



IJIRCCCE

e-ISSN: 2320-9801 | p-ISSN: 2320-9798



INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN COMPUTER & COMMUNICATION ENGINEERING

Volume 12, Issue 1, January 2024

ISSN INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 8.379



9940 572 462



6381 907 438



ijircce@gmail.com



www.ijircce.com

Customer Relationship Management and its Impact on Customer Satisfaction

Ms. Sweta Dubey

School of Mechanical, Madhyanchal Professional University, Bhopal, India

Abstract— Entrepreneurship is one of the business forces with the greatest power to transform today's society, due to its ability to discover and take advantage of new opportunities to satisfy customer new and changing needs and expectations. Customer relationship management (CRM) has proved to be both a highly influential business management strategy and a powerful business management technology solution, with a particularly relevant impact in the area of entrepreneurship. CRM has helped drive growth and future expectations and has had excellent results in terms of return on investment wherever it has been implemented. An exhaustive review of previously published findings in a specific subject area can uncover new lines of research. This paper uses semi-systematic review to the study of the reality of the link between CRM and entrepreneurial marketing in business. This approach is used to comprehensively describe the state of the art of the impact that CRM can have in the modern business environment, through the empowerment of entrepreneurial marketing. In a structured manner, the present paper reviews the 86 most relevant studies of how CRM affects entrepreneurial marketing policy development through its alignment with relationship marketing and customer-centric business models.

KEYWORDS: - Customer Relationship, Customer Satisfaction, Business Models

I. INTRODUCTION

In a globalized commercial world such as the current one, markets are dynamic and changing, and the customer lies at the beginning and end of the value chain. One of the greatest values that entrepreneurship provides in an environment like this is the ability of entrepreneurs to take advantage of opportunities and discover new ways to meet customer expectations, and thereby transform the world in general and the market in general particular, all due to the unstoppable process of digital transformation. One of the consequences of globalization is the greater ability of customers to access both information and the acquisition of products and services offered even beyond the borders of countries [1, 2]. This means that the needs, desires, and expectations of customers are changing and increasingly demanding, with which the market has become so dynamic that only companies that manage to adapt to said dynamism survive. And for this it is necessary to invest in innovation and development, and to have an entrepreneurial spirit that is open to discovering and taking advantage of new opportunities and ways of satisfying those needs, desires and expectations. Entrepreneurship thus becomes one of the engines of change and transformation of society, which justifies the growing research interest in this area [3].

Customer knowledge management and innovation are the two key modern-firm drivers for a set of successful survival, growth, and development strategies, enhancing business efficiency, performance, and sustainable competitive advantage [4]. Indeed, knowledge has been defined as the most important strategic resource for, and even the core element of [5, 6], sustainable competitive advantage. Nonaka and Takeuchi argue that both innovation and competitiveness require knowledge. As result, Prahalad and Ramaswamy further state that knowledge and innovation are inalienable and inseparable. In this sense, operating Customer Knowledge Management through collaborative innovation shows an efficient path for knowledge-sharing, and therefore, successful innovation practices [7]. Indeed, Prahalad and Ramaswamy understand customer collaboration as a modern anchor of customer knowledge management and innovation, as well as a system enabling successful organisations to learn from their customers' needs how to meet their demands and improve performance. This call to consolidating and integrating customer collaboration and customer-need knowledge is what CRM seeks to respond to as both a strategic tool and business philosophy for leading firms.

Customer relationship management is used to define the process of creation and maintain relationship with business consumers. CRM is a hostile process of identifying, attracting, differentiating and retaining customers. CRM integrate firm's entire supply chain to create customer value at every step, either through increased benefits or lowered costs. It results in higher profits through increased business from a firm's customer base. CRM is the seamless coordination between sales, customer service, marketing, field's support and other customer touching functions. Due to CRM

companies know their customers, understand their unique needs and tailor their service or product offering to their needs in a sustainable competitive manner that can yield significant incremental shareable value.

