CUSTOMER RELATIONSHIP MANAGEMENT AND BUSINESS STRATEGIES

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Abstract
Changes in the current competitive environment, increasing simplicity of penetrating into the competitive market, and rapid growth of information technology are motives for performing activities in such an environment (69). Pursuing the objective of improving customer relationship, some companies, today, step into rapid and instant development of their markets (44). These companies, adopting customer relationship management systems, can earn and retain their customers' loyalty. Consequently, designing customer relationship management strategies can lead to market protection, customer value increase, and greater customer satisfaction opportunities for continuous promotion of the enterprise (43). Accordingly, regarding the complexity and the variety of strategies associated with managing a business, information-related capability seems to be a vital and essential capability for earning profit from companies' activities and competition with peers (69). Hence, information and relations are employed for managing the firms as vital tools for seizing opportunities and tackling future issues. Given the information only employed to support a company’s performance making crucial decision about surrounding environment, increasing competitive ability of the enterprise will be extremely difficult for the company (68). Moreover, since increase of competitive ability is accompanied by making greater profit for trade, methods of raising competitive ability is an interesting and critical issue. Therefore, fostering unity in the interrelated sectors through information technology, cost reduction, and development of low-level relations with customers, companies can achieve greater profitability (69).

Keywords: relationship management, business strategy, customer, customer relationship management capability

Introduction
Customer relationship management, as a combination of individuals, processes, and defined technology, is the perception and management of customer relationship by focusing on developing relationship and retaining customers, and is aimed at maximizing the profit through achieving a desired balance between major company's investment and customer satisfaction (19). Furthermore, customer relationship management is regarded as a set of
processes and systems which support the business structure in sustaining profitability and maintaining relationship with key customers (43). The principal and ultimate objective of customer relationship management is to be able to know the customers well to provide more efficient service for keeping them forever. Nonetheless, understanding the concept and the main objective of customer relationship management has not been brought to the end, and it is still under development (44). Customer relationship management may be assumed as a business philosophy, a business process, or a technology tool. As a philosophy of business, customer relationship management guides companies to maintain customer relationships, and maintains the customer's high value among the extensive processes of management (45). As a business strategy, it is an occupational strategy focused on the customer that evaluates their satisfaction and loyalty through making guaranteed offer and providing each customer with personal services (6). As a business process, it is defined as a flow of a huge mass of mini-cultures of impartiality and customer knowledge creation (60). Moreover, it represents a technology or a technological choice in improving organizations' long-lasting relations with their customers (48).

Aspects of customer relationship management

Some theorists including Parvatiyar, Sheth, and Miller have stated that customer relationship management has four aspects: 1. customer identification, 2. customer attraction, 3. customer retention, and 4. customer development (37, 55, and 65).

1. Customer Identification: Customer relationship management starts by identifying the customer. This stage includes targeting the individuals who will become either company's customers or profitable for the company. In addition, the focus of this stage of customer relationship management is mainly on analysis of the customers lost while competing with other firms, and ways of winning them back (37). Identification of customers by organizations makes them be considered strategically important, and occupy a role in organizations’ success. These customers have individual needs, therefore, addressing their needs will promote products, as well (5). Customer identification involves customer analysis and customer segmentation (71). Customer analysis requires the investigation of functional aspects through analyzing the customer's attributes, while, customer segmentation needs reclassifying a customer base into smaller groups of customers that are relatively similar (71).

2. Customer Attraction: This stage follows customer identification. Having identified the customer's potential segments, organizations can put their energy towards attracting target segments of the customer. Direct marketing is one of factors for drawing the customer. Direct marketing is an advertising process which entices the customer to order products through different channels; direct posting as well as distributing coupons are examples of direct marketing (17, 46, 57).

