

CUSTOMER RELATIONSHIP MANAGEMENT IN LOGISTICS FIRMS

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ABSTRACT

It is due to the blessings of the last decade as well as the sincere efforts of the business fraternity that the Asian economy is flourishing with a market orientation, which is a shift from a sales orientation. The availability of a large number of alternative products and services, substitute products, and integrated services, has compelled corporate players to be competent so as to perform in a highly competitive environment. Customer Relationship Management (CRM) is a mix of people, processes and technology which focuses on understanding the customer. It is an integrated approach to manage relationships by focusing on customer retention and relationship enhancement. Organizations that effectively apply Customer Relationship Management will garner the rewards in customer reliability as well as productivity. Nevertheless, a successful mechanism appears to be vague to many enterprises because they do not recognize CRM's potential in the current state of affairs. This study adopts a relational perspective with which to plan an executive strategy for CRM based on a 'Gaps' model of organizations. The gaps are a variety of failures which hinder CRM and have to be identified and overcome. The research data came from semi-structured interviews by logistics managers with customer companies in Bhutan and India.

Keywords: Customer Relationship Management, Relational Perspective, Service Standards, Relationship Marketing, Customer Service

บทคัดย่อ

เศรษฐกิจของอาเซียนได้เจริญรุ่งเรืองเข้าสู่ยุคที่ตลาดเป็นตัวนำ ซึ่งต่างจากเดิมที่มีการขายเป็นตัวนำ ทางเลือกที่มีมากมายของสินค้าและบริการ สินค้าทดแทน และการบริการที่ครบวงจร เป็นตัวบีบให้ธุรกิจต้องเพิ่มขีดความสามารถเพื่อให้อยู่รอดได้ท่ามกลางการแข่งขันที่สูงขึ้น การบริหารลูกค้าสัมพันธ์เป็นการผสมผสานระหว่างคน กระบวนการทำงาน และเทคโนโลยีเข้าด้วยกัน โดยมุ่งเน้นความเข้าใจต่อลูกค้าเป็นสิ่งสำคัญ เป็นวิธีบริหารความสัมพันธ์แบบองค์รวม เพื่อรักษาลูกค้า และส่งเสริมความสัมพันธ์ให้ดีขึ้น ซึ่งจะส่งผลต่อองค์กร ในรูปของความเชื่อถือของลูกค้าและการเพิ่มผลผลิตในวงกว้าง แต่กระนั้นก็ตามหนทางสู่ความสำเร็จจะลงเลือนสำหรับองค์กรส่วนใหญ่ เพราะองค์กรเหล่านั้นไม่ได้ตระหนักถึงศักยภาพของการบริหารลูกค้าสัมพันธ์ งานวิจัยนี้รับเอาทัศนคติเกี่ยวกับความสัมพันธ์ เพื่อมาปรับใช้ในการวางแผนกลยุทธ์การบริหารความสัมพันธ์กับลูกค้า จากการศึกษาช่องโหว่ที่มีอยู่ในองค์กร ซึ่งแสดงถึงความล้มเหลวที่ขัดขวางการบริหารลูกค้าสัมพันธ์ และจำต้องมีการบ่งชี้และแก้ปัญหาเหล่านี้ ข้อมูลเพื่อการวิจัยนี้ ได้จากการสัมภาษณ์ผู้จัดการด้านโลจิสติกส์ และลูกค้าในประเทศภูฏานและอินเดีย

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INTRODUCTION

It is a well established idea that all customers do not contribute equally to the profitability of a business, as different customers buy different quantities of different products. It has been noticed from time to time through studies made in the field, that the 80/20 Pareto rule will often prevail, i.e. generally 80 percent of the profit comes from 20 percent of the customers. As logistic companies are engaged in a service industry they are required to focus on the quality and delivery of service as a significant contributor to sales and profit.

It is not necessary that all customers should seek quality service, but it should be remembered that a customer can make a service choice, namely average service at an average cost, or nearly perfect service at an extraordinarily high cost, and everyone is aware that quality always has a price. Although this perspective is customer oriented in its sequencing of logistics activities and customer contact, it pre-supposes an optimal cost-service mix. Hence the important challenge of customer service management in logistic companies is to identify the opportunity for actual profitability through customer service, followed by appropriate strategies to capitalize on the situation to secure customer profitability. In other words, while creating a customer service strategy, it is essential for logistic companies to have a proper cost-benefit analysis of their service, because any enhancement in the service level will be accompanied by a need to increase the elements of cost, due to the requirement for extra facilities which should produce an increase in sales volume.

