



Investigation the effect of customer relationship management on customer's loyalty and satisfaction (case study: Shiraz city Refah chain stores)

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ABSTRACT

The aim of this study is investigate the effect of customer relationship management on customer's loyalty and satisfaction in shiraz city Refah chain stores. The research method in terms of aim is applied and in terms of data collected is descriptive – correlation. The population of this study is included 117 people of customers that using the Cochran formula and simple random sampling method; a sample size of 90 individuals were considered. The method of data collection was based on a questionnaire. Reliability of the questionnaire was 0.91 that obtained with using of Cronbach's Alpha and similarly used content validity in order to examination questionnaire validity. Analysis of the data obtained via SPSS software. The results of the research shows that a significant positive relationship between customer satisfaction and customer relationship management and also a significant relationship between loyalty and customer relationship management.

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1. Introduction

CRM is an on-going process of identifying and creating new value with individual customers and then sharing the benefits of this over a lifetime of association. It involves the understanding, focusing and management of on-going collaboration between suppliers and selected customers for mutual value creation and sharing through interdependence and organizational alignment (Ramakrishnan, 2006). Nowadays, many enterprises have started or starting their CRM stratagem, to set up a "one-to-one" relation to their customers and partner, Based on the customer-centered business strategy the past four decades have seen a rapid increase in the volatility and mutability of many markets (Achrol, 1991). This is reflected in shorter product life-cycles, lower barriers to competitor entry, and globalized markets (Crofts et al., 2005). Customer relationship management (CRM) systems are a group of information systems that enable organizations to contact customers and collect, store and analyze customer data to provide a comprehensive view of their customers. CRM is a profession moving beyond increasing the volume of transactions. Its objective is to increase the customer's profit, income and satisfaction. In order to have CRM, a wide set of tools, technologies and company procedures promote relationships with customer to increase sale. Therefore, CRM is basically a working strategy and a

process point of view rather than a technical viewpoint (Dodgson, 1997). Roberts (2005) clarified that Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. In Masterson (2007) study, managing your customer relationship is important, but is critical for Service Businesses who rely on repeat customers, ongoing contracts and referrals. The application of customer relationship management (CRM) is a great opportunity to increase customer value, enhance customer satisfaction, and achieve business excellence and high profits (Lin and Su, 2003; Daghfous and Barkhi, 2009). Therefore, enhancing the effect of CRM has become a key factor for the success. Peppers and Rogers (1993) also find that the cost of developing new customers is six times that of retaining old customers. Therefore, using CRM to ensure customer loyalty and further enhance business performance is a wise strategy supplier. CRM originates from the concept of customer orientation to enhance the relationship between enterprises and their customers. Suppliers in the industry who set up CRM systems to find and retain their best customers and develop long-term relationships with loyal customers will acquire greater profits (Liu et al., 2007). CRM is the core business strategy that integrates internal processes and functions and external networks to create and deliver value to targeted customers and, finally, increase profits (Buttle, 2004). These developments

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have spurred similarly dramatic changes in the ways managers have sought to understand changing demand conditions and competitive dynamics. Many organizations struggle with the strategic application of customer relationship management (CRM) systems during the past two decades raises the opportunity within many firms to utilize this data consistently over time to secure competitive advantages (Eichorn, 2004). According to importance of customer satisfaction and loyalty in greater market share, CRM as a tool for increase their profitability. Creating loyalty of customers is a conception that is more considered in today's business because of loyalty customer has been as the key component of successful businesses and organizations. This study investigates the effect of customer relationship management on customer's loyalty and satisfaction in Shiraz city Refah chain store.

2. Literature Review

2.1. Customer satisfaction

Culter defined the customer satisfaction as the degree of actual performance of a company that Satisfies customer satisfactions. According to Culter if a company performance Satisfies customer satisfactions, the customer feels satisfaction and otherwise feels dissatisfaction (Kotler, 2003). Customer satisfaction as a central conception and vital purpose increase all unknown business activities and favorable sentiment about services that provide organizational units (Gee Chen et al., 2012).

2.2. Customer loyalty

Several definitions have been presented in general that loyalty is a reaction that a customer may be shown versus the brand, service, product and activity. But the most comprehensive definition of customer loyalty is forwarded by Oliver (1999). He states that loyalty is: "a deeply held commitment to rebury or patronize a preferred product/service consistently in the future (OLiver, 1999).

