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**THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) BASED ON
CUSTOMER SATISFACTION AND LOYALTY THROUGH QUALITY OF SERVICE**

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ABSTRACT

The present study was carried out to determine the impact of the use of customer relationship management (CRM) on customer satisfaction and loyalty through quality of service at Pars Khodro Co. The population of this study was consists of all the company's customers from September, 92 to October 93 Pars Khodro Co. and due to the nature of the population in this study were obtained from the sampling.

To achieve this goal, this question Considered that has the usage of customer relationship management (CRM) been effective on improving service quality and consequently on customer satisfaction and loyalty?

The required Information collected by means of a questionnaire from customers, and analyzed by using the descriptive statistics (central index, dispersion and distribution) and to analyse research hypotheses, factor analysis model was used. The results of hypothesis testing showed that the use of customer relationship management (CRM) has been effective to improve service quality by increasing customer satisfaction and loyalty.

Keywords: Customer Relationship Management (CRM), Satisfaction, Loyalty, Quality Of Service

INTRODUCTION

A strong relationship with customers is the meaning of "Customer Relationship key to the success of any business. The root Management" The old principle that "the

customer is always right."In recent years, academics, software vendors, consultants and businesses have been involved in this field, and have developed the concept of customer relationship management, which means the effort to create and provide higher value to the customer (Stone & Foss, 2001, Farzaneh, 1980).

Organizations have recognized that customers are their most important asset and they look to their relationships with customers as mutual and beneficial transaction and also opportunities that require management (Plakoyiannaki, 2005, farzaneh,1980).

Customer Relationship Management is a business strategy to attract, retain and promote the client. The implementation of customer relationship management, organizations will be able to pay the cost of these three functions. In the intense competition in the automotive industry, a company which is able to suit customers' needs as aspirations of CRM which means advancing in ingratiate of customers' needs; can achieve customer satisfaction and loyalty. Iranian automotive companies have always been the neglected of paying attention to the Customer Orientation and its pillars including CRM. They have not been able to fully take advantage of it. Today, the firms

which make an effort to attract and retain loyal customers , are successful and can carry on their activities.

Generalities

Definitions

- Customer Relationship Management (CRM): is a ultra-functional process that aims to enhance customer value by integration of information technology and marketing strategies. (MMIC International magazine)
- The process of CRM: It is a systematic process for customer relationship management from the beginning to the end of its communication with respect to all places of contact with the customer to maximize the value of relationships. Attitude, customer relationship management process is related with the concept of customer value and preserve key customer. (Sedarat, Sarhad, Journal of method, No. 96)
- Operational CRM: In this method all the customer relationship steps; from marketing and sales step to after-sales services and getting feedback from the customer, is the one person's responsibility, but in a way that vendors and service engineers can reach each customer's background

without reference to the person are available (Sedarat, Sarhad, Journal of method, No. 96).

- Customer Loyalty: is the seller's feeling of a buyer's positive repurchase behavior. Customer loyalty means less transaction costs of sales and Marketing. Loyalty is a strong commitment to repurchase a product or choose a known service in the future, Such that the product branding to be purchased despite of impacts and competitors' potential marketing efforts (Olivier, Rihard, 1999).
- Profitable customer is a person or company that creates the income stream for the company over time, which is more than an acceptable level of cost of Attract sales and services that the company has dedicated to him. (palmer ,210 , 2000)
- Service : is an activity or a system of more or less intangible activities that usually not necessarily Performed in the interaction between customer and service staffs or physical resources and supplier systems , and these activities are provided as solutions to customer problems. (Caroline , 2002)

- Quality:is the surround features and characteristics of a product or service that Affects on the ability and talent of the goods or services to meet the implied or expressed needs. (Lamei, abolfath, Principles of quality management)
- Quality of Service: is the customer satisfaction of a service that includes five dimensions:1-Reliability 2- Accountability 3- Assure 4 – Empathy 5- Keep up appearances (Parasuraman & Partners , 1994)
- Customer satisfaction:is a positive feeling that a person receives after using the product or service. This feeling occurs from the contrasting between customer's expectations and supplier performance. If the goods and services received by the customer will evaluate the level of expectations, he created a sense of satisfaction.(Mowen, John C. &Minor, Michael)

Introduction of Pars Khodro Company¹

Pars Khodro (Persian: پارس خودرو) is an Iranian automobile manufacturer. It was the first manufacturer of sport utility vehicles (SUVs) in Iran. Today, Pars Khodro builds Renault and Nissan models under

¹<http://www.parskhodro.ir/>

licence. Nissan models include the Maxima, Roniz (Xterra), Teana, Patrol, and Safari.