When calculating the total customer service cost, the specific primary elements of cost should be properly considered by logistic companies, such as inventory carrying costs for the required level of service to meet unexpectedly high levels of demand, cost incurred in the reduction of refilling cycle time (faster order processing and shifting of goods to destination), and costs involved in a reverse logistics system to deal with defective delivery (which includes costs for shifting defective return goods from the customer, cost of verification, actual rectification cost, and cost of re-documentation of return goods along with their reverse delivery to the customer). Further cost is incurred in the continuous assessment and appraisal of the system, including fixed costs incurred in the development of service continuity and consistency, such as development of proper information systems with internet connectivity for accurate time communication of information and other logistical infrastructure.

Discussions of the measurement of service quality generally refers to measurement of the difference between what a customer feels a logistic company should offer (i.e. their expectations) compared with the company's actual performance. In other words, it is the match between what service the logistic companies actually provide and what the expectations of the customers are. Parasuraman, Ziethaml and Berry (2000), on the basis of broad-based exploratory research, suggested that service quality is a function of the expectations-performance gap, and defined service quality as the degree and direction of discrepancy between the customers' service perception and expectations, for which these researchers provided a Gaps Model. The Service Quality Gap represents a customer's assessment of service quality. The four 'gaps' in the model represent organizational shortfalls that ultimately lead to the customer's perception of service quality. These organizational gaps are elaborated later.

METHODOLOGY

This is a qualitative research study, which is appropriate for discovering actual practice, problems, and perceptions, providing insights from which themes can be extracted and theories can be deduced for testing in later research (Gummesson, 2000). It is the opposite of quantitative research which begins with statements or theories which are then subjected to verification. Ideally, the two types of research should be used together for greater width and depth, but various resource constraints limit this (Grant, Teller, and Kotzab, (2010).

Semi-structured interviews were held with practitioners in India and Bhutan. Although the interviewer prepares a list of questions, more come to mind when the interviewee answers, allowing more questions which probe emerging interesting themes or ask for clarification. This flexibility can produce a broader understanding (Saunders et al. 2003).

DESCRIPTION OF 'GAPS' IN THE MODEL

Market Information GAP (MI)

A firm's incomplete or inaccurate knowledge of a customer's service expectations is called a market gap. This is one of the important gaps as marketing is the first step in the Logistics world which may be helpful in understanding the customers.

Service Standards GAP (SS)

A firm's failure to correctly fulfill a customer's service expectation at the desired level is called a service standard gap. This gap is the next stage in giving an input into understanding customer expectations.

Performance of Service GAP (PoS)

Lack of appropriate internal support systems in a firm (e.g. recruitment, training, technology, and compensation) which enable employees to attain service standards is called a service standard gap. It requires that service is not only to be the standard norm of the firm but to meet the expectations which the customer requires.

Internal Communication (IC)

If there are inconsistencies between what customers are told the service will be and what the actual service performance is, internal communication plays an important role in bridging the gap, and sometimes the gap may be there due to lack of internal communication between sales people and service providers, including after-sales service representatives. If this happens then it is called an internal communication gap.

Furthermore, one of the areas of the focus in this research is to examine and analyze the internal organizational gaps, and design corrective measures by taking appropriate corrective actions so as to keep in mind the expectations of the end users. Further, according to some viewpoints the logistical perspective should be seen from the angle of core competency concentrating more on marketing intermediaries, especially in the present competitive environment. Hence, a more comprehensive analysis is required which should be a blend of both internal and external gaps so that a proper solution could be enforced based on the situational requirement.

The measurement of a firm's service capability needs an analysis of the various gaps in service quality in terms of perception and desire of the customers, and in the firm itself, concerning the firm's service levels. Such an analysis can further measure the actual service levels offered by the firm, the comparative service levels offered by competitors, and the desired levels of service for the product itself as well for competitive advantage. The basis for perceptions and desire include past experience, industry standards, standards for competitors and the situational requirements of a firm. The two broad categories of critical discrepancies or gaps that may exist between the desired and actual levels of customer service are generally known as major and minor gaps. Whether there is a wide difference or short difference between desired and actual service categorizes the degree of gap as major gap or minor gap.

