

A Research upon Various Influences of CRM Processes on Marketing Strategies and Customers' Attitude

Hareram Pandit^{1*} Dr. Giriraj Singh Ahirwar²

¹Research Scholar, SSSUTMS, Sehore

²UTD, SSSUTMS, Sehore

Abstract – In the present era, customer relationship marketing plays a vital role. The major goals of customer relationship marketing can be expressed simply as understanding and treating customers better for increased loyalty and profit. Main purpose of the study is examining the relationship between customer relationship marketing and customer satisfaction.

There are contradicting views of researchers; in literature about the effectiveness of CRM practices and policies. Unfortunately, very little empirical data is there to prove the effectiveness of CRM practices in different industries. Therefore it becomes crucial for practitioners to clearly understand that how changes in the level of CRM practices and their effectiveness influence customer satisfaction and loyalty.

The growing importance of relationship marketing has increased interest in the role of consumer trust and satisfaction in establishing, developing, and maintaining successful relational exchanges. There are many different relationship marketing tactics implemented for retaining customer. However, some of those tactics did not affect customer loyalty effectively, and switching behaviors frequently occur among most of targeted customers.

-----X-----

INTRODUCTION

Customer Relationship Management (CRM) concept has its roots in the Relationship Marketing theory, which is considered one of the main areas of modern marketing development, generating a variety of topics for researchers. Often, both in academic and business literature, the terms "relationship marketing" and "customer relationship management" are used as synonyms.

Relationship marketing involves building long term interactive relationships, especially with customers, which is the most important benefit for the organizations which have adopted this concept. This is underlined by Gronross, who states that the purpose of relationship marketing is to establish, maintain and enhance relationships with customers and other partners.

Nevin points out that CRM is a concept used to reflect a variety of themes and perspectives. Some of these issues provide a narrow perspective on CRM. At tactical level, CRM is database marketing or electronic marketing. At strategic level, the goal of CRM is to create value both for customers and shareholders.

Thus, CRM involves the use of information technology and focuses on individual customer relationship to design a strategy for maintaining long term relationships with customers. Both relationship marketing and customer relationship management focus on cooperation and collaboration between the company and its customers, and / or among other participants in the relationship.

Dwyer et al. have characterized such relationships as interdependent and long-term oriented, rather than being focused on short-term discrete transactions. According to Boulding et al., CRM is the result of continuous development and integration of marketing ideas, available data, technologies and organizational approaches, which is an operational platform relationship marketing manifestation.

In today's highly competitive business environment, companies are unable to longer survive with a transactional attitude towards customers. They have to focus their marketing lenses more rational dimension, which is considered to be the most suitable approach for satisfying and maintaining customers (Hollensen2010). For this reason, nowadays customer satisfaction has been viewed as an important

theoretical and practical issue for most of the marketers and researchers (Ramin Rakhsha & Majidazar2011). Kotler (2000) defines it as a feeling in individuals after comparing product and service performances with their expectations. Satisfaction also refers to pleasant or unpleasant feeling caused with comparison between imaginative function and expectations. Customer relationship marketing is the biggest paradigmatic shift in marketing theory and practice in recent decades. It is taking back to its roots. In industries and service markets, customer relationship marketing is becoming a necessity in order to survive. The main goal of the relationship marketing is to build mutually satisfactory long- term relationship with key constituents in order to gain and maintain their business (Gummesson, 2008).

There is a variety of opinions regarding the CRM conceptualization. Up to now, the researchers have not agreed on a single definition of CRM, fact which shows that this area is still in its development stage.

The main goal of CRM is to increase the marketing process productivity. This goal is achieved by increasing the marketing process' efficiency and effectiveness. In the CRM approach, the marketing efficiency is achieved through collaboration and cooperation processes, which help reduce transaction costs, as well as company development costs. CRM consists of two main processes: development of customer-oriented business and building partnerships with the most important customers. These lead to creation of superior value for both parties.

LITERATURE REVIEW

Customer relationship marketing goal is to provide increased value to the customer and results in a lifetime value for the service provider. Trust has been defined as "a willingness to rely on an exchange partner in whom one has confidence" (Moorman 1993). In addition trust provides the basis for loyalty, relationship enhancement (decreased perception of risk), and yet is mediated by customer perceived value of the relationship (i.e., perceived net benefits).