II. LITERATURE REVIEW

CRM is a business management tool focused initially on the automation of the sales force and which has evolved towards a global concept of customer relationship management whose ultimate goal is customer loyalty and thus the improvement of the company's results [8]. The CRM business management technology solution was originally composed of three modules: sales, marketing and services, which are the three classic axes of the global business management of customers [9]. CRM was conceived, and has been maintained, with the generally accepted main objective of attracting and retaining economically valuable clients, identifying and setting aside the least profitable, which makes CRM completely aligned with modern Customer-centred business management theory through its ability to analyze and plan sales, marketing and service strategies that lead the company to achieve and retain long-term partnerships. It is considered in the current dynamic and modern market that the customer-centred approach is the key to business success, for which the deployment and use of CRM provides a basic component to improve customer knowledge management, and with this management achieve customer loyalty and attain their trust and loyalty [10]. Due to its direct action on management processes in the areas of sales, marketing and services, CRM provides direct benefits both in terms of economic performance and commercial activity in general, as well as global business profitability. The improvement in customer knowledge management generates a better customer experience and therefore greater customer satisfaction, which has a positive effect on the results and profitability of the company, obtaining the following beneficial consequences: greater customer loyalty; a more effective marketing strategy; better customer service and support; greater efficiency and cost reduction. These benefits associated with the use of CRM are those that would justify the impact we want to measure in this paper through a research model. Analyzing the expected benefits of using CRM, establish the importance of reinforcing customer loyalty on the basic principle that in today's slightly competitive market ecosystem, the ability to reduce the risk of losing the best customers is a key factor. Therefore any tool focused on the loyalty of economically profitable customers is tremendously valuable, being completely aligned with CRM global strategy [11]. Marketing is another area in which a high beneficial impact is expected through the use of CRM, since greater knowledge of CRM should increase the effectiveness and efficiency of marketing campaigns and actions [12]. Better knowledge about customer needs is a key factor in their segmentation and in the adaptation of marketing campaigns and actions to these needs and expectations [13]. The third area in which a direct, beneficial impact due to the use of CRM is expected is that of services, more specifically in customer service and support. For the best customer knowledge that CRM provides the company that uses it efficiently, a deeper understanding of the needs of the consumer is achieved, which translates into better customer service and support and with it their satisfaction and loyalty, going back to the basic marketing principle of customer loyalty and customer centred strategy. The last two expected benefits (greater efficiency; and cost reduction) are expected to be part of the firm performance measurement that this paper is trying to establish, as they are not directly related to the three components and axis of CRM management and processes, and in fact the literature shows them as reachable by using CRM [14].

III. MEASURES AND CONSTRUCT VALIDATION

We rely on the existing models in the scientific literature, already referenced above, to establish the necessary constructs for the research model proposed in this paper as global and definitive. To construct the research model, three constructs were considered: CRM Practices, Innovation Capabilities and Firm Performance. Each of these constructs measures multiple items by means of scales, all of them evaluated using a five-point Likert scale from "totally disagree" to "totally agree".

The construct for CRM Practices can be measured through 5 items, following Valmohammadi:

- Information sharing
- Customer involvement
- Long-term partnership
- Joint problem-solving
- Technology-based CRM

Valmohammadi developed a survey instrument, previously validated and accepted as usable in scientific studies, and that will be used as the basis of this present empirical study. These items were selected because the general focus that

Valmohammadi uses in his study is very similar to the present one. There are not many more models to use as a basis considering the articles published previously, so we can assume that this approach is the most fitting one. The items that make up the scale which we are going to use in our study are:

- Our company frequently tries out new ideas
- Our company seeks new ways to do things
- Our company is creative in its methods of operation
- Our company is often the first to market with new products and services
- Innovation in our company is perceived as too risky and is resisted
- Our new product introduction has increased over the last 5 years

Also, in this case, to evaluate the Innovation Capability construct, we will use the survey previously validated and tested.