MAJOR AND MINOR GAPS

Major gaps are wide gaps which have a direct impact on customer satisfaction and performance, and are crucial for long-term customer relationships so far as loyalty is concerned. This ultimately reflects the effect of customer response on a firm's sales revenue. This gap analysis measures the magnitude of each discrepancy, facilitating managers to take timely corrective actions at the most appropriate situation for the improvement of customer service quality. If major gaps are ignored for long then it may cost the firm heavily. Major gaps may be categorized as follows:

Major Gap One (G1)

This is a gap between the existing levels of customer service provided by the firm and the corporate vision of customer service. There is a gap between the firm's customer service vision and the present customer service standard, which results in wastage of resources.

Major Gap Two (G2)

The second major gap which may exist is between the present level of customer service being provided by a firm and the service levels prevailing in the industry as a whole. Any discrepancy will have a negative impact on corporate image and customer motivation, and thus affect trade.

Major Gap Three (G3)

This gap is the result of discrepancy between the present level of customer service and the customer's expectations about the service standard. This gap results in lower commitment and loyalty by customers.

Major Gap Four (G4)

Sometimes a gap may be noticed between the present level of customer service and the service levels required for the product itself or for creating competitive advantage in the market. This gap generally adversely affects volume of sales and market share.

Minor Gaps

Minor gaps are those gaps which will not have any immediate impact on a firm with regard to wastage of resource, the loyalty, motivation and commitment of customers, sales volume, and market share. However, these may become major gaps in future if proactive or preventive actions are not taken to close these gaps. Minor gaps may occur between on the one hand corporate vision about service standard and on the other hand the service standards needed

for products or for competitive advantage equal to the prevailing service standard in the industry.

Firms can use the findings of gaps analysis as a systematic methodology to conduct a comprehensive service quality audit in order to identify discrepancies, so that improvements can be made in customer service standard and strategy, so as to avoid any loss in the loyalty of customers or reputation. Foss (2002) identified the following four stage process for CRM which is used by logistic companies in many parts of the world including developing countries:

Stage 1 -Building the infrastructure and systems to deliver customer knowledge, and to understand customer profitability

Stage 2 – Aligning corporate resources behind the management strategies for developing a customer value segment, and management strategies for maximizing customer satisfaction and profitability

Stage 3 – Incorporating a market perspective into the understanding of customer value, to avoid any possible adverse effects and maintain customer relationships

Stage 4 –Integrating strategic planning and customer value management

GROWTH OF THE SERVICE SECTOR AND CRM

In the present day business world, due to the force of a fast expanding service sector, including logistics services, relationships with supply chain customers have a direct bearing on business in general, as players in this field have now begun to pay a great deal more attention to the “softer” side of their interaction with customers. It has been realized that manufacturing a great product at a great price may not be enough when a large part of a customer’s decision to continue dealing with a firm is related to how he or she is treated. This includes whether a customer’s feelings and perceptions are taken care of and made a part of the manufacturing and marketing strategy, in three consolidated interlinked areas. This is especially important when it is well recognized that the service industry is growing towards domination of the world economy.

According to the UK Office for National Statistics, the service industry can be categorized into financial service, transport service, retail service, and personal service. According to Wallsrom (2002), the service sector comprises a wide range of companies, including banks and insurance companies. She explains that the service sector employs more and more people: for example nine out of ten new job opportunities are created within the service sector in Sweden. Gronroos(1992) said that there has been compelling interest in services in many parts of the world and in different functional areas. Developments in information technology especially the rapid growth of internet usage, improved production capabilities, created rising expectations of customers, accelerated the flow of capital across national boundaries created business opportunities, and encouraged competition. In this competitive situation the service sector is considered as one of the most challenging and competitive areas of business, and like all businesses, companies providing services face certain competition in one way or another. To be competitive and successful in the market, the ability to greatly value all customer interactions is a prerequisite for providing the high quality of services, that

today's customers demand from the service providing organizations. Therefore, in the knowledge economy the service providing organizations must implement a comprehensive CRM integrated solution involving all departments, working as a team and sharing information to provide a single view of the customer (Yusuf, 2003). Information about customers, actual and potential, is the basis of CRM, especially their expectations, perceptions, attitudes and purchasing behavior (Injazz and Karen (2003).