Customer satisfaction is a dimension of multiple items evaluated as a satisfaction measurement, which can vary from business to business (1991). Customer satisfaction is very important concept and also has been extremely analyzed subject in the marketing research. In recent time, customer satisfaction has gained attention within the context of the paradigm shift from transaction marketing to relationship marketing.

Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. The confirmation model treats satisfaction as a meeting of customer expectations and is generally related to habitual usage of products. However, research on customer satisfaction has moved towards

the disconfirmation paradigm which views satisfaction with products and brands as a result of two cognitive variables: pre purchase expectations and disconfirmation. Customer satisfaction has traditionally been regarded as a fundamental determinant of long – term consumer behavior. Satisfied customers are valuable assets for every organization to gain the customer loyalty and retention.

Customer satisfaction and its related research is not merely a tool that measures the attitudes of customers but can be used by relationship marketers as a tool to manage the relationships with the customers. Satisfaction and quality research "have evolved along parallel tracks".

Customer relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants. In customer point of view, trust, commitment, mutuality and longterm relationship with customer which are very essential factors to satisfy their customer needs and wants. Customer relationship marketing concerns attracting, developing, and retaining customer relationship.

CRM aims at focusing all the organizational activities towards creating and maintaining a customer. CRM is a new technique in marketing where the marketer tries to develop long term collaborative relationship with customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty.

Customer loyalty is defined by Oliver (1999) as "a deeply held commitment to rebuy or repatronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behaviour. Czepiel (1990) argued that the problem-solving mechanism entails a higher degree of social exchange and mutual client-advisor relation that is likely to strengthen greater loyalty among clients. Reichheld (1993) believed that the customers who buy because of a personal referral are more loyal than the customers who buy because of an advertisement. He also opined that the customers who buy products at the standard price are more loyal than customer who buy on price promotion. Zeithaml et al. (1996) found strong association between overall service quality and service loyalty across multiple companies. Ball (2004) said that customer loyalty can be explained to a substantial degree by customer satisfaction, trust, and communication. Ndubisi (2006 and 2007), on the basis of his research of Malaysian bank customers, argued that the measurement of the 'underpinning' of relationship marketing can predict customer loyalty.

At the same time, he also found significant gender difference in the trust loyalty relationship and

concluded that women are significantly more loyal than men at higher levels of trust.

Tseng Yi Ming (2009) explored the effects of relationship marketing (RM) tactics on enhancing relationship quality in the services industry. Through data from banking, airlines, and travel agencies, they discussed five types of relationship marketing tactics and how they influence the customers' perceptions about long-term relationships. They also included customers' inclination toward the relationship as a mediator into the model to help the framework more completely. Research findings support that tangible rewards, preferential treatment, and memberships are effective in developing customers' long-term relationships, and behavioral loyalty is also influenced by relationship quality.

Relationship marketing has been conventionally defined as "developing," "maintaining," and "enhancing" customer relationships. What are the effective methods for developing and keeping these relationships and how they work may be complex questions.

Relationship marketing tactics are methods that can be actually executed for implementing relationship marketing in practice. They proposed and discussed five main kinds of relationship marketing tactics in the service industry and construct the relation model of these tactics and other relationship marketing concepts. These efforts will be helpful in yielding insights in the field of relationship marketing.

Abbas Rezaei & Rozita Khajei (2011) concerning potential importance of retaining customers and establishing right relationship with them to create loyalty, previous studies have presented diverse results which can be related to lack of an appropriate relationship quality. Therefore, this study was conducted in Karafarin Insurance Representatives in Mashhad, Iran for identifying Relationship Marketing (RM) tactics impacts on loyalty due to Relationship Quality (RQ). The RM tactics under investigation were tangible reward, interpersonal communication, preferential treatment, and direct mail. Two kinds of questionnaires were utilized to reap data from managers and customers with 0.88% and 0.92% reliability, respectively. The census method has been used to collect managers' viewpoint and there are 125 available customers for sampling. Data from these experiments indicate that, among used tactics, preferential treatment tactic had not significant influence on RQ; thereupon, it can be concluded that RQ variable doesn't perform a mediating role. Moreover, a refined understanding was provided for cognizing interplay between organization and customers due to implement the RM tactics.