Values enshrined in the mission statement

- principle of customer orientation
- Integrity
- trust
- responsibility for answer
- Respect and dignity.
- trust and honesty
- innovations
- commitment and responsibility

2-2-2- Objectives and strategic plans

- High quality of products
- The conformity of the products to international standards of quality management, etc.
- Low fuel consumption of the products compared to the engine size and vehicle weight
- The conformity of Pars Khodro's products to international environmental standards.
- Having update technology, including power transmission system CVT
- High quality of standards for parts and materials used in the products, in

accordance with the standards of Renault and Nissan corporations.

Research Objectives

The purpose of this research is "to assess customer satisfaction and loyalty through quality of service if the car company Performs CRM processes ". The other purpose is proposal to senior management of the company to improve customer relationship management that has resulted in increasing profitability and more power among the competitors.

LITERATURE REVIEW

However the concept of customer relationship management (CRM) has fairly a long history but its arrival in Iran has little history. Since many Commercial and industrial organizations have realized the importance of customer and customer orientation. The use of this process is the reliable and research factor for these organizations. In addition to foreign examples, many local students and experts have made researches and studies in this field that some of them are as follows:

Stephen King and Thomas Burgess have addressed in an article entitled, identify strengths and weaknesses of Customer Relationship Management (CRM) , including senior management's support, knowledge management capabilities, technical

preparedness, the ability to manage changes, willingness to share data and Etc.(Stephan&Burgess,2008)

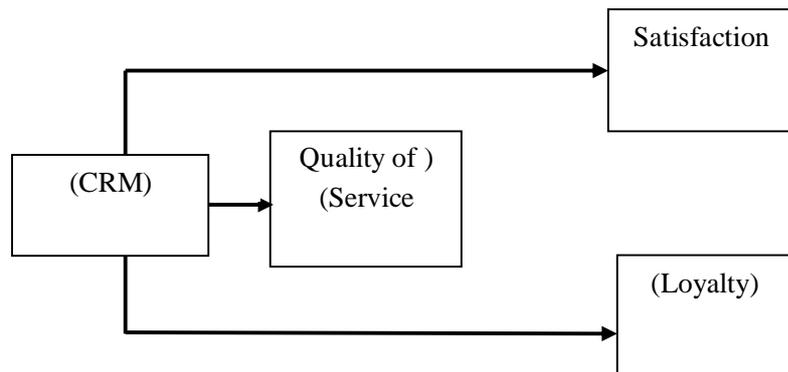
Zahavi Dong and colleagues in a paper titled, understanding customer loyalty and satisfaction, offer a model which presents factors such as reliability, service quality, perceived value (functional, emotional, social and financial) and costs of change as factors affecting on loyalty and customer satisfaction. (Dong, Zahavi& colleagues, 2010).

Nasser SamimiAmlashi in an article titled, review and develop *acker* and *mudambi* model to assess the Iranian organizations for the implementation of customer relationship management (CRM), has examined the influencing factors on the preparation for the implementation of CRM; the result emphasizes that the preparation for the implementation of CRM requires strategy, structure, planning, culture, relationships, knowledge, knowledge management and applications in each dimensions of intellectual, social and technological. (Samimismilashi, Naser, 2007).

Elnaz Tarokh in an article titled, reviews the impact of CRM on customer satisfaction and brand loyalty, concluded that the implementation of CRM Causes positive customer perception of quality assurance, and creates a positive impression for the product, enhance reliability, guarantees related to the characteristic of the product. (Tarokh, Elnaz ,2011)

Conceptual Model

This conceptual model study, according to the four main structures (customer relationship management (CRM), quality of service, satisfaction and loyalty), that each play a different role, has been drawn. So that CRM is as independent variables or predictor or exogenous and variable quality of service in the role of mediator and satisfaction and loyalty as the dependent variable or criterion or endogenous. Based on the relationship between research structures, we're considering the impact of customer relationship management (CRM) on quality of service, satisfaction and loyalty. This conceptual model has been depicted in the figure below:



Hypothesis

According to the conceptual model of research, scientific research expectation will be explained in the following hypotheses:

- First hypothesis: the implementation of customer relationship management (CRM) increases the quality of services.
- The second hypothesis: the implementation of customer relationship management (CRM) increases customer satisfaction.
- The third hypothesis: the implementation of customer relationship management (CRM) increases customer loyalty.
- Fourth hypothesis: increasing quality of service, increases customer satisfaction .
- Fifth hypothesis: improving services increases customer loyalty.