SALES MANAGEMENT TRENDS IN LOGISTIC COMPANIES

These days, many sales organizations face fierce global competition both in domestic as well as in international markets. As mentioned by Ingram, LaForge and Schwegler (1997), the purchasing function is increasingly viewed as an important way for a firm to reduce costs and increase profits. The result is that buyers are more demanding, better prepared, and highly skilled. The costs of maintaining salespeople in the field are escalating at the same time that sales organizations are being compelled to increase sales as well as reducing the costs of doing business. Thus, competitors, customers, and even their own firms are challenging and pressurizing sales organizations to be more dynamic and result oriented. Due to these challenges and pressures many firms are making changes in sales management by adopting new techniques, including CRM.

The traditional transaction-selling model is increasingly being replaced by more relationship-oriented selling approaches. Instead of an emphasis on selling products in the short-term, salespeople are required to develop long-term relationships by solving customer problems, providing opportunities, and adding value to customer business over an extended period of time, so that addition and retention of customers could be achieved. Further, disregarding new trends, the sales management framework itself is still relevant in the actual business world, including logistics companies. In this situation CRM normally involves business process change and the introduction of new information technology. Consequently effective leadership is important for taking care of proper implementation of CRM (Galbreath and Rogers, 1999). It is said that good leaders monitor the external environments of a firm as they are generally best placed to set the vision or give strategic direction for the implementation of CRM projects. Moreover, leaders are influential and powerful in the authorization and control of expenditure, the setting and monitoring of performance and the empowerment and motivation of key personnel (Pinto and Slevin, 1987). As CRM reaches into many parts of the business it has been suggested that organisations should adopt a holistic approach (Girishankar, 2005).

The holistic approach places CRM at the heart of the organisation with customer orientated business processes and the integration of CRM systems. Ciborra and Faille (2000) conceptualise CRM beyond a front office contact management system. For others, CRM goes further, to constitute operational, analytical and collaborative elements (Trepper, 2000). Holistic approaches to CRM help organizations co-ordinate and effectively maintain the growth of disparate customer contact points or channels of communication. However, problems of channel conflict have been identified whereby customer experiences differ depending on the sales channel performance.

Many organizations in this field have few alternatives but to outsource a significant proportion of their CRM solution as they lack the resources to develop CRM software. In logistic companies outsourcing is quite common. According to MacSweeney (2000) 60 per

cent of in-house CRM systems fail. Timing is also important, as developing CRM software in-house can be a lengthy process and there are rewards to those that can respond rapidly and appropriately (Howle, 2000), and Clemons (2000) estimate that there may be a tenfold difference between the most profitable customers and the average. The idea that you cannot have a profitable relationship with all customers, and the practice of targeting customers with a differentiated product or service, is already widespread in many financial services, e.g. banking, insurance, and credit cards. It is less established in many other business sectors such as manufacturing. One method for identifying customer groups is the notion of distinguishing between transaction and relationship customers. Transaction customers are highly volatile and have little loyalty other than that related to obtaining the best price. Relationship customers have far more potential for loyalty as they are often prepared to pay a premium price for a range of reliable goods or services (Newell, 2000).

When relationship customers are sought they are less likely to defect, provided they continue to receive the quality service for which they became customers. Old customers who have developed a relationship with the firm are also more cost effective than new customers because they are already familiar with, and require far less persuasion to buy, the company's products or services. Peck et al. (1999) are among those researchers who argue that for many organizations it would be beneficial to distinguish between the two types of customer and focus on relationship customers for different types from different angles.

There are three different types of relationship customers: the top, middle and lower groups. The top group (top 10 per cent) consists of customers with excellent loyalty and of high profitability for the organization. CRM is needed to retain and offer them the best possible service in order to discourage them defecting to competitors. Middle group customers (the next 40-50 per cent) are ones delivering good profits and who show good potential for future growth and loyalty towards the firm, its products and services. These are the customers who are probably selective and might give some of their business to other competitors. The focus is generally targeted to use CRM for this type of middle group customers as they are the greatest source of potential growth and if persuaded effectively they can be converted into being top-end customers. Lower group relational customers (the bottom 40-50 per cent) are those who are only marginally profitable. Some may have potential for growth but the expense and effort involved in targeting such numbers hinders the effectiveness of servicing existing relational customers in the top and middle groups. In logistic companies, it is noticeable that CRM is used to identify different types of group so as to consider the response required by different groups. But this depends on what managerial skills are applied as it is not common that all shall follow this practice as a rule. Transactional customers contribute either nothing or have an adverse effect on profitability. The consensus therefore is that CRM needs to identify transactional customers to help the firm respond appropriately.

