information presented on the official websites of the UN, the World Bank, the NAFI Analytical Center and other organizations and institutions.

Thus, customer relationship management is the driver of the modern economy. The possession of the necessary resources and skills is becoming the key tools of customer relationship management, which, in turn, determined the relevance of the study.

#### **6. Findings**

Based on the analysis of the customer relationship management of companies, a number of the most important measures necessary for a comprehensive increase in the efficiency of their activities have been formed in the work:

1) Use of the Internet. The global Internet is recognized as the most effective way of communication with consumers in the 21st century. Leading companies need to have an established system of customer

communication, sales and advertising. Marketing on the Internet has several benefits. First of all, it is the ability to communicate with all interested clients; many free platforms for creation of a company website; the possibility of free advertising, therefore, the global Internet is the most modern platform for interaction with customers.

This industry is actively developing in Russia. Many people switch to purchasing goods remotely, in other words they switch to online procurement. Gen Z and millennials are already buying most of what they need online. And this weakens the sales volume of large supermarkets (Nyurenberger & Klimova, 2018).

During the pandemic in 2020, the popularity of online commerce has increased significantly. According to the Association of Internet Trade Companies (AITC), the volume of the e-commerce market in Russia in 2019 amounted to 2.03 trillion. rub. In terms of customer relationship management in the Internet, The North Face company can be used as an example. This company is using artificial intelligence technology to help online shoppers choose the right jacket among the thousands of options on its website. This online experience allows customers to engage in a Q&A conversation to find the right jacket. They created an experience close to the interaction with a salesperson. IKEA company can be also taken as an example. This company has developed online placing application, where it is possible to do placing by your own or sign up for online placing with a specialist at a convenient time. The IKEA Place program is based on ARCore technology, thanks to which owners of smartphones running the Android operating system can view an electronic catalogue of hundreds of products and then “place” them. All of this is done using a smartphone without any additional equipment. Due to this opportunity, a person can see how, for example, an armchair, chair or something else will look like in his own house / apartment (Rastorguev & Tyan, 2019).

2) The presence of a customer service team in the company. A necessary action for the company is to form a customer service team. Customers interact with the company in the application, on the website, due to this fact an employees whose responsibility is to take into account the customer experience, their wishes and comments are needed.

Best practice is employee replacement with a customer service team. Employees need to hear directly from customers about their pain points, worries, and the points where the company is doing well. Learning from the source will help to integrate the client's point of view and reflect it in the work (Morozova et al., 2019).

3) Use of CRM - systems and CEM - systems. In the digital age, it is becoming increasingly difficult to achieve loyalty and give customers what they want, because everything, including the desires of consumers, is changing very quickly. In order to track trends, organize the best opportunities for the buyer to fully and personally get acquainted with the product, and subsequently improve the customer experience, it is critical to be able to measure the results of this interaction.

CRM (Customer Relationship Management) is a concept that allows to take customer interaction to a new level, using the maximum possible information about customers and their needs. Studying of customers and responding to the requests and needs of each of them can enable companies to take new opportunities for the sale of goods and services and become a key factor in sustainable development and a source of long-term competitive advantage for the company in the market. The work of this system is as follows: every time the company interacts with a customer, it finds out the details about the customer. The

company collects and analyzes the received information and then acts based on it. With the help of feedback, the company segments and profiles customers in accordance with their income and desires in order to maximize profitability from different categories of consumers.

CRM is a program for the sales department that allows you to organize and regulate the work of managers, automate the process of dealing with a client, reduce the time spent on repetitive processes, control communication between managers and clients, analyze the level of employee engagement, analyze the level of customer loyalty to the company, maintain a base customers and collect the history of interaction with them, not to lose a single customer who showed interest. Typically, CRM systems are cloud-based online services that are provided by subscription. By registering in the CRM system, a single account is provided with all the possibilities and sales tools. After setting up CRM, employees / managers are added to the account. It is possible to work in CRM at any time and from any place where there is an Internet.

Unlike CRM - system, CEM - system (Customer Experience Management) is operated by the opposite interpretation: every time the company interacts with a customer, customers learn something about the company. Depending on the received information about the company, clients can change their own behaviour in such a way that it will affect the individual profitability of each client. With the help of CEM, the company collects and analyzes information about the dynamics of work with clients. This information is provided in form of feedback in a self-calibrating system. By using this system, the company can establish the most beneficial relationship for both parties. In other words the idea of CEM is to objectify the understanding of what a client is through behaviour, through concrete actions and learn how to manage this together.

