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Research Article

CUSTOMER SATISFACTION AND CUSTOMER LOYALTY: A PERSPECTIVE OF CUSTOMER RELATIONSHIP MANAGEMENT

Vijaya Laxmi E and Lakshana M.K

Department of MBA, Anurag College of Engineering, Aushapur

A R T I C L E   I N F O

A B S T R A C T

Customers are always the valuable assets of an organization. Because of rapid globalization and growing competition, customers now have a variety of options available with them for purchasing a particular product or service. They can easily draw comparisons or even switch to other companies if they are not satisfied with the product or service offered by an organization. As a result, the organizations are becoming customer-focused in order to provide maximum customer satisfaction by offering the products or services according to their tastes and preferences in order to maintain long term relationship. That is why many companies are turning to Customer Relationship Management (CRM) that focuses on ways of identifying and retaining the loyal customers. An empirical study is to be performed on the importance of marketing strategies followed by various organizations for retaining customers and examines the impact of customer relationship management on customer satisfaction and loyalty.

INTRODUCTION

Today's business environment is extremely dynamic and experience rapid changes as a result of technological innovation and increasing awareness and demands to serve their customers accordingly. Customers demand better service and except superior quality from companies. Companies should offer accordingly by understanding the tastes and preferences, buying behavior of customers to create the best possible experience to their customers. Customer Relationship Management is concerned with creation, development and enhancement of individualized customer relationship with carefully targeted customers and customer groups resulting in maximizing their customer lifetime value. It enables organization to gain competitive edge over competitors that supply similar products or services. To attain CRM, many organizations use set of tools, technologies and procedures to support the relationship with the customer to enhance sales. The focus of CRM is on creating value for the customer and the company over the longer term. When the customers value the customer service they get from the organization, they are less likely to look to alternative products or services for their needs. Customer relationship management enables organizations to gain competitive advantage over competitors that supply products or services.   The need of customer relationship management is to meet the changing expectations of customers due to the following factors.

Corresponding author: **Vijaya Laxmi E**
Department of MBA, Anurag College of Engineering, Aushapur

- Social and Demographic Factors
- Educational Standards
- Competitors Product
- Economic Factors
- Experience

LITERATURE REVIEW

Definition of Customer Relationship Management

Customer Relationship Management is defined as the process of creating and retaining profitable customer with long term relation by delivering customer value and satisfaction. (Philip Kotler,2006)

Customer Relationship Management is an interactive process for achieving the optimum balance between corporate investments and satisfaction of customer needs to generate the maximum profit. (Dr. Robert Shaw, Shaw Consulting)

Customer Relationship Management is an integrated effort to identify, maintain and build up a network with individual consumers and to continuously strengthen the network for mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time.(Shani and Chalasani,1992)

Emergence of CRM

Over the last four decades, the following developments and progression in marketing strategies can be seen.

1960's: Era of Mass Marketing

It is a market coverage strategy in which a firm decides to ignore market segment differences and go after the market with one offer to a wider audience. The idea is to broadcast a message that will reach largest number of people possible. Traditionally mass marketing has focused on radio, television and newspapers as the medium used to reach the customers.

1970's: Era of Segmentation

Market segmentation divides a market for goods or services into subdivisions. It takes an undistinguished group of consumers and uncovers those who have similar needs, those who make purchases or use products or services in the same. A market segment is a subgroup of people sharing similar consumer characteristics and because each segment shares the same attitudes and behaviors, they generally respond the same to a given marketing strategy.

1980's: Era of Niche Marketing

It is a marketing strategy which is focused to a small but specific and well defined segment of population. Niches do not exist but are created by identifying needs, wants and requirements that are being addressed poorly or not at all by other firms, and developing and delivering goods or services to satisfy them.
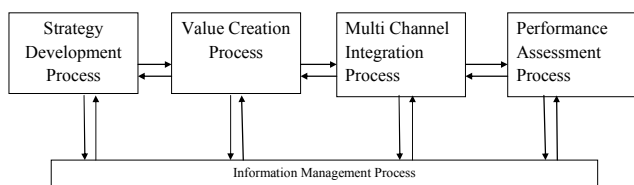
1990's: Era of Relationship Marketing

It is a strategy designed to foster customer loyalty, interaction and long term engagement. It is aimed to develop maintain relationships with customers by providing them with information catering to their needs and requirements.

