2nd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and TOURISM, 30-31 October 2014, Prague, Czech Republic

Effect of Customer Relationship Management on Customer Satisfaction

Rana Saifullah Hassan[a*], Aneeb Nawaz[b], Maryam Nawaz Lashari [c], Dr. Fareeha Zafar[d]

[a] Lahore Leads University, Lahore, 54000, Pakistan
[b] Hailey College of Banking and Finance, University of the Punjab Lahore, 54000, Pakistan
[c] Institute of Administrative Sciences, University of the Punjab, Lahore, Pakistan
[d] Working at GC University, Lahore, 54000, Pakistan

Abstract

In a highly competitive market, companies need to maintain positive relationship with their customer. A good CRM (customer relationship management) program that helps company in satisfying the customer, the research study would explore different methods and techniques for establishing effective CRM to satisfy the customers. The purpose of the study was to check the effectiveness of customer relationship management (CRM) in retaining and satisfying customers with reference to Shell Pakistan. This study shows that customer relationship management has significant effect on the customer satisfaction and both variables have positive relation. Company makes its CRM as strong and reliable the customer will be more satisfied and retain with the company. The study concluded that CRM is playing a major role in increasing the market share, it enhances productivity, superior employee's morale in the mean while it improves the in depth customer knowledge and also higher customer satisfaction to improved customer loyalty company will also have the clear information that what are their customers, what are their needs, and what will make them more satisfied.

1. Main text

Most companies find them-selves uncertain about the productivity of their customer relationship program and see it as a burden on their marketing budget. This study has been undertaken to examine and evaluate customer relationship management programs using Shell Pakistan as a reference company.

* Rana Saifullah Hassan. Tel.:+4-345-433-432..
E-mail address: r_saifullah@hotmail.com

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 knows 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.

1.1. Components of CRM:

i. Customer
ii. Relationship
iii. Management

1.2 Reasons for adopting CRM

Competition for customers is intense. From a purely economic point of view, firms learned that it is less costly to retain a customer than to find a new one. By Pareto's Principle, it is assumed that 20% of a company's customers generate 80% of its profits.

- In industrial sales, it takes an average of 8 to 10 physical calls in person to sell a new customer, 2 to 3 calls to sell an existing customer.
- It is 5 to 10 times more expensive to acquire a new customer than obtain repeat business from an existing customer.
- A 5% increase in retaining existing customers translates into 25% or more increase in profitability.

1.3 CRM in Pakistan:

Pakistani companies did not focus a lot on their customers. But now the trend is changing they are using pull strategy instead of push strategy. Initially they make product in bulk and send it to the retail outlets. But now they have adopted a strategy of customization. They make product according to the demand of the customer and do one to one marketing. For that purpose Pakistani companies also prevailing CRM.

Oil industry is a vital element in the economic development of a nation. It is product and service oriented businesses, to be successful in competitive market, it is important that customer feel satisfaction while dealing with the company and they should be loyal to the company. In order to check the satisfaction and loyalty status of customers in oil industry, one oil company is elected which is Shell Pakistan.

1.4 CRM in Shell:

Shell was able to implement CRM in their organization in 1996. Shell has also purchased CRM software to keep the record of their customers. Shell computer programmers have made three different types of soft-wares: *Get set go, Real time and JD Edwards*

1.4.1 Get Set Go: This is only used for the industrial customers but not for the retail customer, it is used as a planning tool, which helps to analyze the data and sets targets for customers.

1.4.2 Real Time & JD Edwards: It is made in database software Oracle. Real time and JD Edwards do work simultaneously. It is for both the retailers and industrial customers, whenever a transaction occurs, it comes into real time sales and then information is transferred to every territory manager though JD Edward.

Shell has made separate accounts for each customer. They also have in depth knowledge, personal data of their customers that is; date of birth, their interest, transaction with other companies, their purchase behaviour etc. It helps

in providing fast, convenient and accurate services. This software also helps in availability of Shell anywhere, anytime. They also have strong interaction with their customers through telephone and fax.

They make analysis of individual customers after every six months. It gives them the clear picture of high value customers. Shell makes the analysis of individual customers as well as analysis of aggregate sales.

1.5 Technology Supporters CRM in Shell Pakistan:

Customer Relationship management (CRM) clientele helps to focus on the customer for their greater satisfaction and retention, clientele is an integrated Microsoft Windows NT-based, Award-winning customer relationship management solution that enables emerging companies to manage and support their customer's entire lifecycle, Clientele products enables to gather, organize, track and share prospect, customer, competitor and product information.

