

## CUSTOMER RELATIONSHIP MANAGEMENT (CRM) AND ITS IMPACT ON SERVICE PERFORMANCE OF ORGANIZATION

**Tahmoures Abedinpour**  
**Shahram Gilaninia**

*M.A. Student of Executive Management, Islamic Azad University, Rasht Branch, Rasht, Iran*

*Email: [amirabedin60@gmail.com](mailto:amirabedin60@gmail.com)*

*Associate Professor, Department of Industrial Management, Islamic Azad University, Rasht Branch, Rasht, Iran*

*Corresponding E mail: [drgilaninia45@gmail.com](mailto:drgilaninia45@gmail.com)*

### Abstract

Nowadays, strong customer relationships are the key to success in any business. Therefore, the concept of customer relationship management means the organization's efforts to create and deliver value to the customer that has been very much considered. Customer relationship management by creating, maintaining and strengthening relationships with customers is trying to understand them and their needs, desires and through appropriate and timely response to these needs has attracted more and more customer satisfaction, gradually increase their loyalty, trust to organization, and thus improves performance of organization.

**Keywords:** Customer Relationship Management, Performance, Business

### Introduction

Customer Relationship Management (CRM) is a powerful technology for organizations to strengthen their relationships with their customers. An appropriate relationship with customer is a key to business success (Hsu, 2008). Building relationship and management, or relationship marketing is the way that leads to marketing (Grönroos, 1994). The use of customer relationship management (CRM) systems has become increasingly important in improving the value of customer life (Winer, 2001). Understanding customer needs and providing services tailored to their needs are as a determinant of success and failure of companies (King & Burgess, 2008). Customers for direct relationship with the organization's actions are a valuable source for the opportunities, threats and operational issues related to their industry (Abbasi & Torkamani, 2010). Research has shown that a five percent increase in customer retention will result in ninety-five percent increase in value for the organization (Greenberg, 2002). Efficient customer relationship management has been an important challenge in business competition. Organizations need to information about customers, their expectations and needs for how to meet their needs (Taherpour Kalantari & Tayebi Toloe, 2010).

Today, strong customer relationships are the key to success in any business. Therefore, the concept of customer relationship management means the organization's efforts to create and deliver value to the customer that has been very much considered (Salarzahi & Amiri, 2011). CRM is an approach across the entire organization, not just in acquiring customer awareness. It creates value for customers, suppliers and employees of the organization (Xu & Walton, 2005). The results of the researches show that attention to customer relationship management has increased competitiveness, revenue and reduced operating costs in many organizations. Efficient and effective customer relationship management leads to increase customer satisfaction and loyalty (Amiri, 2009).

Careful attention to customers is a necessary continuation of activity in today's competitive markets (Gilaninia & et al, 2014). By satisfying customers, organizations can reduce their production costs and increase their revenue. Customer relationship management can help managers and organizations to build a constructive relationship with

customers as well as maintain them. Considering the importance and impact of customer satisfaction and loyalty in increasing market share, organizations see customer relationship management as a tool to increase their profitability (Gilaninia & et al, 2013). Today, marketing is not the only development, supply and sales, but, a continuous expansion and after-sales service is added along with a long-term relationship with the customer. Creating loyalty in customers is a concept that is more attention due to the fact that loyal customers have become the main component of the success of companies and organizations. Given the advancement of technology and increased competition, the most important challenge facing any economic organization is to increase the organization's profits.

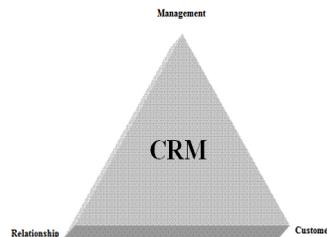
In difficult conditions of competition, timely communication with customers and organized is the most appropriate way to increase customer satisfaction, increase sales and at the same time reduce costs (Abbasi & Torkamani, 2010). Therefore, the impact of CRM on customer relationship quality in organizations can lead to the proper and efficient use of the customer relationship management system, identifying the strengths and weaknesses of CRM in the organization. Since CRM is addressing the needs of today's organizations, thus research about it is very important. As well as organizations know their own strengths and weaknesses in CRM and organizations can increase their strengths and reduce weaknesses with research findings and know basic variables influencing the CRM.

### Statement of Problem

The emergence of new technologies such as "information technology" has had a profound effect on different aspects of the organization. One of these dimensions is CRM (Customer Relationship Management). The depth of this impact is such that information technology is one of the main dimensions of CRM. The use of information technology from CRM has led to the emergence of a new concept at the organizational level as "Electronic Customer Relationship Management (e-CRM)" (Jarahi & et al, 2009). CRM is part of an organization's strategy to identify and keep customers happy and to turn them into permanent customers. It also helps to manage customer relationships and to maximize the value of each customer (Sedghiani & et al, 2005).

