Managing Customer Relationship Management: Its Measurement and Influence on Performance

Christopher Manimtim Panganiban
College of Administrative and Financial Sciences, AMA International University Bahrain, Salmabad, Kingdom of Bahrain

ABSTRACT

Customer relationship management (CRM) can help organizations manage customer interactions more effectively to maintain competitiveness in the present economy. Good CRM also helps to grow business: customers stay longer; customer churn rates reduce; referrals to new customers increase from increasing numbers of satisfied customers; demand reduces on fire-fighting and trouble-shooting staff. Crucial factors are the trust and commitment for the building enduring relationships. This study contributes to the understanding of benefits that can be achieved from relational customers and their loyalty to company. As more and more organizations ingress in the market, an integration of information technology and relationship marketing long-term relationship building with customers at an enterprise-wide level growth is based on CRM. The main goal of this type of research is to describe the data and characteristics about what being studied using descriptive type of research. Our results show a positive and significant path between a superior CRM capability and firm performance. Overall, this paper helps explain why some CRM programs are more successful than others and what capabilities are required to support success.

Keywords: Customer relationship management, customer satisfaction, customer loyalty, customer service and support

I. INTRODUCTION

During the last decade, increasing attention has been given to the Relationship Marketing as a way to enhance corporation between a servicing company and its customers and bring benefits to both parties. Relationship Marketing allows servicing companies to better meet competition and exceed their competitors. An effective CRM system should enable an organization to gain greater insight into customer behavior and preferences whereas ERP analytics are more likely to focus on supply and demand for key resources and materials. Therefore, Relationship Marketing becomes an important determination of success in the increasingly competitive business world of today. One method of Relationship Marketing is Customer Relationship Management (CRM). The founder of the Customer Relationship Management (CRM) was farmers who were eager to sell their spare produce became the first initiators of the customer oriented processes we are now familiar with. Brown (2000) with potential profit maximization in mind, businesses is turning to customer relationship management in order to better understand customers. Traditional marketing and mass advertising are proving to be ineffective in such a commoditized environment. With the number of similar products on the market increasing and competition among the firms escalating, companies must look toward capturing customers on some factor other than product quality, price, or convenience. With the passage of time and the first millennium a precise record of dealings was kept by the merchants bookkeeping for what was sold and whom it was sold to. This list of consumers provided the first comprehensive customer oriented data and proved to be the foundation of customer oriented strategies. [2]

Customer Relationship Management (CRM) implements a set of information technologies that focus on creating two-way exchanges with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns. In this way, the system helps companies understand, as well as anticipate, the needs of current and potential customers. In this regard, it is a very satisfied customer is nearly six times more likely to be loyal and to re-purchase and/or recommend a product than a customer who is just satisfied. It is again believe that satisfied satisfied customers tell five other people about their good treatment, and that five-percent increase in loyalty can increase profits by 25% - 85%. Conversely, the average customer with a problem eventually tells eight (8) to ten (10) other people SPSS White 1996; Limayem M.,(2007) [7]

At the end it’s all about giving customers what they want. Customers are demanding more from companies, putting pressure on sales people to deliver what is expected. To be able to do that, they need to be
equipped with crucial customer information and tools to handle this information best possible. Keeping in order and structuring customer details, information about purchasing habits, or new business opportunities, on in the business.

Bahrain Financing Company (BFC) has been providing foreign exchange and remittance services for over 95 years. Offering a vast array of products including remittances, EzRemit, instant cash transfer worldwide, door to door delivery service, travellers cheques, and foreign currency banknotes, all supported by state-of-the-art system, BFC adheres to a customer centric business philosophy, providing services that highlight the group’s core value of Trust, Care and Efficiency.

II. METHODOLOGY

Research Design

Since the purpose of this research was aimed to assess the Customer Relationship Management (CRM) at BFC in the Kingdom of Bahrain, and since the research questions demand descriptive answer, the research purpose of this research is mainly descriptive. Descriptive research useful in cases where the problem is clearly structured but where the intention is not to conduct research about connections between causes and symptoms (DJS) ResearchLtd, http://www.marketresearchworld.net/index.php?option=com_content&task=view.[9]. Descriptive research is also called Statistical Research. The main goal of this type of research is to describe the data and characteristics about what being studied.

Population of the Study

In this study, the populations consist of two different groups. The first group is the employees of (BFC) in the Kingdom of Bahrain; this group is limited population of 20 employees. The second group included the customers of BFC in the Kingdom of Bahrain; this group is limited population of 50 customers.