1.6 Manage Customer's Relationship:

Clientele is a complete tool for managing even anticipating the support needs of shell's external customers. It enables Shell's to deliver by phone, fax, email and the web, the type of world-class service that can quickly separate Shell from the competition and ensure customer loyalty for years to come.

1.7 CRM Services by Shell:

Shell assists in benchmarking their CRM, retention and cross channel servicing efforts against; their competitors, other oil producing organizations and other best-in-practice customer service and CRM organizations.

2. Methodology

This study was qualitative in nature and describes the Banking sector in the term of impact of Organizational Commitment on individual bank employee Job performance.

2.1 Regression:

Regression analysis is useful for identifying the main factors associated with, the problem or more independent variables that affect any of the dependent variable. According to our theoretical framework in which the dependent variable, job performance affected by independent variables, that is organizational commitment and its three dimensions. The dependent variable in the regression equation worked as the function of the independent variable, corresponding parameters "constant" and an error term. Error term represents the unexplained variation in the dependent variable. The unknown parameters are denoted by β.

2.3 Equation:

Job Performance (JP), Organizational Commitment (OC)
$$JP = f\,(OC)$$

Equation: $\quad JP = \alpha + \beta_1\,AC + \beta_2\,NC + \beta3\,CC + \epsilon\text{--------- (a)}$

2.4 Hypothesis Development:

Ho: There is a positive significant relationship between organizational commitment and employees' job Performance?

H1. Affective commitment is positively and significantly related to employee's job Performance.

H2. Continuance commitment is positively and significantly related to employee's job Performance.

H3. Normative commitment is positively and significantly related to employee's job Performance.

3. Research Instrument

The research instruments used in this study is questionnaire. Respondents of the research are the employees of the banks that are directly deal with the customers located in the sector f-10 and f-11 of Islamabad. This research based on the convenience sampling.

4. Data Collection

This is a primary data based study. The information is collected through a questionnaire by visiting Al-falah bank, Muslim commercial bank, Meezan bank, Allied bank and others bank of two sectors f10 and f-11 of Islamabad. This helps us to find out the result about the performance of the employees regarding organizational commitment and its three dimensions. We distributed the questionnaire to 100 Employees located in two sectors (f-10,f-11) of Islamabad.

Regression analysis has been used to examine the relation of a dependent variable (responding) to specified independent variables (explanatory variables).

5. Results

The study has used the following equation to get the estimates of the effect independent variable "Customers Relationship Management" on dependent variables "Customer Satisfaction".

Equation: $CS = \alpha + \beta_1\,CRM + \epsilon$--------- (a)

Table 1 present the results such as the beta coefficient of Customer relationship management found to be significant and its theoretical sign is correct.

Regression Statistics					
Multiple R					0.545
R Square					0.298
Adjusted R Square					0.266
Standard Error					1.02875
	Coefficients	Standard Error	t Stat	P-value(sig)	Significance F
Intercept	2.074285409	0.397772381	5.214754738	6.77583E-06	0.000110055
C.R.M	0.472157294	0.109447423	4.31401015		0.000110055

The R Square is 0.298 which shows that 29.8% model of this research is explained by the independent variable "Organizational Commitment" and other is explained by the error factors (ϵ).

The level of significance is 5% or 0.05 and the value of significance F is 0.000110055 which is less then 0.05. It shows that this model is best fit for the research.

P-value of CRM is 0.0001110055 which is less then level of significance 0.05 that why we have rejected the null hypothesis.

6. Conclusion

This study shows that customer relationship management has significant effect on the customer satisfaction and both variables have positive relation. Company makes its CRM as strong and reliable the customer will be more satisfied and retain with the company.

The increase in the satisfaction level will allow the customer to come again and again to use the company's

products and that will increase the sales level of the company which causes the increase in organizational profit. The number of the loyal customer will increase. So increasing competitiveness of the oil industry has a bright future for the oil industry in Pakistan, it's expected that the management of any oil industry consider the results of this study and defines its employee's training with role in providing better quality services to understand which built customer loyalty and fulfill their expectation with CRM.

7. Recommendations

The analysis of the findings demonstrate that CRM play role, in increasing the satisfaction level of the customers and it also increase the profitability by reducing the cost of approaching the customers, at the same time, increase their size of customers and on the other hand increase profits and it will also help in attaining the competitive advantage. CRM react as, to reach the right customer with right message at the right time through the right channel.

If we calculate the percentage of the customers who are satisfied from the delivery and quality of the products/ services then 70% customer are satisfied that's why Shell should make its CRM much effective that make and identify best customers and treat them differently, is also result in understanding the current value of individual customer and their potential.

Shell's management believes that CRM is important for their field which is more than a half of the other techniques and strategies, and that earn the highest possible return from all sales channels and CRM also helps in improving marketing effectiveness.

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