The Influence of Customer Relationship Management in Service Sector: A Literature Review

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ABSTRACT

Customer Relationship Management (CRM) is a widely implemented strategy for managing a company’s interactions with customers, clients and sales prospects. It often involves using technology to organize, automate and synchronize sales, marketing, customer service and technical support. The Customer Relationship Management (CRM) has a great influence on the company to build strong relationships with their customers. The main purpose of this research paper is to examine the influence of Customer Relationship Management (CRM) in service sector. Secondary sources of data are used for this research study.

Keywords: Customer Relationship Management, Brand Image, Customer Loyalty, customers satisfaction, Information Technology.

INTRODUCTION

Customer Relationship Management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving with customers, assisting in customer retention and driving sales growth. CRM system are designed to compile information on customer across different channels or points of contact between the customer and the company which could include the company’s website, telephone, live chat, direct mail, marketing materials and social media. CRM system can also give customer facing staff detailed information on customer’s personal information, purchase history, buying preferences and concerns.

The best way for a company to build strong relationships with their customers is to build up customer loyalty. To do this, a company must develop an effective CRM strategy. With help of this customer strategy, a company can know what the customers want. Once the company finds out what the customers actually want, it can serve them efficiently and can create customer loyalty. These customers will be reluctant to go to competitors who may not give them what they are looking for.
The primary objective of CRM is to provide the entire organization with a complete 360 degree view of the customer, no matter where the information resides or where the customer touch point occurred.

Objectives

1. To understand the concept of Customer Relationship Management.
2. To reveals the influence of Customer Relationship Management in service sector.
3. To analyze the impact of Customer Relationship Management on customer satisfaction, brand image and customer loyalty.

RESEARCH METHODOLOGY

In order to find out the influence of CRM in service sector and to analyze the impact of CRM on customer satisfaction, brand image and customer loyalty, the secondary sources of data are used. Data published by the various journals, articles, internet, etc are used for the purpose of the present paper.

LITERATURE REVIEW

There have been various studies conducted to reveals the influence of CRM in the service sector. These studies show that there is a significant influence of CRM in the service sector. A selected number of studies which were found relevant for this paper have been mentioned below to bring into knowledge the related literature.

1. Adam A. Rapp and Raj Agnihotri carried out a study and explains that firms try to maintain a customer oriented image throughout the world, possible only through a standard CRM methodology. CRM spending has emerged as a major piece of the information technology investment in organizations. No organization can implement and execute a relationship strategy without coordinated inter-departmental team work, which is made possible by technology tools that help develop and maintain a centralized customer database. Efforts to better serve customer are not necessarily reflected in the customer service operation. The majority of the firms think that once their CRM software is installed, all of their customer related issues are resolved and successful implementation of CRM is complete.

2. David Jesse Finnegan and Leslie P. Willcocks points out that firms are continually seeking new ways to forge close relationships with their most valuable customers. With recent advances in networking and database management, firms have both the motivation and the means for improving their CRM strategies. It is about the organization’s ability to provide a seamless and personalized experience to each customer rather than a transactional of product-focused approach where the future of the relationship is not an
over-riding consideration. This study connects CRM systems implementation with organizational change for the first time. It looks into the factors that distinguish firms which connect with their customers and gain customer loyalty with the firms that are not as successful. It also describes the micro-processes that occur on a daily basis in a company and all the small decisions managers and employees take during the implementation of change and the creation of knowledge.

3. Don Peppers and Martha Rogers explained in their study that in today’s competitive marketplace, customer relationship management is critical to a company’s profitability and long term success. To become more customer focused, skilled managers, IT professionals and marketing executives must understand how to build profitable relationships with each customer and to make managerial decisions that will grow the value of the customer base. The goal is to build long term relationships with customers and generate increased customer loyalty and higher margins.

4. Francis Buttle explains that customer relationship management is no longer something that only leading edge enterprises use to gain competitive advantage. It is now a necessity for survival. CRM is a complex and difficult way of doing business. Much as some would like us to believe, CRM is not just about installing software or automating customer touch points. It is about becoming and remaining customer-centric. Customer expects to able to deal with enterprise when they want, where they want and how they want. Enterprises are expected to remember past interactions and to build on those interactions in the future.

5. Frederick Newell explains that corporate boards have been swept away with enthusiasm for CRM because customer relationship management appeared to meet of business’s fundamental needs:
   a) Understanding customer’s buying behavior for better targeting of offers.
   b) Spreading customer information across the enterprise to allow customer-facing personnel to be more efficient.
   c) Creating greater operational efficiency to reduce expenses.

6. R. Uppal in his book entitled, “Customer Relationship Management in Indian Banking Industry” has explained that Customer Relationship Management (CRM) is a fundamental to building a customer-centric organization. CRM system links together the customer data into single and logical customer repository. CRM in banking is a key element of differentiation that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspects of customer interactions in a manner that enables banks to maximize profitability from every customer. Banks can develop customer relationship across a broad spectrum of touch points- branches, kiosks, ATMs, internet, electronic banking, smart cards, call centers and phone banking. The full integration of these systems, their associated business processes, and the methods, for which information is extracted and used, forms the basis for CRM.
7. Ronald S. Swift in his book entitled “Accelerating Customer Relationships: Using CRM and Relationship Technologies” shows how to strengthen long-term customer loyalty and profitability by serving every customer as an individual. In Accelerating Customer Relationships, it has been demonstrated how to build knowledge “info Structures” that deliver breakthrough profitability and customer loyalty. The author walks you step by step through integrating every customer touch point: retail, web, call center and beyond. He covers every aspect of enterprise wide relationship management strategies, processes, partnerships, platforms, software, methodologies and more. He demonstrates how to use today’s CRM and data warehousing technologies to identify your most profitable customers, find more just like them, and drive unprecedented rates of customer loyalty and profitability.

8. Ruud Verduin has explained that the developments in the market move faster than ever. Fragmentation of markets, rapidly changing customer needs, new distribution channels, the emergence of new competitors and declining customer loyalty make it necessary for organizations to their marketing process critically examine them. Companies that are able to attract the right customers, a relationship with them to build and maintain, thus creating a major competitive advantage. This requires a complete reconsideration of the marketing process: Customer Relationship Management.

9. S. Ramesh Kumar in his book entitled “Customer Behaviour and Branding: Concepts, Readings and Cases-The Indian Context” pointed out that CRM has gained importance with the onset of e-commerce. A marketing practitioner needs to understand what is CRM, its impact on an organization, its applicability and its benefits to customers, and not just the marketing aspects. There is also a need to understand that CRM is an Overall strategy for an organization and not just a short term sales tool. The CRM strategy requires a long term plan and any such plan requires a strong organizational commitment and appropriate investment. Firms in both consumers & business to business marketing have always (by accident or design) made attempts to encourage repeat buying from regular & frequent consumers. What have been added to this kind of CRM is the collaborative & co-operative aspects from the consumer’s end in the current context.

CONCLUSION

Closer examination of the above literatures leads to a comprehensive view that CRM has a significant impact in the service sector. Firms can create customer brand image only with the help of CRM strategies. CRM helps a firm to maintain strong relationships with the customers which help the firm to gain the competitive advantage. CRM helps the firm to create long-term customer loyalty and profitability by serving every customer as an individual. In today’s competitive marketplace, customer relationship management is critical to a company’s profitability and long term success.
Limitations

1. This research study is not universal.
2. This research study covers only the limited aspect of Customer Relationship Management.
3. This research study is based on the limited previous studies.
4. This research study is based on the secondary data. Primary data is needed.

REFERENCES