Investigation of Effecting Factors on Establishment of Customer Relationship Management (CRM) System

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Abstract

Customer Relationship Management (CRM) refers to all the processes the organization applies to identify, select, motivate, develop, maintain and service to customer. The purpose of this study is Investigation of Effecting Factors on Establishment of Customer Relationship Management (CRM) System among sellers of glasses in the Karaj city . The questionnaire developed by the researcher and its validity through validity and reliability through Cronbach's alpha 0.881 confirmed . The results show that order of priority for effecting Factors on Establishment of Customer Relationship Management (CRM) is: Attention to Knowledge Management, Benefiting from modern technology and update, Organizing business processes, Focus on key and main customers, customer satisfaction

Key words: *Customer Relationship Management (CRM), Knowledge Management, Information Technology (IT), Business Process, Customer Satisfaction*

Introduction

In the business world, management recognizes that customers are the core of a business and success of a company depends on effectively managing relationships with them (Bahrami, Ghorbani, & Arabzad, 2012). The major burden the industry faces is obtaining and keeping clients (Matiş & Ilieş, 2014). Customer needs and expectations have to be considered by all staffs in organization and they have to identify those needs and expectations and try to enhance customer expectation level that is possible only through effective and proper relationship with customers (ThuyUyen & et al, 2007). In recent years, the term Customer Relationship Management (CRM), much attention in the field of marketing, information technology, etc. have attracted. Especially academics, software vendors, consultants and businesses have been involved in the field and management concept and communication with the customer, which means organized efforts to create and deliver higher value to the customer developed. Organizations widely recognize that their customers are the most important asset and customer relations as mutually beneficial transaction as well as look for opportunities that need to be managed (Plakoyiannaki, 2005).Customer Relationship Management is defined by four elements of a simple framework: Know Target, Sell, and Service. CRM requires the firm to know and understand its markets and customers. This involves detailed customer intelligence in order (Rygielski, Wang, & Yen, 2002). Academic researchers have proposed CRM as a business process which includes all processes of customer identification, creating of customer's knowledge, establishing of relation with customer, formation of imagination and perception of the organization and its products (Moshref Javadi & Azmoon, 2011).These systems provide information about customer profiles and history; support an important area of core processes, especially in the area of marketing, sales and customer service (Ling & Yen, 2001). Customer relationship management refers to all the processes that the organization applied to identify selects, motivate, develop, maintain and operate customer service (Akhavan and Heidari, 2009). Customer Relationship Management helps in building long term and profitable relationships with valuable customers. The set of processes and other useful systems in CRM help in developing a business strategy and this enterprise approach understands and influences the customer behavior through meaningful communications so that customer acquisition, customer loyalty, customer retention and customer profitability are improved (Bahari & Elayidom, 2015). The Customer relationship management is a strategic, which for more information about the needs and behavior of customers, communicate more with them used. Good relationships with customers are success key to organizational processes (Abbasi, 2011). Customer relationship management is a business strategy based on relationship-based marketing and as a tool serves to it. Customer relationship

management can be integrated effort to identify, protect and create a relationship with the customer and the continuous strengthening of this network for mutual advantage for both parties through interactive communications, and personalized mobile value-added was over a long period (Sheth & Parvatiyar, 2000). This management system, enabling organizations create a connected chain of customers and benefit from the integrated information. These customer-based banks provide most managers views to have a long-term trust and loyalty of customers. (Rouholamini & Venkatesh, 2011).CRM revolves around the concept of maintaining long-lasting, valuable relationships with customers. This becomes easier when an organization knows its customers very well. It aims at capitalizing on customer relationships to establish and sustain them over time, and also monitoring all business areas such as marketing, sales, operations, services, production and HR (Khan, Ehsan, Mirza, & Sarwar, 2012).

Research Objectives

- Investigation of the relationship between attention to Knowledge Management on the establishment of Customer Relationship Management (CRM) System
- Identify of the relationship between benefiting from modern technology and update on the establishment of Customer Relationship Management (CRM) System
- Investigation of the relationship between organizing business processes on the establishment of Customer Relationship Management (CRM) System
- Investigation of the relationship between Focus on key and main customers on the establishment of Customer Relationship Management (CRM) System
- Investigation of relationship between the customer satisfaction on the establishment of Customer Relationship Management (CRM) System