As Gee Chen et al. (2008) state, there are no one commonly accepted description of loyalty and even now still many debates take place on what customer loyalty is and what the key drivers that cause loyalty are. The complexity of loyalty concept leads to persistent debates and differences in interpretation of the concept.

2.3. Customer Relationship Management

In Schierholz et al. (2007) study, CRM was defined as a complex set of interactive processes that aims to achieve an optimum balance between corporate investments and the fulfilling of customer needs in order to generate maximum profit.

CRM is typically designed as a toolset for guiding sales teams and supporting engineers and other specialists in developing sales prospects, creating appropriate business proposals, dealing with customer objections, and providing post-sales customer support (Agrawal, 2003).

CRM as a Marketing Attitude Based on Customer's Information. Includes all aspects of the exchange with customers and make whole elements within an organization relevant which are in relationship with customers. In order to have CRM, a wide set of tools, technologies and company procedures promote relationships with customer to increase sale.

CRM is also an information system that helps enterprises understand customer needs and behaviors and is associated with operation processes and technology (Christopher, 2003).

Greenberg (2001) points out that CRM is a series of extensive processes and information technology adopted to manage potential and existing customers and enhance an enterprise's relationship with its partners.

Customer relationship management has been widely regarded as a set of methodologies and organizational processes to attract and retain customers through their increased satisfaction and loyalty (Coussement and Van den Poel, 2008; Gibbert et al., 2002). The main CRM processes involve "acquiring customers, knowing them well, providing services and anticipating their needs" (Teo et al., 2006).

CRM is constituted of 3 elements: Customer; Relationship, and Management.

Customer is the only source for the organization's present profitability and future growth. A good customer who produces more profit with less costs and resources is always scarce, because, the customer is intelligent and the competition is uncontrollable.

2.4. CRM subsystems

CRM is divided into 3 main subsystems: Operational, Analytical and Collaborative

2.4.1. Operational CRM

This includes software facing with the customer: sale force automation, business marketing automation, and customer support automation software. This part is similar to the Enterprise Resource Planning and involves activities related to customer services such as orders, sale automation, and marketing and management of all such parts. This is among the primary applications of CRM. In dealing with operational CRM, one can combine it with financial affairs and human resources (Belbaly et al., 2007; Coussement and Van den Poel, 2008).

2.4.2. Analytical CRM

Analytical CRM performs obtainment, storage, extraction, interpretation and reporting of customer data for the user. The CRM strategy of the organization is dependent on data infrastructures that store, analyze and manage customer-related data at a wide level. The four main parts of data technology in a CRM are as follows: Data Warehousing; Database Management System; Data Mining.

2.4.3. Operational Excellence

An organization need to find a suitable approach in maintaining CRM in organization. Companies that employ an operational excellence strategy attempt to find a combination of price, quality, and ease of purchase that none of their competitors are capable of matching They do not spend a great deal of time on innovation or one-to-one relationship with customers. Furthermore, the companies constantly were taking the rewards from that cost-leadership position and reinvesting them to further drive the costs down or to increase the convenience of doing business with customer (Soderlund and Vilgon, 1999). Sheth (2002) stated that operational excellence is the key success in determining the loyalty of customer where most companies have forgotten while focusing too much on the IT. Companies that pursue operational excellence provide consumers products at the lowest total cost. The products line is standardized, and limited, with highly reliable products. Operational Excellence demands zero defects. Cost leaders appear to be no more or less reliant than either kind of differentiator on CRM system (Valos et al., 2007).

3. The aim of the research

The main objective of this research is to evaluate the impact of CRM on customer satisfaction and loyalty.

3.1. Hypotheses

CRM has a significant impact on customer satisfaction.

CRM has a significant impact on customer loyalty.

3.2. Research method

The research method in terms of aim is applied and in terms of data collected is descriptive – correlation. The population of this study is included 117 people of customers in Shiraz city Refah chain stores that using the Cochran formula for determinate sample volume according to following mathematical formula and the sample volume with error of 5% were announced almost 90 people:

$$n = \frac{\frac{z^2 pq}{d^2}}{1 + \frac{1}{N} \left(\frac{z^2 pq}{d^2} - 1 \right)}$$

Although to reliability examination of the questionnaire using of Cronbachs Alpha that was 0.91, Cronbachs Alpha accepted that higher 0.7.