The Strategic Framework of CRM

The CRM Strategy should be encapsulated into strategic framework which will serve as a guiding tool to be followed for the CRM initiative. Payne and Frow conducted research to develop a strategic framework for CRM. According to them the key generic CRM Process can be summed up in Five points Viz.,

- The Strategy Development Process
- The Value Creation Process
- The Multi-Channel Integration Process
- The Information Management Process
- The Performance Assessment Process

Source: Adapted from: Adrain Payne and Pennie Frow, "A Strategic Framework for Customer Relationship Management", Journal of Marketing 69(October 2005):167-176

The Strategy Development Process: This can begin with a review of the company's vision as well as that of the industry and the competitors.

The Value Creation Process: The value creation process transforms the outputs of the strategy development process into programs that both extract and deliver value. The three key elements of the value creation process are (i) determining what value the company can provide to its customer; (ii)

determining what value the company can receive from its customers and (iii) by successfully managing this value exchange, which involves a process of co-creation or co-production, maximizing the lifetime value of desirable customer segments.

The Multi-Channel Integration Process: The multichannel integration process is one of the most important processes in CRM because it takes the outputs of the business strategy and value creation processes and translates them into value-adding activities with customers.

The Information Management Process: The information management process is concerned with the collection, collation, and use of customer data and information from all customer contact points to generate customer insight and appropriate marketing responses. The key material elements of the information management process are the data repository, which provides a corporate memory of customers; IT systems, which include the organization's computer hardware, software, and middleware; analysis tools; and front office and back office applications, which support the many activities involved in interfacing directly with customers and managing internal operations, administration, and supplier relationships.

The Performance Assessment Process: The performance assessment process covers the essential task of ensuring that the organization's strategic aims in terms of CRM are being delivered to an appropriate and acceptable standard and that a basis for future improvement is established. This process can be viewed as having two main components: shareholder results, which provide a macro view of the overall relationships that drive performance, and performance monitoring, which provides a more detailed, micro view of metrics and key performance indicators.

The Key Stages of CRM

Stage	State	Culture
Satisfaction Based	Reactive	• Meet Customer Needs • Respond to complaints • Minimum evaluation of customer service levels
Performance Based	Proactive	• Evaluate Customer Perception • Identify Customer retention factors • Evaluate multiple customer needs
Commitment Based	Very Proactive	• Continuous inbound or outbound flow and feedback • Continuous improvement

Types of CRM

Operational CRM

Operational CRM helps the business processes and technologies to improve the efficiency and accuracy of day to day customer facing operations. Main purpose of this type of CRM is to generate leads, convert them into contacts, capture all required details and provide service throughout customer lifecycle.

Analytical CRM

Analytical CRM helps top management, marketing, sales personnel to determine the better way to serve customers. Data analysis is the key function of this type of CRM application. It analyzes customer data, coming from various touch points, to get better insights about current status of an organization. It helps top management to take better decision, marketing executives to understand the campaign effectiveness, sales

executives to increase sales and support personnel to improve quality of support and build strong customer relationship.

Features of Analytical CRM

- Gather customer's information, coming from different channels and analyze data in a structured way
- Help organization to set business methodology in Sales, Marketing and Support to improve customer relationship and loyalty
- Improve the CRM system effectiveness and analyze key performance indicators, set by business

Collaborative CRM

Collaborative CRM, sometimes called as Strategic CRM, enables an organization to share customers' information among various business units like sales team, marketing team, technical and support team. Collaborative CRM helps to unite all groups to aim only one goal – use all information to improve the quality of customer service to gain loyalty and customer satisfaction along with acquiring new customers to increase sales. Organizational collaboration results in productivity enhancement resulting in greater profitability by enhancing cross functional effectiveness. Some collaborative CRM technologies are voice, conferencing, email, web based and other interactive technologies.