Around the turn of the twentieth century, buyers and sellers lost their intimate relationships. Prior to the Industrial Revolution, sellers knew their customers, often by name, and generally understood their needs. Mass production built a wall between buyers and sellers where the main concept was to find customers for standardized products. Customers are more empowered today than ever before and the Internet is accelerating the trend toward greater customer empowerment. CRM applications try to focus on the customer first, specifically one customer at a time, to build a long-lasting mutually beneficial relationship.

Logistic firms' customer relationship management is a comprehensive approach that promises to maximize relationships with all customers, including Internet "e-customers",

distribution channel members, and suppliers. Getting to “know” each customer through data mining techniques and a customer-centric business strategy helps the organization to proactively and consistently offer (and sell) more products and services with improved customer retention and loyalty over longer periods of time. Peppers and Rogers (1999) refer to this as maximizing “lifetime customer share”, resulting in customer retention and customer profitability. On the other hand, advanced customer data analysis also allows a company to identify the customers it does not want to serve. Beside the technological advances, CRM initiatives represent a fundamental shift in emphasis from managing product portfolios to managing portfolios of customers, necessitating changes to business processes and people. As companies start to re-engineer themselves around customers, individual employees must also come to terms with changing business processes, organizational culture and, thus, the ways they view their customers and how they treat them. All the citations mentioned above are very relevant for logistic companies, as their service is highly competitive in nature, and unless CRM is applied the customers may move from one organization to another to achieve satisfaction.

CUSTOMER SERVICE STRATEGIC MANAGEMENT IN LOGISTICS COMPANIES

In present day consumerism and a buyer’s market, firms are largely dependent on their customers to achieve and maintain a commanding position in the marketplace. It is for this reason that at the global level most firms which are engaged in logistic services and related fields are putting their best effort into retaining loyal customers, by keeping them satisfied through best possible means. In this direction there are the good examples of FedEx and DHL which are following these techniques at a certain level. While keeping the customers satisfied, firms require a proactively designed and strategically managed customer service portfolio because it is now believed that a strategic focus towards customer service management is needed, to generate superior customer value so as to sustain a competitive advantage in the long run.

In order to have a systematic and comprehensive approach towards customer service strategic management, the top management of a company must be the driving force behind the reinforcement of highly valued, respected, and expected levels of customer service. In Logistics firms, the focus of the corporate planners along with chief logistics manager must be a full dedication to the objectives and initiatives, because they are ultimately responsible for success or failure. They must also provide adequate resources and continual encouragement to the people in their organization to achieve tangible outcomes. At the outset of the formal customer service strategic management process, the top management should develop statements of mission and purpose of their existence, and of business objectives and goals that must fit within the overall framework of the total logistics system.

The corporate vision about customer service includes a written statement of service policy, to be circulated to customers. Adequate recognition of customer profitability, in terms of return, clarity in dealings, transparency and uniformity in operational mechanism, are what makes firms customer sensitive and customer friendly. The factors which are adopted are commitment to long term associations, and proper monitoring of service for continuous improvement. After defining and determining the corporate vision about customer service, the strategists must measure the discrepancies in it with the present customer service strategy as to what is enforced and what is happening in reality. At this stage, accurate, meaningful

and understandable information should be collected scientifically, pertaining to strategic, logistical and non-logistical aspects of the present customer service strategy. Accuracy and validity of collected information is important because if the measurement is of poor performance then painful changes are needed, and sometimes when it is too late. Reasons behind poor performance should also be identified so that corrective actions can be taken, while a rectified version of the strategy will be implemented. After identifying the existing discrepancies between the corporate vision and the existing customer service strategy, the next step deals with incorporation of the customer service measures required, either for the product itself or for competitive advantage.

As the quantum of competition is increasing with greater pace, resulting in a more intricate market scenario, companies are hunting for ways and means to generate superior customer value for competitive advantage, which is possible by superior quality of service. Additionally, due to prevailing high demand uncertainty, seasonality and shorter life cycle, the customer service strategy has become more complex, because products themselves need unique customer service standards, failing which the company has to suffer significantly. Hence, a logistical long run competitive advantage can be generated by superior customer service, and for early recovery of investment made in product development greater reach to the market is the need of the hour. Thus, better service to the customer is required. It is very relevant to understand the existing customer service standard in the industry offered by competitors, for the purpose of industry analysis vis-a-vis a firm's situation. This analysis is very significant for understanding the relative performance and pitfalls in the present service strategy; so as to know how the strategy can create a competitive edge and how to identify the ways and means for implementation of a new customer service strategic system design. Service expectation of customers must be emphasized and based on understanding their service requirements.