Customer relationship management as a process involves customer monitoring (such as collecting relevant data), managing and evaluating data, and ultimately creating the actual advantage of extracted information and interacting with them (Turban & et al, 2002). Customer Relationship Management is a comprehensive business and marketing strategy that integrates technology of processes and all business activities around a customer (Gray & Jung, 2001). By knowing and understanding customers better able to serve them and maintain their loyalty to the organization, this is the core issue of CRM (Gilaninia & et al, 201). Of course, understanding the meaning of CRM is still not complete and it is growing. CRM can be understood as the business philosophy, a business process or a technological tool (Ryals, 2001).

A business philosophy reference pointing out that CRM is the relationship orientation, customer retention, and superior customer value that are created through process management. CRM is a client-centric approach and its aims are to increase customer satisfaction and loyalty by providing more conventional and responsible customer service (Kotorov, 2003). CRM as a process of work "is a macro-level process that involves countless sub-processes, such as the recognition of prospects and the creation of customer information (Srevastava & et al, 1999).



**Figure 1: Components of CRM, Wu & LU (2012)**

Customer relationship management refers to all processes and technologies used by companies and organizations to identify, encourage, extend, maintain, and deliver better customer service. The goal of Customer Relationship Management is to understand the prediction and management of existing customer requirements and it is a technique that an organization intends to manage Investing in customer behavior with its help. In today's competitive environment, the use of Customer Relationship Management Technique has become critical to customer acquisition and customer retention (Salami, 2008).

Principles of customer relationship management describe how to create a successful system and run it to communicate with customers from starting and running a system, maintaining it at different times. By using customer relationship management, organizations can shorten service delivery cycles, increase customer loyalty, and build closer relationships and obtain more satisfaction. With its help, it can keep existing customers and attract new customers. Customer Relationship Management is a business strategy that it aims is to build and develop valuable customer relationships based on knowledge. According to the stated content, the following model can be used for customer relationship management (CRM) and its impact on the organization's service performance.

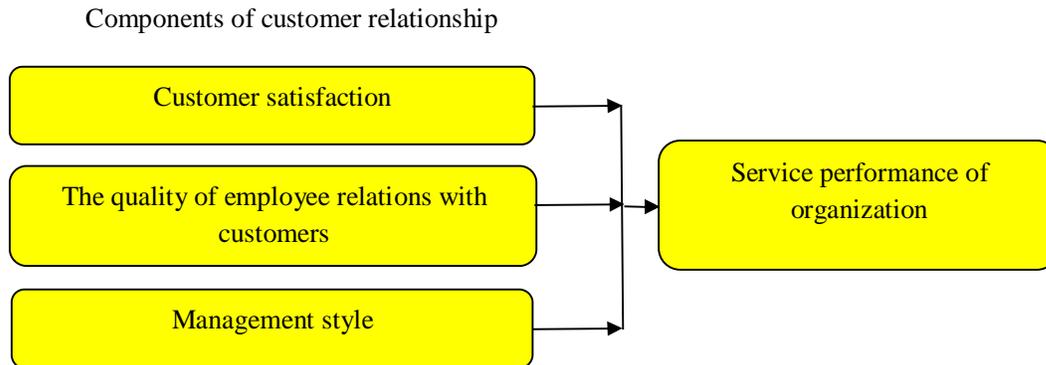


Figure 2: Conceptual model of research, researcher made, Gilaninia(2017)

Knowledge management tools are main factor to success, including the acquisition and use of knowledge management, knowledge dissemination as well as other factors such as organizational factors, customer orientation, and customer relationship technology can have direct or indirect effects on CRM success. An indirect effect is an impact on CRM success that is not considered directly but through other factors (Roh & et al, 2005; Chen & Ching, 2004).

Therefore, considering the above model, research hypotheses are expressed as follows:

1. Customer satisfaction affects service performance of organization.
2. The quality of employee relations with customers affects service performance of organization.
3. Management style affects service performance of organization.

### Discussion and Conclusion

The use of integrated marketing communications and its operational tools such as customer relationship management is one of the most important trends that affect customer value creation. The emphasis of relationship marketing is on customer retention that affects profitability of company. Therefore, maintenance of current customers in comparison with the acquisition of new customers has a lot of efficiency for the company and customer relationship management has evolved from processes such as relationship marketing as well as an increasing emphasis on maintaining current customers through effective customer relationship management. Customer relationship management by creating, maintaining and strengthening relationships with customers is trying to understand them and their needs and desires and through appropriate and timely response to these needs has attracted more and more customer satisfaction and gradually increase their loyalty and trust to organization. Thus, these are lead to improve performance of organization.

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