RESEARCH METHODOLOGY

The research method in terms of the method of obtaining data as to prove the hypotheses

of surveys with people involved in the problem (customers from September 92 to October 93 Pars Khodro) used ,is descriptive correlation. In addition, the quantitative data to test hypotheses have been collected. in this way to get customer feedback questionnaires distributed Between Pars Khodro customer and the results are listed. The causal relationship between the variables involved in the study was analyzed using structural equation modeling.

The study population included all the customers of Pars Khodro company since October 92 to October 93. Due to the nature of the population, we used Available sampling in this study.

In this study, to calculate the sample size, the Cochran Formula was used which its assumptions include:

$p = q = 50\%$ (Based on probable) , Z is standard normal distribution statistic which at a confidence level of 95% is equal to 1.96 ,and d is estimation error which is considered

equal to five percent and N is 250 people.

$$n = \frac{z^2 pqN}{Nd^2 + z^2 pq} = 150$$

The sample of 150 was determined and to ensure 165 questionnaires were distributed to 152 by the sample collection was completed.

Where in it:

The questionnaire contains 45 questions ; the first fifteen questions are about the quality of service indicators and the second part of the fifteen questions are about satisfaction index measures and last fifteen question are about the customer loyalty.

Cronbach's alpha was used to calculate the reliability of questionnaire and values for the structures quality of service, satisfaction and loyalty are respectively equal to 0.70, 0.75 and 0.76. And as the results the coefficients were greater than 0.7 indicates that the measuring instrument is acceptable reliability. (Momeni & Faalghayyumi, 2010, P212).

After collecting the questionnaires; exploratory factor analysis was performed by using SPSS software and as the results in Table Communalities Share extractive values for all factors were greater than 0.5, so none of the factors were removed. Next, by using the LISREL software,

confirmatory factor analysis to assess the measurement model and also structural model assessment (cause and effect relationship between the structures) were done. So According to the results, the model was a good fit. (Karl Joreskog & Sorbom, 1996)

so in this study, in addition to descriptive statistics (central tendency, dispersion and distribution), to test the hypothesis, factor analysis and path analysis was used by using LISREL software. The reliability was performed by Cronbach's alpha coefficient and normality the data tested by using of Kolmogorov-Smirnov test.

FINDINGS

by Using structural equation modeling and path analysis by LISREL software and according to the factor loadings of the main ingredients this result was achieved that Customer Relationship Management (CRM) has positive impact on all of the structures quality of service, satisfaction and loyalty, the values are in the table below:

Variable	CRM	
	Significant	Standardized Solution

quality of service	4.32	1.06
Satisfaction	3.14	0.98
Loyalty	5.91	1.02
The impact of CRM on other variables		

As can be seen the effect of (CRM) on the quality of service is greater than satisfaction and loyalty and its effect on the satisfaction is less than others. Also by examination of

the impact of service quality on customer satisfaction and loyalty with respect to the the question of assumptions and conceptual models, the following table presents:

Quality of service		Variable
Significant	Standard rate	
2.56	0.98	satisfaction
3.62	1.02	loyalty

Impact of service quality on satisfaction and loyalty

According to the factor loadings of the main ingredients of model; the result shows that service quality has a positive impact on both satisfaction and loyalty structure.

The following table shows Confirmation or rejection of the hypothesis of the study:

Hypothesis	Accepted
the implementation of customer relationship management (CRM) increases the quality of services.	yes
the implementation of customer relationship management (CRM) increases customer satisfaction.	yes
the implementation of customer relationship management (CRM) increases customer loyalty.	yes
increasing quality of service , increases customer satisfaction .	yes
improving services increases customer loyalty.	yes

DISCUSSION

According to what is stated, the aim of this study was to evaluate the customer satisfaction and loyalty through quality of service in the clients' point of view, if Pars khodro company Performs CRM processes in the company. The aim is to offer effective to the senior managers of the companies to improve customer relationship management that has resulted in increasing profitability and more power among the competitors.