4) Use of SERVQUAL concept. The name of this model reflects its focus: "SERV" (Service) and "QUAL" (Quality). The SERVQUAL concept helps to assess the perception of the target audience regarding their service needs and measure the quality of services through a survey.

The SERVQUAL model helps to identify all customer service wishes, assess the effectiveness of the current state of customer orientation in the company and determine the most productive measures to improve the service.

This method contains 5 main categories:

- a. tangibility. This is everything that the consumer can see, hear, feel and touch. This component is especially important, since during the provision of the service, the client shall receive sensual satisfaction with its quality. It includes: location of the provided service, aesthetics, convenience, equipment and staff appearance;
- b. reliability. It is the ability to fulfill the promise to the client exactly and on time;
- c. responsiveness. This is the reaction of the company's staff to the requests, desires and moods of customers. This category includes such elementary things as a benevolent greeting of a client, a quick response to complaints and suggestions;
- d. guarantee. This category characterizes the company's ability to win the client's trust through professionalism and competence. If the client received any damage from the provided service, the company should immediately react and check the professional level of employees, conduct training courses or seminars;

- e. empathy. It implies an individual approach to a specific client, taking into account the peculiarities, the desire to understand the needs of the client, the desire to provide individualized service.

To assess the service provided to the client, a Likert scale with several intervals is used. It consists the scale of phrases from "strongly disagree" to "strongly agree". Using this scale the person who carries out the evaluation shall conduct a double assessment: their expectations and perceptions of the service provided for each category.

Experts recommend that this method of measuring the quality of SERVQUAL services to be carried out at least once every six months. The measurements obtained at the next iteration of the process show how successful the corrected actions were in terms of eliminating the identified discrepancies. Thus, it is possible to organize a continuous process of assessment and improvement of the quality of the services provided by the enterprise (Chelenkov & Sonina, 2012; Vasilev et al., 2020).

5) Achieve the WOW effect. The WOW effect is the provision of a highly "impressive" service. There are a number of activities designed to create emotional engagement and unusual experiences for the client / consumer:

- a) Conducting of educational master classes, individual consultations, thematic seminars / webinars with feedback.
- b) Provision of additional promotions, coupon discounts, gift certificates, the opportunity to receive a gift for a purchase, the ability to purchase three goods for the price of two, etc.
- c) Formation and support of the prestigious image of the company, creation and maintenance of the company's website, corresponding to modern trends in this area, as well as bringing all communication means to a modern form (including maintaining pages on social networks), forced promotion of "fashionable" goods and services, even if they are not the most profitable for the company.
- d) Conducting of competitions, lotteries, fest events, introduction of gaming technologies, etc.

6) Instant response to complaints. Complaints shall be understood as an opportunity to improve a product or service. By satisfying the customer complaints, the company gets the opportunity to earn loyalty points from the customer:

- a) Conducting of customer and partner surveys. These surveys are a tip on how to make a product or service more customer-oriented. Also doing this is an opportunity to show that the opinion of customers is important to the company. Clients feel them involved in the development of the company.
- b) Monitoring of competitors' products. It is important to know what the company's competitors are doing. Monitoring competitor products shall be a part of the strategy. It is needed to find out what customers like about competitors' products, and, if possible, implement it into the product.

And vice versa, mistakes made in competitive products shall be analysed in order to avoid their repeating.

- c) Brainstorming and meetings. This helps to involve key people in the company in product development.
- d) Benchmarking. It's simple, the best tricks and ideas in products from other industries shall be found and implemented.

## 7. Conclusion

Thus, the main trend in the modern economy is the intensive development and implementation of digital technologies. The use of digital technologies makes it possible to achieve a qualitatively new level of customer service, form an emotional attachment of the client to the company, increase the frequency of purchases and the size of the average check without increasing the level of costs, and also continuously improve internal business processes. Without the use of ICT, it is impossible to build an effective customer-oriented company model, since a high-quality customer-oriented service requires clustering customers in digital ways, identifying individual characteristics for personalizing the offer.

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