



CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IMPACT ON ORGANIZATION'S PERFORMANCE-A STUDY

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ABSTRACT

The new business ideology has changed from businesses being profit oriented to being customer oriented, these changes has led to numerous formulation and implementation of strategies and tactics to improve customer relationship management and more so increase services so as to lead to an increase in their performance. Now due to technology and innovation, Customer relationship management is the order of the day not only for a single business but also almost all businesses. The research work evaluates the significance of customer relationship management and its impact on the performance or profitability of an organization; it identifies various strategies that can influence both customer satisfaction and organizational performance. Furthermore, the research work goes by emphasizing the implementation of technological facilities, as it enhances customer service delivery. Competition can also affect customer decision which will in turn have an effect on performance of organizations in terms of customer share and customer base. In other to improve this, efforts should be placed on giving qualitative and quantitative services.

Keywords: *Customer loyalty, Customer relationship management*

INTRODUCTION

The Customer Relationship Management (CRM) is a popular term in modern business settings, and for a valid cause. The Customer Relationship Management, or CRM, improves the customer's overall experience by enabling you to better manage direct interactions, from sales to customer service and marketing. CRM enhances the bottom line and can, therefore, determine profitability, loyalty, and overall success.

CRM is a strategic approach allowing you to manage your company's relationship with customers or potential customers and all the data associated with it. Over the course of time and as your business grows, data streams from different sources, such as sales, customer support or social media monitoring, grow in volume. CRM applications enable you to better manage that data, use it to analyze and forecast trends and customer behaviour, and embed it in your future business strategy. As a result, CRM offers you an overview of your customers

and your business in relation to business goals, profitability, and sales. More importantly, CRM empowers you to build positive customer experiences based on relevant, real-time information that matters for your business.

Customer relationship management is a process implemented with the help of CRM systems. CRM systems are cloud-based tools designed to gather, manage, and analyze data with the intention to turn it into useful business information that drives decision-making, affects change, and impacts performance. CRM applications have traditionally been used as sales and marketing tools. But, as businesses shift their focus to the customer experience, and while customers can engage with the company in multiple touch-points across different channels, CRM systems are becoming an integral component of customer service as well.

IMPACT OF CRM ON COMPANY'S PERFORMANCE

At the end of the day, Customer Relationship Management matters because customers matter. Research shows that improved customer experience drives growth by increasing loyalty. So, if you're in it for the long run, you cannot overlook the relationship with your customers. With this in mind, let's take a closer look at what CRM can do for your business:

Organize and analyze data in a way that is easily accessible

CRM enables data-driven decision-making. Informed decisions are the result of understanding the information you have in the first place. CRM lets you access data points in formats that are easy to understand and interpret.

Identify and manage leads

CRM can significantly affect the efficiency of the sales process. For example, SurveyPal's survey integration with Sales-force allows you to create new leads in Sales-force and trigger customized follow-up actions based on individual sales lead data. This way, your sales team can cut down on response times and better manage the relationship with the lead.

Anticipate customer needs

With CRM, you gain instant access to data such as contact information, purchase history, customer service contact history, and more. Additionally, you can incorporate Voice of the Customer data into your CRM to enhance your understanding of your customer base. This information is crucial because it enables you to anticipate the needs of your customers and, therefore, make them happy.

Improve products and services

Collecting customer feedback data and integrating it into your CRM gives you a better understanding of customer expectations in relation to the product or service you are offering. Use these insights to identify issues and improve your offering to meet customer needs.

NEED OF THE STUDY

- Companies have to increasingly pursue a customer centric competitive strategy rather than a product centric one.
- Customers demand constant access, immediate response & a personalized touch.
- Focus is shifting from supply chain to demand chain effectiveness.
- Better understanding & intelligent management of customer relationship is essential for survival.

SCOPE OF THE STUDY

This study will provide an insight into the retail sector and the steps being taken by them to improve their relationship with their customers.

From the study, one can infer the present scenario of the practices and programs being followed by the leading players in this sector and the steps being followed by them to enhance customer retention, customer satisfaction and in turn, leading to enhanced profits and brand image in the minds of the customers.

OBJECTIVES OF THE STUDY

- To quickly identify, contact, attract and acquire new customers.
- To obtain a better understanding of the customers, and their wants and needs.
- To define appropriate product and service offering and match it to the customer's unique needs.
- To identify cross selling and up-selling opportunities.
- To increase retention of existing customers through improved after sales, service, & support.