Festus M. Epetimehin (2012) explained that marketing is the life wire of any insurance. Insurance without a good marketing team and strategies is bound to fail. In order

to be relevant and be seen as being relevant to their customers, insurance have to innovate new strategies and install the art of technology that will make life easy for customers and themselves. It was mentioned also that Customer Relationship Management Service is a marketing strategy that ensures the acquisition and retention of most profitable customers using the most effective method.

Khaligh et al. (2013) investigate the impact of CRM on customer loyalty and retention in the telecom industry in Iran. The data are collected from 200 Iranian telecom services users. Finding shows that commitment and vision of the management system is highly required for a successful CRM implementation. The structure of the strategy should be based on flexibility and explicitly of the policies especially pricing policies. These factors are very important to increase customer loyalty and benefit of the firm.

RELATIONSHIP MARKETING

The term 'relationship marketing' was popularized by Berry (2003); he defined relationship marketing as "the process of attracting, maintaining and, in multi-service organizations, enhancing customer relationships". Gronroos (2000) defined relationship marketing as "the process of establishing, maintaining, and enhancing relationships with the customers and other partners at a profit, so that the objectives of the parties involved are met. This achieved by a mutual exchange and fulfillment of promises."

CRM embodies the modern marketing paradigm of relationship management (RM) and leverages IT to acquire customers, understand and satisfy their needs and expectations, and maintain their long-term relationships through retention programs, particularly those that build loyalty. RM focuses the business on identifying, maintaining and enhancing customer and stakeholder relationships through trust and the fulfillment of exchanges and promises. It emphasizes initiating and nurturing individual long-term relationships over anonymous mass marketing approaches. With RM, the business adopts a one-to-one, customer-centric marketing philosophy and directs its resources towards supporting it (philosophy).

CRM also expands upon RM with its emphasis on information management, and draws upon IT to enhance its various capabilities (i.e., database, analysis, communication, etc.). It targets the right customer with the right product or service through the right channel at the right time and involves attracting (acquiring), developing and maintaining successful customer relationships over time, and building customer loyalty through efficient and effective two-way dialogues that seek to understand and influence customer buying

behaviors and improve customer acquisition, retention, loyalty and profitability.

Although not entirely built on IT, CRM involves IT enabled business processes that identify, develop, integrate and focus a business' competencies on forging valuable long-term relationships that deliver superior value to its customers. It allows businesses to quickly identify their most valuable customers, and learn about (i.e., develop, maintain, interact) and consequently better respond to their needs and expectations (i.e., emotional content, output) through customized products and services. Thus, CRM improves a business' ability to acquire and retain customers and build their loyalty, a competitive asset. As the relationship flourishes, both the business and customer benefit.

CRM practices involve the actions a business takes to retain its current customers and attract potential customers through personal touches in fulfilling and satisfying their individual needs. These practices include customer segmentation, database marketing, customization and oneto-one marketing, proactive selling, cross selling, loyalty program, and customer referral , , . In this study, CRM practices pertain to those concerned with customer service and customization, and loyalty programs and cross selling.

RELATIONSHIP MARKETING STRATEGIES

There have been various ways for marketers to implement relationship marketing Strategies, which are expected to have impact on customer retention and loyalty. Some researchers suggested that relationship marketing Strategies can be executed through service quality, price perception; value offered, alternative attractiveness, and so on. Tseng (2007) discussed that Strategies as direct mail, tangible rewards, interpersonal communication, preferential treatment and membership could enhance longterm relationship and increase relationship satisfaction, trust and commitment. Peng & Wang (2006) also examined the application of relationship Strategies in service quality, reputation (brand), price perception, value offers. Based on the early theories, certain relationship marketing Strategies which are considered of importance in service industry, such as service quality, price perception, value offers and brand image, will be focused in the following parts.

Service Quality- Service is a type of economic activity that is intangible, heterogeneous, produced and consumed simultaneously is not stored and does not result in ownership. A service is consumed at the point of sale. Services are one of the two key components of economics, the other being goods. A widely accepted definition of service is proposed by Grönroos in 1990 as: "A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical

resources or goods and/or systems of the service provider, which are provided as solutions to customer problems". This definition implied that service is a process where interactions between customer and service provider most often exist. Hence, in a service context, there are almost a relationship between customer and service provider; such relationship can be used as a basis for marketing. In order to retain loyal customer who will bring long-term profit to the firm, the key issue for service provider is to make use of this relationship in the way it manages customers by offering what the customer's needs and wants.