3. Customer Retention: Customer retention is a paramount concern in customer relationship management. Customer satisfaction which refers to the comparison of customer expectations with his/her perception of satisfaction is regarded as an absolute prerequisite for retaining the customer (37). Customer relationship management is the philosophy of business activities for attracting and keeping the customer, raising the customer value, loyalty, and implementing the customer-centered techniques. Customer relationship management is aimed at strengthening customer relationships and examining them fully. Considering how customer value,
needs, expectations, and behavior through analyzing the data from interaction with customer are integrated, firms can shorten the sales cycle, and increase the customer loyalty by creating better relations with them (58). As a consequence, proper customer relationship management can help companies to keep existing customers and draw new ones (21). Customer retention includes simultaneous marketing, programs for creating customer loyalty and complaints management. Simultaneous marketing which deals with marketing competitions, analyzes, explores, and anticipates the changes in customers' behavior (15, 35, and 36). As a result, analysis and introduction of existing system has a direct relation with marketing (30). Programs for creating customer loyalty include efforts and activities which have supporting roles and are targeted at maintaining long-standing relationship with customers. Continuous analysis of service quality and reliability or satisfaction in particular constitutes a part of customer loyalty programs (30).

4. Customer Development: This stage requires steadily increasing the amount of interactions, the value of interactions, and personal profitability of the customer. Elements composing customer development are: customer life time value analysis, average sales growth, and analysis of product basket the customer uses in the company. Customer lifetime value analysis has been defined as a prediction of total net income that company can expect from the customer (22, 29, and 60). Average sales growth pertains to advertising the activities targeted at raising the number of related services customers use in the company (56). Market basket analysis relates to the maximum number of customers' trades, their value, and exploring purchase behaviour of customers (1, 7, 13, 16, 32, 38).

Customer Satisfaction and Retention

It is clear that retaining the existing customers is more economical than establishing new relations, even in the changing internet markets, and it is accomplished by achieving complete domination over the changes (33). Therefore, maintaining customer satisfaction is economical, considering that, attracting new customers can be five times costlier than providing customers with satisfaction (59). Direct correlation between customer retention and profiting the company as well as customers seems to be more noticeable, and customer value is referred to the combination of net profits earned by buyers. These profits include quality, lower price, convenience, on-time delivery, and pre- and post-sale services (41). Furthermore, customer satisfaction is related to the determining factor of customers' behavior over time. A large body of research studies addresses customer satisfaction and customer retention (54).

Customer satisfaction may be defined as a feeling of pleasure or contentment a customer experience regarding his/her expectations about the quality of a product or performance. If the relative performance does not fulfill the expectations, the customer will be unsatisfied. If the expectations are matched, the customer will feel extremely satisfied. Wilson, Sunny, and O'keefe have claimed that customer satisfaction leads to frequent purchases and brand loyalty. Moreover, lower prices attract new customers. Consequently, other costs as well as the amount of complaints reduce (18, 20, 31, and 39).

A plenty of studies have arrived at this conclusion that customer satisfaction is impacted by customer retention. Retention of more satisfied customers is less demanding. Satisfied customers hold a positive view on the organization, as a consequence, they will be loyal customers (4, 8, 9, and 23). Satisfied customer, improves the strong relations with the
company, which usually results in enduring relationship between the company and customer (66).

**Customer relationship management and knowledge management**

Unfortunately, many firms possess limited knowledge of customer relationship management, and underestimate its significance. It is a common sense that missing favorable opportunities for proper customer service, provide the competitors in their market share with more opportunities. To become successful in increasingly competitive environments, firms should be able to continuously examine a wealth of knowledge, and create value-added (58).