RESEARCH METHODOLOGY SOURCE OF DATA

- A) Primary data.
- B) Secondary data

PRIMARY DATA:

It is not recorded data. It is collected personally interviewing the respondents through experience, observation and survey methods. It is collected specially for a particular purpose with certain objectives in mind.

SECONDARY DATA:

It is already collected and recorded data by some other person for some purpose and is available for present study.

Example: internet, textbooks, organizations annual report etc.

SAMPLE SURVEY

At the period of research work, it is necessary to collect a certain data from the retailers but it is not possible to survey each and every retailer who can give information on the issue.

SAMPLE SIZE:

A sample of 20 retailers is taken for the survey.

TOOLS OF DATA COLLECTION

The tools of data collection used in the project are questionnaires. There are basically two types of questionnaires.

- Open-ended
- Close-ended

Open-ended: Here the respondents can answer the questions in their own way

Close-ended: Here the choices of answers are given and the retailers have to choose from the choices, the answer closest to this.

TECHNIQUES OF INTERPRETATION AND ANALYSIS

Simple and convenient tools and techniques are used for the research work. Table charts are used for data analysis and chi-square test is used to analyse the data.

LIMITATIONS OF STUDY

- The information collected and opinions are of customers as to what they feel. Thus the accuracy and information collected depends upon the perception of each respondent and circumstances involved.
- The study has been conducted by including 20 retailers. Though the sample is highly representative of the population, it does not cover the entire market of customers. Analysis could not draw for the entire questionnaire; only specific questions have been analyzed and interpreted.

LITERATURE REVIEW

Díez de Castro et al., (2002):

Nowadays, the customer is also considered the engine of business success. In such a world, companies must have the right tools to collect the necessary management information so that they can meet the needs and expectations of customers and thereby mold their productive, logistic, and commercial efforts to match these needs and expectations. This makes the development of entrepreneurial businesses especially difficult, which is why it is shown that all those tools and technological solutions that can have a high impact on customer management and entrepreneurial marketing are key, an area in which Customer Relationship Marketing (CRM) has proven to have a special impact.

De Guzmán Miranda, (2014):

In the current business environment, and especially evident in its entrepreneurial part, where the client appears as the key and determining figure for any decision making, it is essential to evaluate the impact that any strategy and tool may have on the management of the client's knowledge available to the company, in order to be able to adapt its commercial and marketing actions towards the most efficient and appropriate target. Marketing (understood as the management of commercial relationships with customers within the market), and more specifically entrepreneurial marketing (as a powerful association of marketing tools and the innovative and transforming power of entrepreneurship) is therefore one of the great forces that promote the economic development of society.

Menguzzato and Renau (1991)

The principles that should be followed by business decision makers of successful firms that seek to achieve high levels of business performance and endure over time as model companies and shining examples of business success. In this sense, the presence and relevance of entrepreneurial marketing as part of business success is crucial to the study of any business management methodology. Therefore, any tool such as CRM, which supports the collection of customer management information and its use in planning strategies, is essential in management.

Hills et al. (2008):

The entrepreneurs are characterized by creating and exploiting turbulent markets, something that other economic actors tend not to do. Economic theory suggests that entrepreneurs are seen as creating imbalances by introducing innovations to drive markets or as firms that attempt to move economies away from equilibrium by exploiting previously unidentified opportunities. The use of knowledge management and innovation, empowered by the use of CRM technological solutions, to create entrepreneurial rent has important implications for marketing. In this way, entrepreneurial marketing proves not to be the direct consequence of specific managerial decisions but more the outcome of entrepreneurial processes and culture. The aim of studying the reality of CRM through scientific research in the areas of business, sociology, and technology is to effectively demonstrate that CRM is one of the most powerful business tools for managing sales, entrepreneurial marketing, and services.

