
Description Of Customer Relationship Management In Toys R Us Company

There are many different information systems utilized by companies. These information systems can vary widely in function. The benefits provided to the company also vary widely. Information systems can help companies reduce workflow, reduce overhead, make certain processes more efficient, and help the companies to stay competitive. Some information systems can provide small benefits, while others, such as the one described in this paper, can change how the entire company operates.

The giant toy conglomerate Toys R Us serves as a great example. Toys R Us, as with the vast majority of retail companies, relies heavily on marketing in order to drive sales. If a retail company were unable to make a profit, then they would go out of business very quickly. The way in which a company goes about marketing can vary from company to company. There is online advertising, television advertising, radio advertising, magazine advertising, and many other advertising mediums available. Traditionally, retail companies would advertise their regular sales through these mediums. This would help to let the customers know what is being sold, how much the items are being sold for, and what type of discounts they could expect to see. This traditional method, however, relies on the customer seeing something in the advertisements that they would like to buy. If a customer does not see something in an advertisement that entices them, they are much less likely to go to your retail store and process a sales transaction. What Toys R Us adopted, as have many other high profile retail companies in the last few years, is a type of Customer Relationship Management System (CRM) that helps the company to target specific advertisements to specific types of consumers.

Customer Relationship Management Systems can vary depending on the specific use it is intended. What they generally have in common is the ability to tracking purchases. The Customer Relationship Management System that Toys R Us uses tracks purchases for multiple reasons, but one of the main reasons is related to marketing and advertising. When you know what customers purchase, you can send out advertisements to them that contain the same types of items they are accustomed to purchasing. This greatly increases the odds that something the customer views will entice them enough to make an online order and go to the store in order to purchase an item. An example would be a customer who often purchases video games or electronics from Toys R Us. The CRM system utilized by Toys R Us is able to analyze their purchases, figure out that they often purchase video games and electronics, and send out specific advertisements to that customer that contains mostly electronic and video game items. I have read about similar systems even being designed to predict future purchases. An example would be someone who purchases newborn baby clothing receiving advertisements directly related to other baby items such as diapers and baby food. Overall this CRM system has increased profits for the company, and the increased bottom line has helped the company to expand and hire more workers. All of this, in turn, helps the economy.

As with any information system, however, there is always room for improvement and future advancement. The example used previously with baby clothing can be risky. If a person purchases baby clothing for another individual and then receives advertisements for expectant mothers, they could feel insulted or violated. Many people whom are fearful of technology or

very much value their privacy could see this type of system as an invasion of their privacy. Prediction algorithms are a step towards future advancement, but should be carefully prototyped and tested to avoid angering or losing customers. Losing customers can turn an information system to a high-risk system. Currently, the CRM system utilized by Toys R Us is only used for email and regular mail advertising. Additional components could be added to the system to expand it to other forms of advertising. An example would be tracking purchases by region so you could make specific advertisements that are televised or played on the radio only in those regions. The same could be done for magazine advertising by tracking items related to the magazine, and advertising different items in that magazine that are consistently purchased with the initial items. Learning to market directly to a customer is an invaluable asset for any retail store, but if you were to take that marketing, expand it to different media, and refine it over time to be more accurate and even predict future purchases, the sky is the limit.

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