Davenport and Prusak have emphasized that knowledge management is associated with knowledge-based creation, use, and sharing. Knowledge, has been interpreted as information which is relevant, practical, and based on little business experience. As this new ground was broken, it provided industrial society with support. Peter Drucker refers to knowledge as the most important source in 21st century. Additionally, Davenport and Prusak indicated that how knowledge acquisition, retention, and sharing are useful and important (25). The process of customer relationship management can be studied as a knowledge-oriented process associated with huge mass and complexity of knowledge (25, 29). Many organizations, recently, undertake studies aiming at applying knowledge management in order for knowledge to penetrate inside and outside their organization with stockholders and customers. A number of individuals and organizations have established frameworks for knowledge management. In fact, they prescribe various methods for engaging in knowledge management activities (72). Tiwana defines knowledge-oriented customer relationship management as the management of customer knowledge targeted at creating value and knowledge base to improve the relations and collective efficiency. Knowledge-oriented customer relationship management is more than a business model/strategy or a technology-based solution. On the contrary, it identifies the significance of knowledge management and customer relationship management as determinant and information technology expert for every enterprise. Mass of data about customers, by new technology tools, might lead to opportunities as well as challenges for enterprise, as a result, bring about a rise in competitive advantages (68).

**Market protection capabilities**

Market protection capability examines company's ability to learn about customers, competitors, channels of communication with customers, and vast market environment where they work (26). The investigation of the subject's background offers various reasons for anticipating market changes, because market protection capabilities may be related to company income and profit growth rate (67). Like improving financial status and increasing asset value, profit growth is also considered as a key objective for companies (12). Having achieved profit growth, firms can boost their income from sales, profit, or both. Performing activities in ideal environment may result in a situation in which demand increases supply by creating potentiality for simultaneous growth of income from sales and profit (28). Nevertheless, in case of impressive growth or no growth in market environment, the company can boost income from sales or profit using two methods:

1. Increasing the market share through adopting strategies designed to improve sales to current customers and enticing new customers.
2. Raising earnings by adopting strategies for sale price per unit of output or cost reduction (50).
From income growth point of view, market protection capabilities permit the company to identify deprived sectors, and the sectors which don’t allow competitors to conduct activities, and fulfill customer needs and requirements of that sector (67). These deprived or unsatisfied sectors offer good rationale for the company’s efforts targeted at boosting income through attracting new customers. Identifying customers’ attributes by market protection, most of the time, should provide viewpoints about managers’ opportunities that a company can find related to available customers in terms of increasing the portion of their needs (49).

With respect to earnings growth rate, strong capabilities of market protection offer viewpoints by taking which, companies can lower their average costs through applying more useful sources by means of optimal matching, collecting company’s sources, and fostering customer relations and future opportunities (34). The companies, whose performance was compatible with above mentioned points, were more successful in precisely estimating the value of different sources which enable them to avoid extreme attending to various information sources (51).

Furthermore, companies, by means of special capability for optimum protection of market, can identify the least price sensitivity of customers and their (level of) ability to cover higher costs. These capabilities should create conditions for introducing techniques for offering the company’s products and services with the highest value and no price to customers and members (67).

Finally, optimum market protection allows a company to learn more and quickly about customers, as well as, competitors’ reaction to their income in the past and the activities leading to profit growth and market share rise. Moreover, presenting viewpoints pertaining to methods of continuing this trend in order to promote outcomes and achievements of such a growth is essential (28).

**Capabilities of customer relationship management (CRM)**

CRM capabilities have been formed based on two key principles: Firstly, it is a type of assessment which examines relations with customers considering them more than a set of separate interactions, and certainly yields more beneficial results for suppliers, and brings customers greater satisfaction. Secondly, it is a perception all current and future customers have of a company’s ability in being bound to reach profitability and meet their needs, and their realization is not necessarily of equal proportion (52). Accordingly, we define capability of CRM as a company’s ability in identifying customers, obtaining feedback from them, and maintaining the relations from which both the customer and the company can benefit (11).

With regard to income growth rate, the focus of enhanced capabilities of CRM is on profitability in acquiring potential customers and retaining current customers (10). With respect to potential customers, if companies with strong CRM capabilities do not retain and improve this capability, they not only will not be able to attract customers of this type, but also will gradually lose the existing customers, which will endanger them in the relevant enterprise, as a result, as time passes, their general growth rate will significantly fall (62).