The quality of a service is subjectively perceived by customers during the interactions with a firm. Service quality involves a comparison of expectations with performance. According to Lewis & Booms (2003) service quality is a measure of how well a delivered service matches the customers' expectations. Customers might be satisfied when a firm provide better services than their pre-purchase expectations. Customer trusts also emerge when customers get a positive service quality from a firm, and believe the service firm would bring preferable outcomes for them. In mobile telecommunication industry which belongs to service industry, service quality is an important indicator to assess a service provider's performance. Offering a high quality service is considered to be a visible way to create customers trust and satisfaction, as well as obtaining competitive advantages and building a long-term relationship with customers.

Price Perception - Consumer perception of price is considered vital of buying behaviour and product or service choice. Price is what been given up to get a product/service. Customers usually select their service providers strongly depending on perceived price. How much consumers are willing to pay fluctuate due to their different needs. Thus, the price perceptions to the same service products may differ among individuals. Higher pricing perceived by consumers might affect purchase probabilities of customers negatively. Consumers are likely to be attracted by perceived high-quality services at perceived competitive prices during the searching process.

Products seem less expensive to consumers when grouped with inexpensive ones, even if they are not. When a product is sold alongside cheaper items, a 'generalization mindset' makes shoppers perceive the product to be in line with the others' prices. That means a person perceives the product to be in line with the other prices, even if it isn't. But if a product's uniqueness is emphasized, then the opposite will occur. "The opposite price perceptions will occur if a marketer's action encourages consumers to think about the uniqueness of a product in the set. In this case, a product will seem less expensive if placed

alongside more costly items, and more expensive in the context of lower-priced items.

Many researchers have pointed out that price perception influences customer satisfaction and trust. Customer often switches mainly due to some pricing issues, e.g. high price perceived, unfair or deceptive pricing practices.

Therefore, in order to increase customer satisfaction, it is important for service firms to actively manage their customers' price perceptions, e.g. carrying out attractive pricing, offering reasonable prices mix, lower prices without decreasing quality, etc.

Brand Image - Brand image is the current view of the customers about a brand. Brand image was defined by Keller (1993, p3) as the "perceptions about a brand as reflected by the brand associations held in consumers' memory." It is thought as the perception of a brand formed and held in customers' mind, through customers' response, whether rational or emotional. In nutshell, it is nothing but the consumer's perception about the product and the manner in which a specific brand is positioned in the market.

Value Offers - Customers will judge the value of consumption after contrasting benefits gained from products and services with their costs. Service firms provide superior value through enhanced offers can improve customer satisfaction by increasing the customer's perceived benefits and reducing the sacrifice so that customer retention is improved.

Trust - Trust is one of the most widely subjects across multi disciplines, including management, economics, philosophy and psychology. Various definitions of trusts have been given in previous literatures. One general concept of trust was provided by Mayer, Davis & Schoorman (1995), who studied organizational trust and defined trust as the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party. Geyskens & Steenkamp (1995) also summarized trust as the extent to which a firm believes that its exchange partner is benevolent and honest. Doney & Cannon (1997) emphasized that trust is the perceived credibility and benevolence. Based on above definitions, it is clear that trust is a human characteristic depends on assessment of one another's personality traits, motives and behaviors.

In building up a relationship, trust or distrust usually takes place. When service provider makes relationship efforts, it ensures customers that the service provider can be trusted, concerns about the customers' interests and is willing to make anything for satisfying customers' wants in the relationship (Liang & Wang, 2008)).

Customer Satisfaction - In relationship marketing literatures, customer satisfaction has also been thought to be an key performance indicator for evaluating the quality of a relationship between service provider and customers. Customers' expectations regarding costs and benefits of the relationship mainly depend on past experience, and satisfying experiences increase the motivation and the likelihood that an individual stays in the relationship.

CONCLUSION

The organization must put emphasis in the two elements which are behavior of employees and relationship development. Employees are expect not merely be polite and courteous towards their customer, but most importantly must have the product knowledge and communication skills that can create a relationship with the customers Hanley (2008) and Coulter (2002) further stress that positive employees' behavior is vital in sustaining customers' loyalty. Employees must be trained to response to the customers' needs in an appropriate speed. They must also able to show concern and care to the customers. Behavior change can only be done if management team is serious in investing in their human capital. This can only be done through series of training and developmental programs for the employees. By improving the competencies of employees in this area will definitely improve the overall service quality of the organization. Organization must also constantly keep their employees motivated because highly motivated people would definitely able provide better services.