The groups considered as an infinite and unidentified population. Thus, the two groups have different characteristics, two sampling methods was used for each population and so, the sample size was determined based on the population size of being finite or infinite.

To calculate the sample size of the employee’s Slovin’s formula is used for 95% confidence level.

\[ n = \frac{N \times e^2}{1 + N \times e^2} \]

Where

- \( n \) = is the sample size.
- \( N \) = is the population size.
- \( e \) = is the level of precision

So, the sample size of the employees group of company was determined by using the Slovin’s formula.

III. PRIOR APPROACH

According to Kotler and Keller (2006), In general, satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. According to Bolton and Steffens (2004), the ability of organizations that employ CRM to understand customer privacy and preferences throughout the transactions guides campaigns and processes to centralization, marketing plans, customer data management and minimizes the risks of not knowing the profile of existing or prospective customers [6].

(Chen & Popovich, 2003; Park & Kim, 2003; Sabri, 2003) A company would be wise to measure customer satisfaction regularly, because the key to customer retention is customer satisfaction! A highly satisfied customer stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favorably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers. [3]

Customer service functions are on the frontline of an organization, providing an important source of contact with customers. CRM initiatives designed to provide support for customer service personnel should improve the knowledge available to these representatives and reduce the time required to resolve disputes. Competitive Advantage, Customer service http://www.cadvantage.co.uk/resources/case-studies/title-page.aspx [10]

Sharp (2002) each sector of the economy and industry, non-profit organizations and government institutions use CRM benefits in work with its customers or clients. Different CRM strategies, depending on one or the other economic sector, are often different, and they are in connection with products and services offered to customers [8]. Hanic (2010) although some organizations are faced with more problems than others, leadership and management can reach the basic ideas and motivation to keep the CRM implementation process going and provide tangible benefits to the organization. A good CRM solution, with close relationships with customers, brings the possibility of early recognition of new customers and their specific requirements and in this way they can be satisfied faster than the competition. [5]

In this way, an efficient CRM provides leadership in quality of products while at the same time it improves the customer satisfaction and their readiness to purchase superior products. By combining appropriate software with
analytical tools, CRM helps the organization to integrate customer data from various sources, and to conduct deep analysis and gain comprehensive view on relations between the organization and customers.

According to Humby, Clive (2007), Scoring Points (2nd edition), he differentiate between the customer loyalty and the loyalty in day-to-day life. “Loyalty”, in day-to-day life, implies an unselfish belief in institutions, or unswerving fidelity in marriage, or emotional commitment to friends. Loyalty also suggests monogamy: one choice above all others. Retail loyalty isn’t like that. There isn’t a customer alive who will consider using one shop for every need. When retailers look at winning and keeping the loyalty of their customers they are looking to achieve a little extra goodwill, a slight margin of preference, an incremental shift in buying behavior. This can add a massive contribution to the financial success of the business. [4]

A research study conducted by “Bahrain International Circuit in pole position with Maximizer CRM” (2011) Mr. Bader Nasser, Corporate Sales Manager, Bahrain International Circuit (BIC), said “Monitoring and evaluating the business of the company has never been easier. Since I have been using Maximizer (CRM) system, it is nothing but a matter of a few clicks.”

A research study conducted by Riffa Views in the Kingdom of Bahrain, Mr. Yasser Abdulla, Managing Director of Riffa Views said "Our vision is to bring new concepts in residential living and commercial investments to the region. In order to achieve this we need to focus on delivering the best service levels, and implement global best practice methodologies in our sales and marketing. This meant choosing a Customer Relationship Management (CRM) system by the name “Sage Accpac CRM”. The key differentiator for a prestigious developer like Riffa Views will be the level of customer service they are able to offer and CRM plays a vital role in facilitating effective management.

The researcher considers the business strategy perspective on Customer Relationship Management and come up with a new theoretical framework model called Customer Relationship Management (CRM) model (see Figure 1) The cost to acquire a new customer is much greater than the cost to retain an existing customer. Depending on the industry, experts indicate that it is five to ten times more costly to acquire a new customer than it is to keep and develop an existing customer.

It is crucial, however, not to lose sight of the importance of continually acquiring new customers and acquiring more information’s about them. In other words, if any company becomes too dependent on any one or only a few existing customers, then the future growth of the company could be in risk.