The results of the first hypothesis testing showed that implement of CRM increases the quality of services.. This finding is compatible with research findings (Parasuraman, 1993), (Adrian Ballmer 2000), (Iranzadeh&Barghi ,2009).

The results of the second hypothesis testing showed that the company, with closer and more targeted communication with customers, has identified customers' needs, as well as proper planning to fix it. This finding

results (James, 2003), (Hosseini and Shafii, 2009) is also compatible with this result.

The third hypothesis testing results showed that the implementation of customer relationship management (CRM) increases customer loyalty and creates a sense of commitment in them, which sometimes leads to repurchasing and virtual withdrawal of competitors from the customers' considerations and their high sense of belonging to the company. Alignment of this finding with these research findings (Heidari, 2008), (Nykamp, 2002) and (NOVO, 2002) confirms this hypothesis.

The results of the fourth hypothesis testing indicate this fact that increasing in service quality, increases customers satisfaction and improves their general feeling towards the company and its activities. As (W. Edwards Deming) one of the pioneers of quality believes, customer satisfaction and quality are the same. It is quite clear that there is a strong relationship between customer satisfaction and his survival. This finding is consistent with researches (Rezaei, M., 2004) and (Kersten, W., & Koch, J., 2010).

Fifth hypothesis testing results indicate that increasing the quality of services creates an obligation on Pars Khodro customers to buy the company's products frequently. As the company's products despite the impact of

competitors potential marketing efforts, are purchased because customers feel their company responds to their needs better than competitors. This finding is consistent with researches (NiliAhmadabadi, M., 1382) and (Oliver, RL, & Swan, J.1989).

In this study, there are limitations and problems in conducting research. This can include:

Lack of respondents' awareness and familiarity about customer relationship management process, wasted a lot of time for useful and summary explanation to them..And often they refused to answer, because of their unconvincing. And the reluctance of many customers to cooperate in responding to questions put us in trouble to gather the information.

In addition, lack of sufficient time for the researcher to provide further aspects of the issue and the lack of customer-centric data, Being forced to study them just by questionnaires and surveys, confidentiality of information , Lack of access to customers and the impossibility of sending questionnaires to customers due to considerations of the company, the inability to verify the statements of customers, the lack of face to face interviews with clients, can be listed as the limitations of the study.

In order to achieve the goals of this research, it is recommended that collect the customers' information, as much as needed within the sales organization and update the existing customers' data. Provide training courses for managers to implement the right systems and technology of customer relationship management (CRM), as well as providing research and educational units in order to assess the process in the Company to be held annually.

And the greater support is needed for the implementation of applied research in the field of customer relationship management system to identify strengths and weaknesses .A more closely interaction with each other is required in different parts of the organization to execute and implement the optimal strategy for CRM. At Pars KhodroCo, the CRM;is under the supervision of quality controls, which should be under the supervision of the Managing Director.

Customer-oriented culture must be created at all levels of the organization. Obviously the behavior of management and also create a balance between the needs of the company and meet customer's demands can affect the relationship between the organization and the customer. Company managers must try to solve customer's problems kindly; as well as the capital of the company.

Weaknesses in customer oriented programs, and service to customer, such as delays in the delivery of the vehicle and the impossibility of announcing the exact time for delayed deliveries, must be removed. In addition, automotive companies like Pars Khodro Co also have to pay special attention to the price. Discounts, loans, more appropriate installment and etc could have a significant impact on the company's customer relations. The results of the implementation of customer relationship management (CRM) in this study, has been applied for a generative - Industrial system, however, can also be applied to other systems.

The following topics are recommended to professors and students and enthusiasts; to explore or refine existing theory in the field of customer relationship management process:

- The impact of electronic commerce on the customer satisfaction and loyalty in the internet.
- The relationship between credit of CRM and marketing success indicators such as market share, profit and sales.
- Implementation of the terms of this research in other industries such as cosmetics - medical, industrial

products with a comparative approach.

- This research model, focuses on customer satisfaction and loyalty and generally retention, further research can be identify the customer profitability for service providers and suppliers.

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