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RESEARCH PAPER TOPIC-CLIENT SUCCESS FACTORS OF CUSTOMER RELATIONSHIP MANAGEMENT

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Abstract

Customers are the focal point in the development of successful marketing strategies. The strategies of marketing influence consumers and are greatly affected by cognition, behavior and environments. In the present scenario, organizations are taking a lot of effort for the betterment of CRM. The paper focusses on CRM factors from customer point of view, which the organizations are adopting for achieving their goal. In the concept of Customer Relationship Management relationship' exists between the customer and the supplier. Customer is an important key or an asset for an organization. In understanding the process, it is important for academicians and researchers to better know about the customer associated factors. It is with this background, the researcher pin points the detailed study of trust, loyalty, commitment, customer satisfaction, value, and service quality. Organizations have their own way of managing relationships with its customers. Managing relationship for an organization is an important task to survive in the competitive world. In this paper, the effort is to study and understand the relevance of various CRM factors. Highlighting the important factors can

Keywords-CRM, Trust, Commitment, CRM factors.

INTRODUCTION

Customer Relationship Management (CRM) is a technique that innovative companies and sectors find useful in addressing business challenges and especially in improving their interaction with customers. The implementation of CRM contributes to meeting customer expectations. Currently, the automobile industry shows a substantial increase in competition, requiring companies seeking to maintain their relevance and attracting customers to consider models such as CRM to ensure service quality and customer satisfaction. Customer Relationship Management can be defined as a business philosophy and set of strategies, programs, and systems that focuses on identifying and building loyalty with a marketer‘s profitable customers. It is based on the business philosophy that all customers are not profitable in the same way and marketers can increase their profitability by building relationships with their better customers.

CRM is the business logical method which can be smeared to a philosophy that customers are the key points of a business and it helps enterprises to recognize customer purchasing and succeed in their relationships according to M. B. Khan, K. F. Khawaja,(2013). D. Lee, K. Engleman, M. Namjoyan, A. N. Esfahani, F. A. Haery(2012) described that the concept is concerned with several modules that are major customers, customer relationship management, organization, knowledge management, and technology. A.M. Al-Khouri,(2013) mentioned about customer interface, customer database, service catalogue, customer transactions, policies and procedures, service delivery and customer satisfaction as the component of CRM. S. Rajput, N. Tyagi, S. Bhakar (2012) emphasize CRM is a respectable option for companies because it is a message that has become particularly well-directed and operative. T. Velnampy, S. Sivesan (2011)suggest that well-designed system of customer relations and public relations should be implemented by the companies. Implementing the concept of relationship brings out the improvement in firms growth A.Krasnikov, S. Jayachandran, V. Kumar,(2012). D. Grover(2011) described CRM is an integrated approach which defined every conversation of marketing, sales and support of clients. H. M. A. Nakhleh(2013) pinpoints that CRM emerges on improving customer loyalty in high concentration. D. Grover (2013) focusses that the significant features of CRM is moving online world where customers often have more ability than those in the offline. Internet has altered the Organizations traditional business approach (B. Milovic,2012).

Objectives of the study-

The paper empirically throws light on the concept of the customer relationship management. The study also highlights the various factors associated with the concept .The study also contributes the relevance of all these factors.

Factors contributing to Customer Relationship Management

Relationship

Gronroos(1990)and Harker (1999) identified relationship as Database marketing.Tapp(2005)as direct marketing approach. Pearson (1994) assumed as one to one marketing. Peppers et al(1999) and Burnett(2001) mentioned it as key account management.Shani & Chalasani(1992) describes as maintaining customer networks. Some marketing experts also consider process starts when information of customer is collected and kept for further application or when any exchange takes place. Gronroos (1990) described from service providers perspective as establishing, maintaining and enhancing customer relationships. In the complete process, it consists of some promises i.e. establishing involves giving promise, maintaining set on fulfillment of promise and hence enhancing points the formation of a new promise.