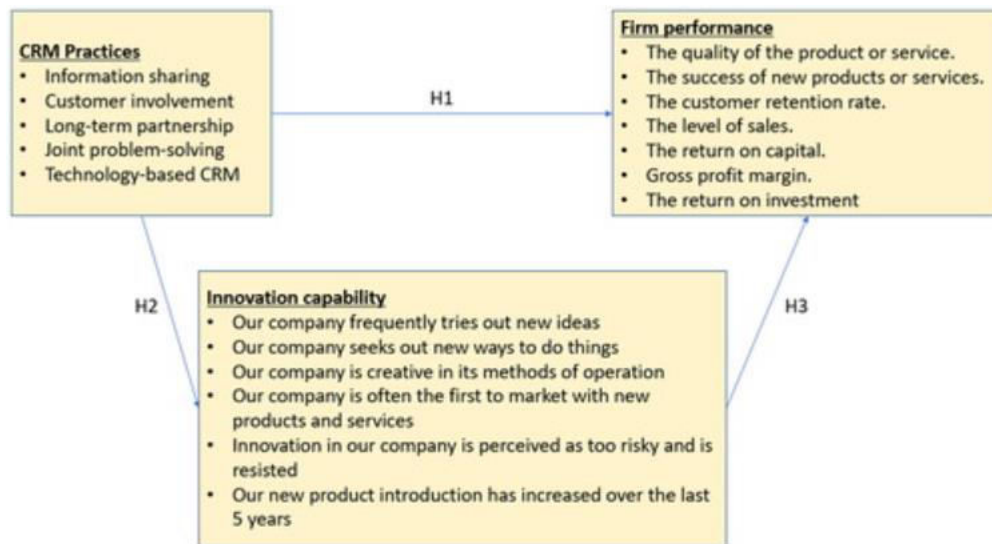


Figure 1: Research model for CRM impact on firm performance. Source: The authors (self-made).

IV. METHODOLOGY

Hernández Sampieri et al. define two types of approach as to the possible way to face the study and testing of a research model: a quantitative approach and a qualitative approach. Hernández Sampieri et al. define the "quantitative approach" as one that uses data collection to test hypotheses based on numerical measurement and statistical analysis, in order to establish behavioural patterns and test theories; on the other hand, it also defines the "qualitative approach" as one that uses data collection and analysis to refine research questions and reveal new questions in the interpretation process. Both approaches employ careful, methodical, empirical processes in their effort to generate knowledge, so the previous definition of research applies to both equally. However, although quantitative and qualitative approaches share these general strategies, each has its own particular characteristics. Finally, there are "mixed approaches", in which evidence from numerical, verbal, textual, visual, symbolic and other data is used to understand problems in science. Deciding what the study approach will be in each case will depend on the approach of the problem and the circumstances surrounding it, as well as the recommendations of the precedents of studies in the same field [15, 16].

Regarding sample and data collection, a survey instrument was developed to test the research model, again trying to use a general context that permits the research model and the survey to be used in any productive sector, geographical area, or grouping of companies.

This survey will be used as the main tool to test the research model in case we have a significant sample of work items within the sector under study. In case of not having enough work elements, it will be used as the first step to a mixed approach, in which the quantitative assessment of the results of the sample will be analysed, considering each particular case.

The survey was carried out by sending the questionnaire included in the Appendix of this work by email and regular mail. The questionnaire was constructed using a five-point Likert scale [17, 18]. Depending on the sector or group of

companies under study, their special characteristics, and the degree of involvement of the researcher with them, the questionnaire was complemented with a cover letter of introduction and thanks, and a phone call in case it was considered necessary to favour the response.

V. RESULTS

It is a research model that can be used to measure and evaluate the impact (measured in firm performance) that the implementation and use of CRM can have on companies in certain sectors or functional or geographical groupings, all based on the degree of introduction and use of CRM in these companies.

Based on similar previous studies on the measurement of the impact on organizational performance that the use of the CRM technological solution may have, and also based on modern considerations derived from studies on innovation capacity, customer knowledge management, a research model was proposed with global characteristics of general applicability to almost any productive environment, as was the main initial objective of this study.

The proposal that is made in this study is the use of the most appropriate research methodologies for each group of companies, which through the research model proposed in this paper and through the questionnaire also proposed in the Annex, it should be efficient in assessing the impact of the different levels of CRM used in companies, measured in terms of firm performance.

Subsequent studies will corroborate and make sense of this study, through its effective application to different sectors or groups of companies.

VI. CONCLUSION

Once the literature on basic concepts for this study was reviewed, specifically on CRM, innovation and innovation capacity, organizational performance, firm performance, customer knowledge management, among others, it was found that expectations about the impact of CRM on firm performance may be consistent with the effective and proven results in the companies that have implemented and are using CRM internally. These companies are expected to be effectively using CRM to manage their relationships with customers through the three CRM modules (sales, marketing, services and customer service), but this is not always totally proven because of the different degree of use of CRM that each company may be carrying out; which is why it is considered so important to add an independent variable about CRM Practices that refers to the degree of use.

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Impact Factor: 8.379

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