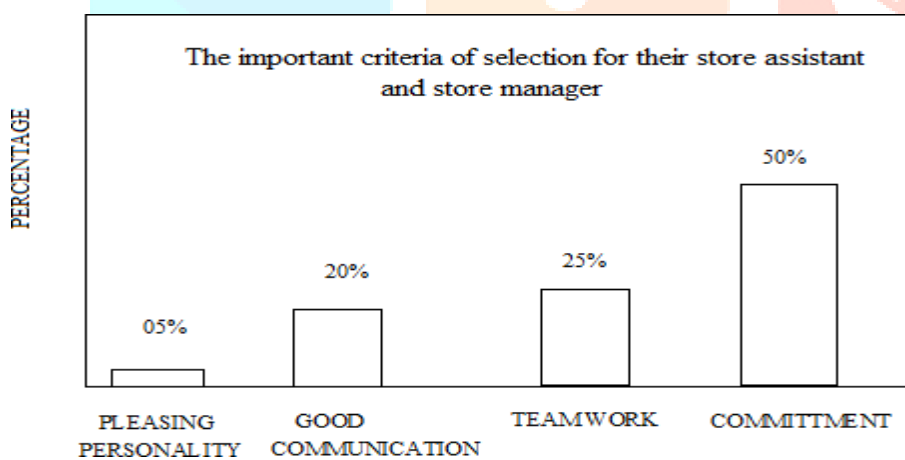
DATA ANALYSIS & INTERPRETATION

- **What is the most important criteria of selection for their Store Assistant and Store Manager?**

Response	Respondents	Percentage
Pleasing Personality	01	05%
Good Communication	04	20%
Team Work	05	25%
Commitment	10	50%
Total	20	100%

INTERPRETATION:

Out of 20 retailers, 10 have given importance to the store manager who has the quality of identifying customer need, while others have given importance on work & good communication skills.

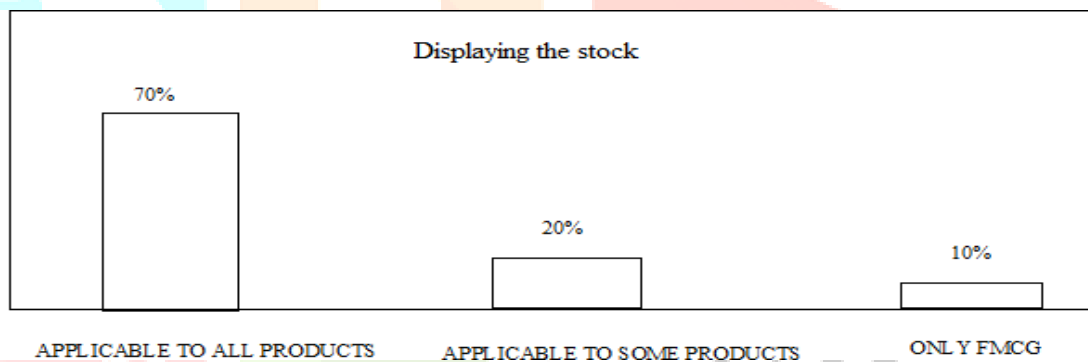


- **Do you display all the entire stock on the rack or some amount is kept for contingency? (Inventory availability)**

Response	Respondents	Percentage
Applicable To All Products	14	70%
Applicable To Some Products	04	20%
Only FMCG	02	10%
Total	20	100%

INTERPRETATION:

Out of 20 retailers, 14 retailers have told that they show all products to customer, while 4 have told that they show some product to the customer.

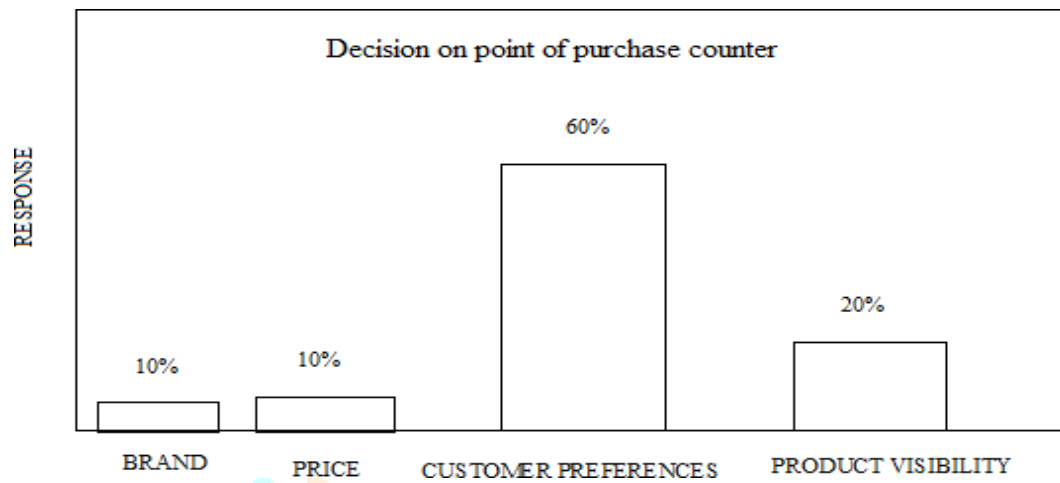


- **How do you decide of point of purchase counter?**

Response	Respondents	Percentage
Brand	02	10%
Price	02	10%
Customer Preferences	12	60%
Product Visibility	04	20%
Total	20	100%

INTERPRETATION:

Out of 20 Retailers, 12 have said they use the customer preference for point of purchase counter while other said that they use brand & product visibility.