Gronroos, (2000) emphasized that customers recognition plays a vital role in maintenance of relationship. Dwyer et al. (1987), Fontenot & Wilson (1997) and Morgan & Hunt (1994) proposed that B2B attempts to understand the business relationship elements that are relationship formation, growth, maintenance and termination. Groonroos(1996) propounded that relationship is identification, establishment and enhancing relations with stakeholders and customers for profit and attainment of the goals. Gronroos (2000) persuaded the issue with customer oriented style i.e. a relationship can only developed when a customer thinks with a mutual way. This mutual way of thinking can refereed as commitment, loyalty and communication as the main elements. Coviello, Brodie, Danaher, Johnston (2002) and Gummesson (2004) proposed that there is a existence of two parties for developing a relationship. It varies from transactional to relational.

Nature of relationship marketing

Thorelli (1986) describes Relationship marketing consists of developing paradigm of network which recognizes global competition between networks of firms. Dwyer, Schurr, and Oh (1987) predicts that to understand relationship marketing, he categorized with special reference to a local firm its relational exchanges with supplier, buyer and other partners. Frazier, Spekman, and O'Neal (1988),O'Neal (1989) describes the partners involved in relational exchanges between manufactures and suppliers is just in time and total quality management. Beltramini and Pitta (1991),Moorman, Zaltman and Deshpande.etal (1992) argued that relational exchanges involves service providers between an advertising and their clients.

Nueno and Oosterveld (1988) describes alliance between a firm and its competitor,Ohmae (1989) argued alliance between a firm and a global strategic alliance,Bucklin and Sengupta (1993) found co-marketing alliance. Steckel and Simons (1992) assumes alliance between a firm and non-profit organizations. Comer, O'Keefe, and Chilenskas (1980) investigated that partnership exists between local firms, state or national. Berry (1983) examines exchanges between firms and customers as in the services marketing. Anderson and Narus (1990) claimed relational exchange exist between firms and its distribution channels. Ruekert and Walker (1987) maintained exchanges involved functional departments. Arndt (1983); Berry and Parasuraman (1991) emphasized exchanges between a firm and its employees. Porter (1987) maintained firm relational exchanges involved business units as divisions, or strategic business units.

Berry (1983) describes Relationship marketing is concept of attracting, maintaining and enhancing relationships. Berry and Parasuraman (1991) proposed that marketing of relationship deals with attracting, developing, and retaining customer relationships. Jackson (1985) refers to the concept as marketing oriented towards strong and long lasting relationships with individual accounts. Paul (1988) mentioned Jackson's view in the marketing of health care. O'Neal (1989) argued about JIT procurement. Doyle and Roth (1992) pointed about the objective of relationship is to attained the position by developing trust in particular duration. Spekman and Johnston (1986), Prince (1989) and Beltramini and Pitta.etal (1991) discussed some definitions in the areas of bank marketing, advertising and strategy.

Trust

Blois (1999) linked trust in context of B2B markets in marketing. The nature of the trust and its contribution can lead to the understanding of loyalty and of how businesses left a major impact on the development their B2B relationships. Many writers emphasize trust as achievement of the development of successful service relationships in B2B markets. Parasuraman et al. (1985) introduced trust as a key factor of success in successful service relationships. Customers feel secure in their dealings with suppliers and need reassurance that their conversation with supplier is confidential. Berry (1995) show that the "relationship marketing is built on the foundation of faith. Reichheld and Schefter (2000),emphasize in reference to customer loyalty organization must first gain the confidence to gain the loyalty of customers. (Dwyer et al, 1987;. Gronroos, 1990, Hewett and Bearden, 2001) described trust is an important factor in the development of building and creating quality relationships and keeping promises.

Previous researches shows an association between trust and customer loyalty. Some studies have shown that customer loyalty is a result of faith. Empirical evidence shows that there exists a direct effect of trust on loyalty. Several studies have demonstrated a direct correlation between trust and loyalty. Chaudhuri and Holbrook (2001) demonstrate that in B2C domain trust is an important element in which they linked brand trust to its performance through loyalty. Delgado-Ball ester and Munuera-Aleman (2001) mentioned commitment as an indicator of customer loyalty and also found that brand trust has a direct effect on commitment and thus indirectly effect on price tolerance level.This proof is enough for the authors to conclude that trust leads to loyalty. For proper understanding of the relationship the study pin points two levels of trust, they are trust in the employees of supplier and trust in supplier.