While companies focus on the service needs of their customers, contributions made by customers in terms of the company's profitability should also be taken into consideration. Otherwise, this whole exercise of rationality will become futile. In other words, there should be a cost-benefit analysis. A new customer service strategy should focus on the aspects of corporate vision about customer service and the commitment to logistical competency. Incorporating customer service in the day to day agenda of the firm is needed for securing product and competitive advantage. The full extent of available resources and infrastructural facilities are there to play an important role in implementation of the strategy. The new strategy has to be smoothly and effectively implemented after full analysis of any shortcomings in the earlier one as the new strategy is considered to be more crucial for success. Mere formulation of a sound and promising strategy cannot bring customer loyalty unless implemented effectively and efficiently. One must keep in mind that in any strategy all its three elements - creation, implementation and evaluation - are equally important. An effective implementation policy should be developed incorporating the objectives and goals of the new service strategy which should be well defined in simple and clear terms, communicated to customers, and within the organization, especially to those people who will be responsible for its implementation and are concerned with operational performance.

Essential resources should be allocated to different parts of the firm in time, along with keeping in view decided plans and policies. If required, appropriate restructuring of the organization should be made for rapid cross functional communication of information. Simplification of functions enhances speedier logistics functions between various operational activities. Training and education of executives and employees for the development of a new

mindset towards customer service plays a vital role in seeking a cooperative and positive response from customers. For successful implementation of any well conceived strategy, an important factor is the time it is to be implemented as time sequencing plays a strong role in maintaining customers' favorable perception of a logistics company, especially in the present competitive environment. The emphasis must be on evaluation and appraisal of the above three area of strategy for continuous improvement. This will help management to recognize deviations in the strategy, starting from implementation policy, environmental appraisal and strategic objectives and goals so that corrective actions can be taken at the earliest possible opportunity in order to prevent wastage of resources or leading the organization in the wrong direction. This step also enables the management to have a leading-edge customer service strategy which brings competitive advantage. For this, a logistics company should have a proper and systematic measure for evaluating and appraising the adopted strategy.

A firm may use some tools, such as depending upon resources as well as a corporate mindset, mobilizing available resources and their proper utilization in order to concentrate on strategic areas first by fixing a priority pyramid. It is a necessary and time tested requirement that a service company, especially a logistics company, should establish a customer service monitoring cell (CSMC) in the management information system department for regular appraisal of strategy enforcement. A formal customer satisfaction survey (FCSS) should be conducted from time to time and at least once in a year to garner feedback from customers, to be used for corrective measures, and the process should not be a continuing process. It is also suggested that most logistics companies should organize a customer conference (CC) on a regular basis to interact with each other and experts in related fields. This would provide a common platform for logistic companies and their customers, for open discussion regarding their desires and expectations along with their strengths and weaknesses, and to provide on the spot solutions, sometime by using available experts. This would also bring about a high level of commitment by customers towards the company whose logistics services they are using.

CONCLUSION

The executives of the companies considered in the present study emphasized the effective and efficient role of customer relationship management techniques in relation to the current context, and described it as a way of understanding the meaning and concept of customer service, recognizing the importance of managing marketing and logistics interface due to changing market scenarios, to know various elements of customer service portfolio, to understand elements of customer service costs, to recognize possible discrepancies in the desired and actual levels of customer service, to describe the customer service strategic management process, and to learn impediments to an effective customer service strategy. However, in the lower level employees and executives (including franchisees), the above tools for understanding the customers and providing solutions could not be found and must therefore be enforced for them also. This is the outcome of the study during visits to firm's offices for discussion with the executives and employees, including the offices of the franchisees.

The practice of visiting client organizations by the officers of logistic companies to interact with their executives is not taken seriously by Indian companies. In order to build strong relationships the Executives should have informal interaction with customers, especially with regard to understanding their experience of the existing service level and solicit their

suggestions regarding further improvements. There should be enforced a system of formal customer feedback system by evolving a standard feedback format, and customers should be encouraged to complete the feedback format at regular intervals so that problems are identified and the mechanism for solving the known problems could be activated to provide timely solutions. This is the effective measure to ensure smooth and proper functioning of the customer service strategic system which will result in proper appraisal of the company's functioning, resulting in sure retention of the existing customers and attracting new customers.

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