Research Hypothesis

- Attention to Knowledge Management is effective factor on the establishment of Customer Relationship Management (CRM) System
- Benefiting from modern technology and update is effective factor on the establishment of Customer Relationship Management (CRM) System
- Organizing business processes is effective factor on the establishment of Customer Relationship Management (CRM) System
- Focus on key and main customers is effective factor on the establishment of Customer Relationship Management (CRM) System
- customer satisfaction is effective factor on the establishment of Customer Relationship Management (CRM) System

Research Methodology

This research in terms of objective is applied research and in terms of data collection is Descriptive- survey. In the first phase through a literature review to collect literature and questionnaire development and secondly, by distributing a questionnaire to collect data is explored. The questionnaire used in this study is a questionnaire that examines the factors contributing to the establishment's customer relationship management.This questionnaire based on 5-item Likert scales 1) strongly disagree, 2) disagree, 3) I have done idea 4) I agree and 5) strongly agree, set. Validity questionnaire through the face validity and view of experts in this field confirmed. Reliability of this questionnaire also although Cronbach's alpha has been tested that it obtained 0.881 that it shows the reliability of this questionnaire is high level. The populations examined in this study are sellers of glasses in the Karaj city. After the analysis the population size was estimated 75 that sample through Cochran formula 63 was calculated. Questionnaires randomly distributed among the sample.

Descriptive statistics of variables

The results are below the average of the parameters is greater than expected average.

Table 1: Descriptive statistics accepting electronic human resources
Quality customer information

	Number	Minimum	Maximum	Average	Standard deviation	Variance
Quality customer information	60	2	5	3.97	0.567	0.322
Technology system	60	3	5	4.23	0.462	0.214
Performance	60	2	5	4.03	0.709	0.502
Customer satisfaction	60	2	5	4.17	0.641	0.411
Profitability	60	2	5	3.66	0.751	0.563

Testing the data normality assumption

According to the results of the Kolmogorov-Smirnov test observed that the error level obtained for the first and fifth variables is higher than average level of 0.05 so can say these variables have normal distribution. According to the error obtained for fourth variables can say the distribution of these variables is approximately normal and symmetric. Given that the level of error for the overall results of the questionnaire, we can conclude that the level of error accepted by more than a normal distribution is tested questionnaire. It can used to test the assumptions of parametric tests.

Table 2: The results of the Kolmogorov-Smirnov Test

Variable			H1	H2	H3	H4	H5	CRM
Level of error obtained			0.069	0.014	0.013	0.046	0.063	0.200

First Hypothesis: The first factor in the establishment of customer's relationship management system is effective.

Based on the results of the test (One-Sample Test), average responses provided by respondents with regard to the first factor is 3.967 out of 5 that this average extend to the community, with 95 percent of the average responses of the population in the range of 3.82 to 4.11 placed. As the number of 3 and (1 very low, 2-low, 3 medium) is larger, it can be concluded that the impact of the first factor in the customer relationship management system is positive. Given that the level of error from the accepted error (sig = 0.05) is lower and it can be said that this test is statistically significant (Table 3).

Second Hypothesis: the second factor is effective on the establishment of customer relationship management (CRM) system.

Based on the results of the testing (One-Sample Test), average of responses was provided by respondents with regard to the second factor is 4.227 out of 5 that this average extend to the population, with probability of 95 percent of the responses average of the population in the range of 4.11 to 4.35 is located. Since this number is more than 3 and (1 very low, 2-low, 3 medium), then it can be concluded that the impact of the second factor in the customer relationship management system is positive. According to that level of error from the accepted level of error (sig = 0.05) is lower and it can be said that this test is significant, statistically (Table 3).

Third Hypothesis: the third factor is effective on the establishment of customer relationship management (CRM) system.

Based on the results of the testing (One-Sample Test), average of responses was provided by respondents with regard to the third factor is 4.027 out of 5 that this average extend to the population, with probability of 95 percent of the responses average of the population in the range of 3.84 to 4.21 is located. Since this number is more than 3 and (1 very low, 2-low, 3 average), then it can be concluded that the impact of the third factor in the customer relationship management system is positive. According to that level of error from the accepted level of error (sig = 0.05) is lower and it can be said that this test is significant, statistically (Table 3).

Fourth Hypothesis: the fourth factor is effective on the establishment of customer relationship management (CRM) system.

Based on the results of the testing (One-Sample Test), average of responses was provided by respondents with regard to the fourth factor is 4.170 out of 5 that this average extend to the population, with probability of 95 percent of the responses average of the population in the range of 4.00 to 4.34 is located. Since this number is more than 3 and (1 very low, 2-low, 3 average), then it can be concluded that the impact of the fourth factor in the customer relationship management system is positive. According to that level of error from the accepted level of error (sig = 0.05) is lower and it can be said that this test is significant, statistically (Table 3).