Commitment

Fullerton (2003) shows that the supplier's commitment to customer service in the industry is a very important driver of customer loyalty. In fact, a number of authors described commitment as the central building in relationship marketing; Garbarino and Johnson (1999), Pritchard et al, (1999).The Concept of commitment originated from psychology of industrial and organizational. Fehr (1988) focused It as a relationship process with a business partner. Hennig-Thurau,(2002) consider relationship quality as an important dimension for successful relationships. Morgan and Hunt, (1994) consider commitment as a key component. The literature of Buyer and seller relationship throws light on commitment as a pledge of implicit or explicit of relational continuity between exchange partners Dwyer et al (1987). Moorman et al,(1992) stated In simple terms, a commitment refers to stay with the supplier in the form of motivation. Wetzels et al.,(1998) focussed In a business relationship, commitment is a psychological sense of mind which forms an attitude which concerned with the continuation of a relationship with business partner. Kumar et al, (1994) described two forms of commitment (a) affective commitment and (b) calculative commitment.

With respect to the relationship between commitment and loyalty, Dick and Basu (1994) stated that the possible consequences of the commitment includes word of mouth communication, as an important aspect of behavior. A product or service for which customers will buy more reflects high degree of commitment.Pritchard et al. (1999) found a significant effect from commitment to loyalty. Geysken et al. (1996), Wetzels et al. (1998), Garbarino and Johnson (1999), Gilliland and Bello (2002) and Fullerton (2003) described the empirical evidence that there is an existence of relationship between customer commitment and their future purchase intentions.For detailed study, on the nature of the commitment, we need to investigate the contribution of affective and calculative commitment. Like the concept of trust, commitment is also visualize on two levels commitment to employees of the supplier and commitment to the supplier itself.

Customer satisfaction

Anderson and Fornell, (1994); Clow and Beisel, (1995), Mohr and Bitner, (1995), Fornell et al., (1996); Hallowell, (1996), Spreng, Mackenzie, and Olshavsky, (1996),Andreassen, (1998); Athanassopoulos, (1999); Bolton and Lemon, (1999); Ennew and Binks, (1999); defines customer satisfaction as the primary link to measure outcome.Customer satisfaction is the well-known and an established concept in several sciences: economics (Van Raaij, 1981);Warneryd, 1988).marketing (Fornell and Werneldt, 1987; Fornell and Wernefelt, 1988; Kotler, 1991), consumer research (Yi, 1989), economic psychology (Johnson and Fornell, 1991) and welfare-economics (Simon, 1974).Oliver, (1980) assumed that the customer is able to evaluate the performance results prior to purchase or consumption compared to the expectations which leads to a discrepancy, positive discrepancy increases or maintains the satisfaction while negative disconfirmation creates resentment. Weaver and Brinckman, (1974) in Social Psychology and Ilgen,(1971) in organizational behavior stated that expectancy disconfirmation actually consist of two processes, they are the formation of expectations and disconfirmation of those expectations.

Perceived performance quality, marketing mix, brand name and company image are greatly influenced by the perception of consumers. Research shows that positive and negative disconfirmations decision on satisfaction should weigh very differently. In Kahneman and Tversky's prospect theory, Anderson and Sullivan (1991) suggest that at micro level the negative disconfirmation has a greater effect on satisfaction than positive disconfirmation. Oliver(1980), Oliver and Swan, (1989), Cronin and Taylor, (1992), Fornell, (1992),Anderson and Fornell, (1994), Anderson and Sullivan, (1993), Bolton and Drew, (1994) emphasized the customer satisfaction influenced greatly on behavioral intentions and customer retention. Hunt, (1977) described Satisfaction as "a sense of evaluation" suggesting that the degree to which it reflects to consumer believes about possession of a services use brings positive emotions (Oliver Jung, 1994).Oliver,(1997) stated that satisfaction with a service provider is perceived as an evaluative and an emotion based response. Oliver, (1980) argued that in disconfirmation expected paradigm customer loyalty, repurchase intentions, positive word-of-mouth will provide customer satisfaction, which is also a cognitive function. Customer satisfaction / dissatisfaction required service experience and is influenced by the perceived quality and value of service (Anderson et al., 1994). Oliver and Linda (1981),Bolton and Drew (1991), Johnson and Fornell (1991) and Fornell (1992) claimed the company's image as a function of the cumulative effect of customer (dis) satisfaction.

Customer loyalty, Service value

Zeithaml's (1988) value of the exploratory investigation identified four unique definitions on which the consumer based their evaluation of service exchange. However, he argues that the definition can be summed up as a “consumer’s total assessment of what is received and what is given perception about the usefulness of a product.