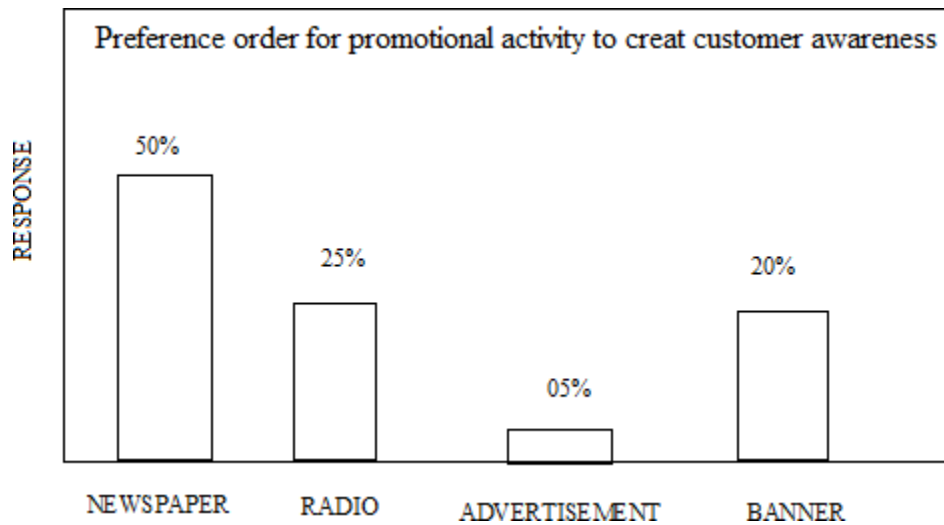


- What is the preference order for promotional activity to create customer awareness?

Response	Respondents	Percentage
Newspaper	10	50%
Radio	05	25%
Advertisement	01	05%
Banner	04	20%
Total	20	100%

INTERPRETATION:

Out of 20 retailers, 10 have told that they use Newspaper as their main tool for the promotional activity to create customer awareness.

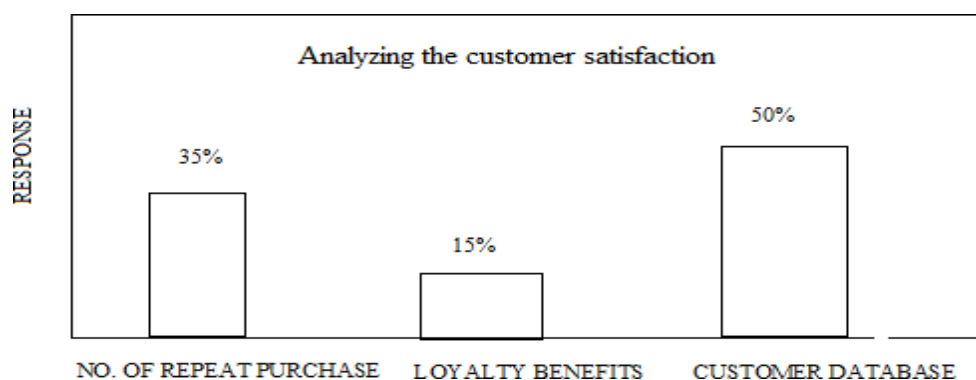


• **How would you analyse the customer satisfaction?**

Response	Respondents	Percentage
No. Of Repeat Purchase	07	35%
Loyalty Benefits	03	15%
Customer Database	10	50%
Total	20	100%

INTERPRETATION:

20 Out of Retailers, 10 retailers said that they get the customer satisfaction by customer database while other have said that they use data of number of repeat purchase.