4. Findings

The used chi-square test for evaluate the impact CRM on customer loyalty and satisfaction in the Refah stores. Therefore, it is defined hypothesis H0 and H1, as follows:

H1: There is a significant relationship between CRM and customer satisfaction Refah stores.

H0: $\rho \leq 0$

H1: $\rho > 0$

There is significant and positive correlation.

ρ indicates (PONITER) correlation between CRM and customer satisfaction. Because significance level test SPSS software and measured the Spearman correlation coefficient was zero (less than 0.05), so the H0 is rejected, hypothesis H1 accepted. That is significant and positive relationship between CRM and customer satisfaction the Refah stores. The correlation coefficient is 0.894 for the data values on the hypothesis that considerable amounts. This means there is not random and chance the correlation between the two variables of CRM and customer satisfaction. Of course, the other variables impact on customer satisfaction, which is certainly not negligible, but should not ignore the CRM as well as other factors (Table 1).

Table 1: Correlations

		Customer Satisfaction	CRM
Customer Satisfaction	Pearson Correlation	1	0.894
	Sig. (1-tailed)		.000
	N	20	20
CRM	Pearson Correlation	0.894	1
	Sig. (1-tailed)	.000	
	N	20	20

Correlation is significant at the 0.01 level (1-tailed).

H2: There is a significant relationship between CRM and customer loyalty Refah stores.

H0: $\rho = 0$

H1: $\rho \neq 0$

There is significant and positive correlation.

The significance level of the correlation coefficient for this hypothesis is described as follows.

Table 2: The significance level of the correlation coefficient for this hypothesis

	CRM	Customer Loyalty
CRM	Pearson Correlation	1
	Sig. (2-tailed)	.587
	N	20
Customer Loyalty	Pearson Correlation	.587
	Sig. (2-tailed)	.04
	N	20

Correlation is significant at the 0.01 level (1-tailed).

According to the table provided, it can be argued that the 95% confidence level with a correlation coefficient of 0.587 and a significance level of 0.04 the null hypothesis is rejected. So there is a significant relationship between CRM and customer loyalty Refah stores. However, this hypothesis due to the significant, answer is positive or negative relationship, whether loyal customers in the store is not well studied.

5. Conclusion

The aim of this study was to understand the relationship between CRM on customer satisfaction and loyalty Refah stores. The study found that CRM, and significant impact on customer satisfaction. But they cannot be easily influenced CRM, customer loyalty was aware of CRM, it is not sufficient to increase customer loyalty, but also is not ineffective. The findings on customer satisfaction and loyalty, show that customer satisfaction has a positive effect on customer loyalty has a direct and substantial. Customer is the only source for the organization's present profitability and future growth. A good customer who produces more profit with less costs and resources is always scarce, because, the customer is intelligent and the competition is uncontrollable. The relationship between a company and its customers involves a reciprocal guided relationship as well as continuous correlations. A Relationship may be short-term or long-term, continuous or discontinuous, repetitive or non-repetitive. It may be psychological or behavioral. The more positive the customer's view of the products, the more dependent the purchasing behaviors on the conditions. CRM is not an activity limited only to the marketing department. Rather, it involves sustainable integrated improvement in the organization's culture and processes Customer's loyalty will bring more profits to the companies where they are willing to keep coming to their preferred shopping place. In order to measure the customer's loyalty, companies should do it by measuring customer's willingness to come again and give good review about the business. The most difficult part is keeping the customers. In the study also identified that companies that successfully implemented CRM will have the rewards in customer loyalty and long run profitability.

6. Suggestions

1-According to the CRM, and the behavior of employees in creating customer satisfaction and loyalty, it is necessary to emphasize the fact that without the dedicated employees, customer satisfaction and loyalty cannot be sure.

2- If you want to build loyalty in customers' Refah stores should consider customer retention as their main task.

3- Employees should operate beyond customers' expectations and their satisfaction with their targets.

4- Staff has to receive feedback from a customer experience transferred directly to management.

5- Provide new services and better enforcement of the plan that eventually led to the creation Feedback will store customer loyalty, Should be pursued more aggressively.

6- In order to ensure that the quality and quantity of work performed by employees to best meet the needs of customers, employees should be regularly evaluated.

7- Selection of staff should be based on competence and motivation, and then follow the training and expertise to enhance the level of knowledge to be taken seriously.

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