Customer loyalty expresses a purpose related behavior towards a service or company. It is concerned with the future of the renewal of service contracts, customer changes pattern and how likely the customer provide positive word-of-mouth. Lack of high switching barriers or lack of alternatives options is the primary cause of loyalty. Satisfied customers are highly loyal and they may want to continue such relationship. History has proven that the barriers to exit are limited with regard to durability; Companies in order to retain existing customers, consider customer satisfaction the only viable strategy. Bearden et al., (1980), Bolton and Drew, (1991); Fornell,(1992) and Anderson and Sullivan, (1993) observed a positive relation between customer satisfaction and loyalty.

Service Quality

Perceived quality and perceived value of service quality is the "overall excellence or superiority of a product in the consumer's decision (Zeithaml, 1988) .According to Juran (1988) Quality is concerned with two primary elements;To what extent a product or service meet the needs of consumers; and to what degree is a product or service free of inadequacy. Quality of service depends on the difference between the performance expected and the perceived (Anderson et al., 1994). According to Zeithaml et al. (1988), besides the quality of service perceived value takes into account the price of the service. Perceived value is the customer's overall assessment of the utility of a product based on perceptions of what is received and what is given. Bolton and Drew, (1991) described consumers' perception of the value is effected by monetary costs, nonmonetary costs, customer tastes, and customer characteristics. In the Marketing literature, Aaker and Keller, (1990) we learned that the brand reputation of the goods is associated with a perception of quality. At company level, the image is defined as:

If in assessing the services is tough, the image of an enterprise is an important component affecting the perception of quality is being considered, service, customer loyalty and satisfaction with customers' evaluation.It is recognized that the customer's perception of quality is based on signals. Olson (1972), conceptualize a two-stage process of the quality perception.Olson's model information of a cue value effects on their predictive value, confidence and the cues internal or external presence. Gronroos, (1988) said that Perceived quality model is a function of expected quality (which results from communication, image, word-of-mouth, and customer needs) and experienced quality (resulting from the technical quality and functional quality). Gummesson (1993), stated that the perceived quality is a function of quality in fact and perception quality. Jensen and Markland,(1996) remarked service quality as an important measure of organizational performance for both marketing and service marketing literature.

Zahorik and Jung, (1992) and Palmer and Cole, (1995) investigated that both practitioners and academics measure service quality in the right order to better understand its consequences and focusses light on achieving competitive advantage and customer loyalty. A number of service quality models have emerged in the literature. Two important service quality model are of Gronroos (1984) and Parasuraman et al are. (1985, 1988). Several authors say that further empirical work could enhance the linkage between perceived quality and different results. Zeithaml et al. (1996) argued that the relationship between service quality and retention is just because evaluation of the financial implications for a company is possible. Ruyter and Wetzels (1998) suggested the relevance of determining strength of relationship between perceived service quality and loyalty.

Some authors, Bloemer and Casper (1995), Mehta and Durvasula (1998), Ennew and Binks (1999), Cronin et al. (2000),Brady and Robertson (2001), Lee and Cunningham (2001), Sohal (2001), The Butcher et al. (2001), Olson (2002) and Fullerton (2005) explained the service quality in their model to explain loyalty or retention.These authors firmly believe that the quality of service positively affects loyalty.Zahorik and Jung (1992) argued on the framework that contains a dependent variable as customer loyalty in the perceived quality modeling. Previously research has confirmed that relationship between perceived quality and customer loyalty exists and is found to be positive (Cronin and Taylor, (1992),Anderson and Sullivan, (1993) and Harrison-Walker, (2001).

Conclusion

The review of the existing related literature in different journals, books, magazines on the customer relationship management has been conducted in order to focus on the success factors. The factors which were found with the relevance of the concept are customer satisfaction, customer value, trust, loyalty, commitment service quality, corporate image, service value. CRM concept is divided into two aspect-they are the client aspect and the organizational aspect. The client aspect simply describes the factors related with the customer while the organizational approach describes the success factors in relation with the attainment of organizational goals. Value, satisfaction, service quality are dimensions for client approach while retention, acquisition, technology investment, skilled staff, employee training, top management support are categorized as organizational prospective.

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