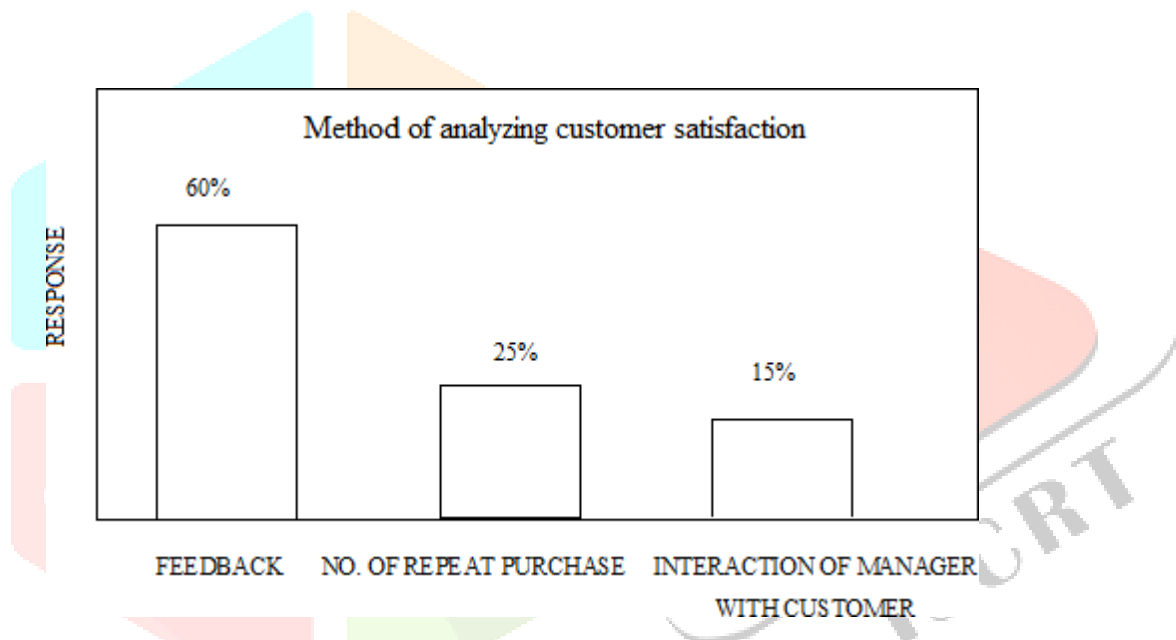


• **What is your method of analyzing customer satisfaction?**

Response	Respondents	Percentage
Feedback	12	60%
No. Of Repeat Purchase	05	25%
Interaction Of Manager With Customer	03	15%
Total	20	100%

INTERPRETATION:

Out of 20retailers, 12 have told that analyzing the customer satisfaction through the feedbackof customer.



TESTING OF HYPOTHESES:

1. **Ho1:** - There is no difference between cross-selling and up-selling opportunities. **Question:** Is there any difference between cross selling and up-selling opportunities?**Table: 7**

Observed Frequency

Variable	Yes	No	Total
Male	14	0	14
Female	3	3	06
Total	17	3	20

Source: Primary data

Table: 8**Expected Frequency**

Variable	Yes	No	Total
Male	12	2	14
Female	5	1	06
Total	17	3	20

Source: Authors calculation**Table 9:** Showing calculation of χ^2 – value

O	E	(O-E)	(O-E) ²	(O-E) ² /E
14	12	2	4	0.3333333333
0	2	-2	4	2
3	5	-2	4	0.8
3	1	2	4	4
Total χ^2 Value				7.133333333

Source: Authors calculation

Calculate the chi-square test value, we can use the formula:

$$\chi^2 = \sum [(O - E)^2 / E]$$

Where O is the observed frequency and E is the expected frequency.

Using the data from the tables you provided, we can calculate the chi-square test value as follows

The degrees of freedom for this test would be $(2-1) \times (2-1) = 1$.

Using a chi-square distribution table with 1 degree of freedom and a significance level of 0.05, we can find the critical value to be 3.84.

Since the calculated chi-square value (7.13) is greater than the critical value (3.84), we can conclude that there is a statistically significant association between gender and whether someone says "Yes" or "No" at the 0.05 significance level. Therefore, we can reject the null hypothesis of independence between gender and response (Yes or No) and conclude that there is a significant association between gender and response.