CRM approaches at various organizations
Nestle

Nestle is the world's largest and most diversified food company. The Nestle care center is an important channel in the dialogue with consumers to welcome feedback. In attending to product complaints, Nestle's protocol includes visits by field representatives to consumers homes and laboratory analysis of the product concerned. Nestle's uses enterprise collaboration maturity model in which team and workgroup collaboration within and outside the boundaries of the organization like e-mail, chat, video conferencing groupware systems.

D-MART

D-Mart is a chain of hypermarket and supermarket in India started by R.K.Damani. It seeks to provide a one-stop shopping experience for the entire family, meeting all their daily household. A wide selection of home utility products are offered, including foods, beauty products, garments, home appliances and much more. In order to maintain long term sustainability in the market, D-Mart implemented customer relationship management strategies. The Customer Relationship Approach includes the following:

- The prices offered are economical in D-Mart
- EDLP(Every Day Low Pricing) strategy is followed
- Uses Price Bundling
- Setting up an image of a Discount store
- Offers value for money
- Target group includes value conscious and upper lower middle income customers
- Provides a lot of offers (some for a specific period and some throughout the year)

Apple

Apple is one of the most well-known retailers of innovative technology, from personal computers to handheld devices such as tablets and mobiles. It is the third largest maker of PCs in the US and since 2001 has had a much higher focus upon retail and customers than its competitors. The most important focus of CRM is improving the customer service experience for new and existing customers. Apple not only satisfies customer wants by Product quality but also build long term relationship through customer experience. By using CRM so extensively in their retail structure, Apple has effectively produced a lifestyle experience rather than simply a purchase by interacting with customers through their own retail stores. Apple communicates in the language of audience. Eg., Edge to Edge glass, Retina display, Led Backlighting.

McDonald's

McDonald's is the world's leading food service retailer with more than 33000 restaurantsin118 countries serving more than 67 million customers each day. McDonald's worldwide is well known for the high degree of respect for the local culture of each market it operates in. Special care is taken to ensure that all vegetable products are prepared separately, using dedicated equipment and utensils. This separation of vegetarian and non-vegetarian food products is maintained throughout the various stages of procurement, cooking and serving. It established a benchmark in sector of quick service restaurant. The CRM initiatives by McDonald's are as follows:

- Feedback and suggestion forms available at each outlet.
- Online feedback form for techno-savvy individuals
- Information about upcoming products provided in website.
- Order Online: Order through Website
- Special promotions during festivals as Indians tend to spend more at such events.
- Complimentary drinks will be provided with every late order delivery after one minute.

KFC

KFC, known as Kentucky Fried Chicken is an American fast food restaurant chain that specialized in fried chicken. It is the world's second largest restaurant chain with almost 20000 locations globally in 123 countries. It implemented various customer relationship strategies to attract and retain customers in the market. The key CRM Strategies followed by KFC are:

- Online ordering apps for iphone and other mobile devices.
- New meal introduce by KFC
- Heat wave and hot bag
- Vouchers and online order
- Low calorie menu
- Youth theme decor
- Retaining customers through Promotional Gift
- Solving grievances and build loyalty
- Attracting customer street wise e.g. :- KFC WOW!25

CONCLUSION

Customer Relationship Management is a tool which integrates management of an organization and customer groups in an effective way to improve long term relationship with customer by delivering superior value. All the efforts of the organizations to increase customer satisfaction, trust and loyalty will be mainly based on the investments it will make in

the implementing of CRM systems. This will create an opportunity to develop a competitive advantage in relation to its competitors. Many organizations have succeeded in implementing Customer Relationship Management. Companies can make customers loyal by anticipating and understanding the needs of customers and offering them products and services, providing them personal attention and care while serving them, timely interaction with customers, effective grievance handling system, offering better service quality than competitors. Effective implementation of customer relationship management results in optimizing profitability, customer satisfaction, customer loyalty and customer retention. If a customer is satisfied, it drives towards positive word of mouth and customer loyalty. This in turn helps in retaining customers for a longer period of time and generates more revenue to the organization.

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