If the raise in income growth rate is not in line with the rise of customer needs satisfaction portion, a fall in income growth rate will occur, consequently, the company will be deprived of acquiring the smallest number of new customers, thus, general rates of income growth will decline once again (70). In any case, from the earnings growth rate point of view, CRM capabilities should be valued, and companies with strong capabilities should exploit their sources for attracting customers, and put their potential abilities into practice for future profitability (10). Such companies steadily improve their knowledge and experience, and
share them with customers; therefore, they bring about more reduction in cost of product and service offering (62). This might give rise to retaining higher number of customers among the competitors, stronger CRM capabilities, and having experienced consumers of company's products and services, as a consequence, drives down the service cost (64).

Obviously, such companies can increase their profit by a rate through which successive reductions of average cost of customer service occur. Regarding customers’ reaction to competitors’ products at prices which are not stimulus to purchase, companies with outstanding CRM capabilities can even boost the prices of specified products and service (14).

**Marketing strategy, entrepreneurship, and customer**

The role of marketing knowledge is acquiring the knowledge of penetrating the market, producing and offering quality products and valuable service to customers. The company can fulfill market requirements and market predictions about benefiting from competitive advantage and profit. The company's marketing capabilities which are based on innovation capability are major factors that can contribute to creation of distinctive capabilities of innovation, and earning as well as increasing profit. On the other hand, product innovation is desirable for marketing activities, and can improve business performance. Consequently, a strong relation exists between innovation, marketing, and gaining competitive advantage (74, 79, 80, 82, 84).

In addition, the advantage of small companies' marketing over big companies is the relationship between entrepreneurship and customers. Small companies have a limited customer base, and customers usually are limited to those of local markets. This leads to short communication paths between the company and customers, hence, today, entrepreneurs often know customers, which increases close relations leading to earning profit, customer loyalty and higher levels of customer satisfaction (73, 83, 85). Moreover, small companies' flexibility in quickly responding to customers is another aspect that contributes to improved relations between entrepreneurs and customers. Having easy access to market information is of main advantages small companies have; companies require combining market information, improvement of market technology, and improvement of management capabilities in welcoming new challenges in markets (77, 78, 81, 85).

**Conclusion**

Customer relationship management is a business strategy designed to identify, attract, retain and develop customers, and is inspired by the motives of profitability, success in the future, and enhancement of companies' and organizations' ability to go into competition with others in the global market. As a combination of individuals, procedures, and technology, it focuses on development and improvement of more relations with customers, in order to obtain a clear understanding about organization's customers and have a coherent strategy on relationship management. Considering that, during most of daily business activities, companies deal with customers, for development and survival in economic competition, they should attach high importance to customer-orientation, and strengthen their relations with buyers for products and service, much more than ever. As a consequence, along with advances in technology and information technology, being in an intense competition with their competitors, companies should plan to provide and enhance customer relationship management, and rapidly and timely expand their markets.
An organization or a company with no customer will fail and fall behind other competitors in attracting customers. One of the reasons behind companies' failure to win the competition is the lack of knowledge about the way of dealing and interacting with customers. To attain success in the future, therefore, organizations and companies require a deeper understanding of customer needs, which will become feasible by developing an accurate and organized plan, and mobilizing resources and trained forces in order to avoid losing customers, win back old customers, and transform them into regular ones. Identifying the customer is a contributing factor in enhancement of companies' profitability, as a result, their success. The purpose of identifying customers is to recognize their demands, expectations, behaviors, and interests. Companies can make efforts to attract, and obviously, retain the customers by marketing and improving marketing techniques in a consistent way, and establishing long-term relations with them. Customer retention would become feasible by bringing them satisfaction. Since, when customers are satisfied, they frequently make a purchase, and receive more products from companies, they bring about more profitability for companies. Through establishing steady relationships and improving the relations with customers, companies can offer better and more services to them, which is considered as responsiveness to customer needs. Accordingly, employing technology and knowledge which evolve day by day, organizations and companies should pursue the objective of, meeting customer needs, because satisfying their demands is the guarantor and strong supporter of the organization's survival and its leadership in that era of competition and business.

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