![Figure 1: Theoretical Framework](image)

**INPUT**

**PROCESS**

**OUT PUT**

![Figure 2: Conceptual Framework](image)

It represents the conceptual framework of the study analyzing the level of effectiveness of Customer Relationship Management. This framework moved away from the general system theory applied to level of effectiveness of knowledge management (Input, process, Output). Input was represented by the status of Customer Relationship Management (CRM) as perceived by employees and customers and the level of effectiveness of Customer Relationship Management (CRM). The process stage represents the recommendations of the customer and
employees to enhance the Customer Relationship Management (CRM) at (BFC) in the Kingdom of Bahrain.

IV. OUR APPROACH

Today's customers are becoming harder to please. They are smarter, more price conscious, more demanding, less forgiving, and are approached by many more competitors with equal or better offers. Companies seeking to expand their profits and sales have to spend considerable time and resources searching for new customers. To generate leads, the company develops ads and places them in media that will reach new prospects, its salespeople participate in trade shows where they might find new leads, and so on.

In the area of Customer Satisfaction. It shows that the status of the Customer Relationship Management as perceived by the employees and the customers on the area of Customer Satisfaction was agree, as indicated by the average mean rating of 4.13 from the employees and 3.78 from the customers which means the employees and customer of company agree about the Status of the Customer Relationship Management (CRM) in the company.

In the area of Customer Service and Support. The highest mean rating of 4.17 was on the item number four (The employees of BFC deal with customers' in a caring fashion) based on the group with the mark of 4.19 and 4.33 respectively which was perceived by the employees and the customers to strongly agree. This means that the respondents feel that meet their expectation in the area of Customer Service and Support. Customer Service and Support is the interactive process of communication and coordination between the employees and customer to obtain service and/or resolve concerns. These customer interactions should be considered opportunities to satisfy a customer's needs and manage the customer relationship.

In the area of Customer Loyalty. It shows that the status of the Customer Relationship Management at BFC in the Kingdom of Bahrain in the area of Customer Loyalty was agree as indicated by the average mean rating of 3.73 from the employees and 3.60 from the customers. This means that the respondents to some extend agree about the status of Customer Relationship Management practices on the area of Customer Loyalty.

Periodic measurement of customer loyalty is important because their goal is to satisfy customer and to remain loyal to a company over time and this is what this study confirm. Analyzing such positive outcome often provides more useful information to BFC to measures because they want to be clear, understandable and meet its mission.

Summary on the Status of the Customer Relationship Management (CRM) as perceived by

Customers and Employees of BFC in the Kingdom of Bahrain

The overall status of the Customer Relationship Management (CRM) in the areas of Customer Satisfaction, Customer Service and Support; and Customer Loyalty was agree as indicated by the average mean rating of 4.15. This is shows that the employees really felt the importance of Customer Relationship Management (CRM) practices are effective, moreover it indicate that they are involve in the planning stage about the importance of Customer Relationship Management program.

Customer Loyalty
(Effective) 82%

Customer Satisfaction
(Very effective) 92%

Customer Service and Support
(Very effective) 96%

This means the employees agree about the status of the Customer Relationship Management at company. Top management commitment is the first step to implement the requirements measurement of Customer Relationship Management system. It can positively affect employees' commitment towards Customer Relationship Management system and culturally change their involvement. Employee commitment can be established only on the basis of confidence among employees and management.

Customer Relationship Management focusing on improvement of internal and external business processes. Its provide support to "front office" business processes, including sales, marketing and service and each interaction with a customer is generally added to a customer's contact history, and staff can retrieve information on customers from the database when necessary.
V. CONCLUSION

Firstly, the Customers and Employees of BFC found satisfied about the status of the Customer Relationship Management practices at BFC with the services provided in the areas of Customer satisfaction, Customer Service and Support; and Customer Loyalty.

Secondly, the Customers and Employees found the level of effectiveness of the Customer Relationship Management at BFC is Somewhat Effective in the area of Customer satisfaction, Customer Service and Support; and Customer Loyalty. Employees and Customer of the company did not significantly differ in their perceptions on the level of the effectiveness of the Customer Relationship Management in the area of Customer Satisfaction, Customer Service and Support; and Customer Loyalty.

Finally, the Customer Satisfaction, Customer Service and Support; and Customer Loyalty aspects constitute the heart and the key components to the success of Customer Relationship Management at BFC.

REFERENCES


INTERNET WEBSITES


[10] Competitive Advantage, Customer service