The table 9 depicts that the calculated χ^2 value (7.13) is more than the table value (3.84) of χ^2 -test so null hypothesis has been rejected and it is concluded that there is a difference between cross-selling and up-selling opportunities at 5% level of significance. Because Up selling involves encouraging a customer to purchase a more expensive or premium version of a product they are considering, or to add additional features or upgrades to their purchase. For example, if a customer is interested in purchasing a basic model of a smart phone, an up sell opportunity would be to offer them a more advanced version with more features.

Cross-selling, on the other hand, involves suggesting complementary or related products to a customer. For example, if a customer is purchasing a laptop, a cross-sell opportunity would be to offer them a laptop case, a wireless mouse, or additional software.

In both cases, the goal is to increase the customer's overall purchase value and enhance their experience by providing them with additional products or services that meet their needs or preferences.

2. **Ho2:-** There is no impact of Customer Relationship Management on Organisation performance.

Question: Is there any impact of Customer Relationship Management on Organisation performance?

Table: 10

Observed Frequency

Variable	Yes	No	Total
Male	7	7	14
Female	6	0	06
Total	13	07	20

Source: Primary data

Table: 11

Expected Frequency

Variable	Yes	No	Total
Male	9	5	14
Female	4	2	06
Total	13	7	20

Source: Authors calculation

Table: 12

O	E	(O-E)	(O-E) ²	(O-E) ² /E
7	9	-2	4	0.4444444444
7	5	2	4	0.8
6	4	2	4	1
0	2	-2	4	2
Total χ^2 Value				4.2444444444

Source: Authors calculation

To calculate the chi-square test value, we can use the formula:

$$\chi^2 = \sum [(O - E)^2 / E]$$

Where O is the observed frequency and E is the expected frequency.

Using the data from the tables you provided, we can calculate the chi-square test value as follows: The degrees of freedom for this test would be $(2-1) \times (2-1) = 1$. Using a chi-square distribution table with 1 degree of freedom and a significance level of 0.05, we can find the critical value to be 3.84. Since the calculated chi-square value (4.2222) is greater than the critical value (3.84), we can conclude that there is a statistically significant association between gender and response (Yes or No) at the 0.05 significance level. Therefore, we can reject the null hypothesis of independence between gender and response and conclude that there is a significant association between gender and response.

The table 12 depicts that the calculated χ^2 value (4.2444) is more than the table value (3.84) of χ^2 -test so null hypothesis has been rejected and it is concluded that there is a significant positive impact of Customer Relationship Management on Organisation performance at 5% level of significance because Customer Relationship Management (CRM) can have a significant impact on an organization's performance. By implementing a well-designed CRM system and strategy, organizations can improve customer satisfaction, retention, and loyalty, resulting in increased revenue and profitability.

FINDINGS AND CONCLUSION

- Depicts that the calculated χ^2 value (7.13) is more than the table value (3.84) of χ^2 -test so null hypothesis has been rejected and it is concluded that there is a difference between cross-selling and up-selling opportunities at 5% level of significance. Because Up selling involves encouraging a customer to purchase a more expensive or premium version of a product they are considering, or to add additional features or upgrades to their purchase. For example, if a customer is interested in purchasing a basic model of a smart phone, an up sell opportunity would be to offer them a more advanced version with more features.
- *Found that the calculated χ^2 value (4.2444) is more than the table value (3.84) of χ^2 -test so null hypothesis has been rejected and it is concluded that there is a significant positive impact of Customer Relationship*

Management on Organisation performance at 5% level of significance. Because Customer Relationship Management (CRM) can have a significant impact on an organization's performance. By implementing a well-designed CRM system and strategy, organizations can improve customer satisfaction, retention, and loyalty, resulting in increased revenue and profitability

- All the stores are in Prime Location.
- Large varieties of products are available ranging from clothes, food items, electronic goods etc.
- The staff is provided constant training for various peculiarities of customer behaviour.
- Some of them offer discount sales and also send greetings to its loyal customers.
- Not much difference in the Layout of the floor designs in the various branches. They try to maintain a similarity to maintain comfort levels of customers.
- These stores maintain **Word of Mouth**.
- Customers are satisfied with the provided services.
- International shopping experiences can be achieved from these stores.

“Customer Service is a critical factor for keeping your clients coming back and ensuring they’ll refer you to others”.

Growing your business will be a difficult task at best if you don’t perform, meet and exceed your client’s expectations, and provide service that creates customers for life. Customer service is all about the customer’s perception. You have to do more than just get the job done. You must deliver on all the things (big and small) that affect the relationship with your client. Consider opportunities for improvement in the following areas.

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WEB LINKS

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