Fifth Hypothesis: the fifth factor is effective on the establishment of customer relationship management (CRM) system.

Based on the results of the testing (One-Sample Test), average of responses was provided by respondents with regard to the fifth factor is 3.663 out of 5 that this average extend to the population, with probability of

95 percent of the responses average of the population in the range of 3.47 to 3.86 is located. Since this number is more than 3 and (1 very low, 2-low, 3 average), then it can be concluded that the impact of the fifth factor in the customer relationship management system is positive. According to that level of error from the accepted level of error (sig = 0.05) is lower and it can be said that this test is significant, statistically (Table 3).

Table 3: Test results One-Sample Test

	T-statistics	Degrees of freedom	Standard deviation	Average	The difference in confidence interval 95%	
					Low boundary	High boundary
Quality customer information	54.182	59	0.000	3.967	3.82	4.11
Technology system	70.853	59	0.000	4.227	4.11	4.35
Performance	44.008	59	0.000	4.027	3.84	4.21
Customer satisfaction	50.408	59	0.000	4.170	4.00	4.34
Profitability	37.805	59	0.000	3.663	3.47	3.86

Assumption of factors effects equality: factors have the same effect on the establishment of customer relationship management (CRM) system.

Table 4: The results of the ranking test of survey factors

Friedman test	Number	Chi square	Degrees of freedom	**Significance level**
	60	**40.314**	**4**	**0.000**

As the test results ranking Friedman observed, chi square statistic with 4 degrees of freedom is achieved 40.314 and considering a significance level of P-Value = 0.000 assuming equal influence on establishment of customer's relationship management system is rejected.

Table 5: Ranking Factors of survey

Variables	Rank	**Average**
Attention to Knowledge Management	1	**3.61**
Benefiting from modern technology and update	2	**3.54**
Organizing business processes	3	**2.98**
Focus on key customers	4	**2.78**
customer satisfaction	5	**2.08**

According to the results observed in order of the second factor, the fourth factor, the third factor, the first factor and fifth factor is of utmost importance in the establishment of customer relationship management system from respondent's perspective.

Conclusion

Based on the results of the study hypothesis, the factors of focus on key customers, based on knowledge management, organization, business processes, having modern technology and customer satisfaction in the establishment of customer relationship management system is effective. These results are compatible with the results of Abbasi and Torkamani research (2010) Salarzehi and Amiri (2011). Attention to the customers has basic role in effect on the success of customer relationship management (CRM). This work is involves identifying the needs, behaviors, customer life cycle and customer analysis and requires the use of this information in order to create value for the customer (Abbasi and Torkamani, 2010). Oligo (2001), also in their study has concluded that focus on customers in establishment success of customer relationship management is effective. (Oligvy, 2001).The knowledge gained about the customers enable organization for intelligent decisions about customers, developing relationships and communication proper channels (Sigala, 2005). The success of knowledge management requires the right combination of processes, people and information technology. Data storage capability is an important factor enabling Knowledge management (Abbasi and Torkamani, 2010). Azari (2008) also in himself research Concluded to Knowledge Management is effect on establishment of customer relationship management (CRM). (Azari, 2008).New technology changes the relationship between customers and companies. To support the interaction and exchange of continuous information and software package provides a set of technologies for customer relationship management, regardless of the communication channel (Salarzehi and Amiri, 2011). Chen (2003), Curry (2004) Dahmardeh et al (2010) in their research confirmed relationship between new technologies with establishment of customer's relationship management system. According to Azeri (2008) and Oligo (2001), companies must define their needs and business objectives and business processes, is one of the most efficient tools in this section. The impact of improved business processes vital to the success of customer relationship management has also been attracted other researchers. The relationship between customer satisfaction and customer relationship management as well as in research kamalian et al (1388) has been proven. Customer satisfaction is the result of collective perception, assessment and customer physiological response to the consumption of goods or services. Therefore, to increase the level of customer satisfaction, Company should repeat to measure the level of customer satisfaction.The results of ranking also show that Attention to knowledge management, benefiting from modern technology and up to date, organizing of the business processes, focusing on key and main customers and finally customer satisfaction, in the priorities of the importance of influencing the establishment of customer relationship management evaluated in terms of population. Confusion on the concept of customer relationship management, inefficiencies and failures in implementation will bring. So managers and decision-makers when aiming to establish a knowledge management system, aimed at making the organization must decide on priorities and consistent with results from previous studies have done.

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