REFERENCES

- Abbas R. and Rozita, K. (2011). The Impact of Relationship Marketing Strategies on Customer Loyalty: The Mediation Role of Relationship Quality. *International Journal of Business Administration*, Vol. 2, No. 3.
- Alexander, J.H., Kim, S.K., and Roberts, S.D. (2003). "Loyalty: The influences of satisfaction and brand community integration," *Journal of Marketing Theory and Practice*, 1-11.
- Baker, S. (2003). *New consumer marketing: Managing a living demand system*. England: Wiley.
- Boulding, W., Staelin, R., Ehret, M., Johnston, W. J. (2005). A Customer Relationship Management Roadmap: What is Known, Potential Pitfalls and Where to Go, *Journal of Marketing*, Vol.69, No.4, 2005, pp.155–166.
- Bowen, J. T., & Chen, S. L. (2001). The Relationship Between Customer Loyalty and Customer Satisfaction, *International Journal of*

Contemporary Hospitality Management, 1(2), pp. 213-217.

tabriz, iran), Middle-East Journal of Scientific Research Vol. 10, No 6: pp755-763.

Fatima, J.K. (2009). A proposed model of customer-employee interactions leading to overall customer satisfaction: University of New South Wales.

Reichheld F and Sasser W (1990). "Zero Defects: Quality Comes to Services, Harvard Business Review, Sep.-Oct., pp. 105-11.

Festus M.E. (2012). The Impact of Relationship Marketing on the Performance of Insurance Organisation. Mediterranean Journal of Social Sciences, Vol.2, No.2, May 2011.

Sivadass, E., & Baker-Prewitt, J. L. (2000). An Examination of the Relationship between Service Quality, Customer Satisfaction, and Store Loyalty. International Journal of Retail & Distribution Management, 28(2), pp. 73-82.

Gronroos C (2000). Relationship Approach to the Marketing Function in Service Contexts: The Marketing and Organisational Behaviour Interface", Journal of Business Research, Vol.20, No.1, pp.3-12.

Tseng, Y.M. (2009). The Impact of Relationship Marketing Tactics on Relationship Quality in Service Industry. The business Review, Cambridge, Vol., 7 number 2.

Khaligh, A., Miremadi, A., & Aminilari, M. (2013). The Impact of eCRM on Loyalty and Retention of Customers in Iranian Telecommunication Sector. International Journal of Business Management, 7(2), pp. 150-162.

Corresponding Author

Hareram Pandit*

Research Scholar, SSSUTMS, Sehore

E-Mail – chairman.iab@gmail.com

Kotler, P., & Keller, K.L. (2000). Marketing management, Pearson education.

Lewis. R.C. and Booms, B.H. (2003). The Marketing Aspects of Service Quality. In Berry, L., Shostack, G., & Upah, G. (Eds.). Emerging Perspectives on Service Marketing. Chicago, IL: American Marketing, pp. 99-107.

Liang, C. and Wang, W. (2008). Do Loyal and More Involved Customers Reciprocate Retailers Relationship Efforts? Journal of Service Research, Vol.8, No.1, pp.63-90.

Ndubisi N O (2006). "Effect of Gender on Customer Loyalty: A Relationship Marketing Approach", Marketing Intelligence and Planning, Vol.24, No.1, pp. 48-61.

Ndubisi N O (2007), "Relationship Marketing and Customer Loyalty", Marketing Intelligence and Planning, Vol.25, No.1, pp. 98-106.

Nevin, J.R., Relationship Marketing and Distribution Channels: Exploring Fundamental Issues *Journal of the Academy of Marketing Science*, Vol. 23, No. 4, 1995, pp. 327-334.

Oliver R L (1999). "Whence Consumer Loyalty", Journal of Marketing, Vol.63, pp. 33-44.

Ramin Rakhsha and Majidazar (2011). evaluation of effectiveness of green marketing mix on consumer satisfaction and loyalty: (case study: the east azarbaijan pegah dairy company in