

IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER LOYALTY

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ABSTRACT

Customer relationship management is a branch of marketing which deals with one of the most important assets of the market, i.e. the customers. It is an art of effectively managing the customers, addressing their needs and handling their grievances to improve the efficiency of the business. Customer satisfaction plays a key role in the brand loyalty of the customers which in turn, has a huge impact on the success or failure of a business. Customers' needs and wants keep changing with the changes in technology and they quickly incline to the other brands when they feel that the existing brand is obsolete. Customer relationship management helps the business to retain their existing customers and assures them that their expectations would be met in the course of time. This paper focuses on the concept of customer relationship management, its need and benefits. It also studies the impact that customer relationship management has on the customers' loyalty and commitment. Customer relationship management helps the firms to make pace and sustain in this highly competitive market which constantly strives to improvise the existing products and attract the new customers.

Introduction

Customer relationship management is a term which explains the relationship between a business and its customers. Customer relationship management refers to all the business activities directed towards initiating, establishing, maintaining and developing successful long term relational exchanges (Heide, 1994; Reinartz & Kumar, 2003). It is very essential for every business to identify, understand and cater to the needs of its existing and prospective customers. Customer Relationship management is everything in business, because it is the catalyst for a responsible, profitable and customer focused organization. (Wali, Wright & Uduma, 2015). Besides getting standardized products and quality service from a business, customers also seek to maintain strong relationship with the business. They also expect some benefits to be given to them for being loyal and old customers to the firm. The benefits of customer loyalty to a provider of either services

or products are numerous and thus organizations are eager to secure as significant a loyal customer base as possible. Customer relationship is a tool which the business uses to maintain good customer relations. In this highly competitive market, it is very important for the firms to maintain good relations with the customers because if the customers are unsatisfied, they have plenty of substitute brands to get inclined to. A strong and positive customer relationship brings goodwill to the firm whereas a negative customer relationship highly affects the reputation of the firm. Assal (1998) have observed brand loyalty from the behavioral context, where he referred brand loyalty as the repeat purchase of a single brand out of varieties of offerings by product service provider.

Objectives of the Study

- To study the concept of customer relationship management

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- To analyse the effectiveness of customer relationship management on customer satisfaction
- To study the impact of customer relationship management on customer loyalty

Research Methodology

This study is based on secondary data. The secondary data is collected from various published sources like journals, magazines, reports and newspapers.

Benefits of Customer Relationship Management

- Enhancing the association with existing clients
- finding new imminent customers
- winning back previous customers
- enhanced client relations
- better inward correspondence
- increased sales & profits
- customer satisfaction
- referrals

Impact of Customer Relationship Management on Customer Loyalty

The following are the impacts of CRM on various sectors:

Social networking and internet

CRM frameworks coordinate web-based social networking locales like Twitter, LinkedIn and Facebook to track and speak with clients. These clients likewise impart their own insights and encounters with an organization's items and administrations, giving these organizations more understanding. In this manner, these organizations can both impart their own particular insights and furthermore track the suppositions of their customers.

Telecom Industry

Airtel is regarded as one of the best service providers in India. Customers stay loyal because they feel they get all the necessities that they expect from a service provider best from airtel than compared to others. It provides good network, a wide range of benefits to old customers and excellent service in national and international roaming. Customer complaints are well addressed and they feel they are important to the business.

Banking Industry

HDFC, HSBC, AXIS and ICICI banks are regarded as few most reliable banks by the customers. These banks attend to their customers issues in a polite manner and they solve them very patiently whereas the customer relationship management in state bank is poor. Customers are not loyal to these banks because they feel it doesn't respond to customer grievances in the specified time. And so customer loyalty in state bank groups is comparatively less when compared to other private sector banks.

Hotels

Customers are always ready to spend money in places they feel are worthy of. A customer relationship management in a hotel industry is also useful in maintaining customer loyalty. They want that hospitality from the management in order to revisit the hotel. Serving food is the not the only thing that the customers expect from the hotels. Customers are more loyal to the hotels which treat customers as they are the people from the management. Customer reviews about the food quality, taste, service from the waiters etc are taken and customers feel they are important to the business. They become loyal to places where they are welcomed as guests and at the same time are treated as decision makers in certain cases.

Hospitals

Hospital is a place where people stay in

unavoidable situations. And at this time everyone is into stress and customers expect the management to handle them with very delicacy and patiently. Customers get more loyal to the places where they are given benefits of providing excellent treatment, making payments as per the convenience at the time of discharge, getting good facilities for patients and attendants, good staff ,hygiene ,pharmacy, ambulance facility etc. Besides this ,customers also look forward to having benefits of the hospital health cards which would give them certain discounts in the bills or treatments etc.

Conclusion

Customer relationship management framework helps in changing client's dedication conduct . Hence it is basic for entrepreneurs to grasp the place of client relationship administration technique in winning clients' dedication, dependability and expanding client's penchant for backing. The review presumes that CRM hones affect on clients' capacity to get focused on the offerings by the business; customer loyalty was weighted higher than brand devotion in changing a client from only a purchaser to turning into a backer. The basis is that customers try to boost their utilization esteem (input) and limits installment (yield); accordingly that brand duty takes full of feeling measurement while mark faithfulness takes duration measurement. Nonetheless, the qualification between the two idea is that a submitted client is dedicated to expending the result of his

provider even in the midst of less expensive choices. Though mark steadfast client is not completely dedicated in essence, he disparages his specialist organization when his coveted administration or item is accessible and is inclined to extending his support to rivals if his provider administration or item is not accessible. Peppard (2000) opined that technological tools have improved interactivity between the customer and firm, and are keys to explaining and predicting business success as well as CRM. The definitions on CRM as a mechanical is solid in that without innovation every one of the clients information assembled by firm would be repetitive; for instance a firm with say five thousand client quality can't keep close client relationship without utilizing a CRM instrument in today's business condition, thus associations not withstanding their budgetary quality endeavor to obtain a piece of CRM programming to empower firms be in tone with market patterns. The human variable or workers, assumes the most vital part in driving CRM programme. This is on the grounds that it facilitates and guides the CRM procedure and innovation to meet optimality.

References

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