Investigating the effective factors on Customer Relationship Management capability in central department of Refah Chain Stores

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Abstract
Present research aims to Investigating effective factors on Customer Relationship Management capability in central department of Refah Chain Stores. Required information was adapted by the questionnaire-based on research model and was responded by 90 employees of central department of Refah Chain Stores. The Spearman correlation and linear regression were used to analyze data and reliability through Cronbach's alpha, which was 0.916 had been measured. The result of this study confirmed that Customer orientation, Customer-centric organizational system and CRM technology have effect on Customer Relationship Management capability. At the end recommendations were presented based on research findings.

Keywords: Customer Relationship Management capability, Customer orientation, Customer-centric organizational system, CRM technology.

Introduction
One of the issues that was raised in the end of the twentieth century in business, is customer relationship management. The essence of the information technology revolution and, in particular, the World Wide Web is the opportunity to build better relationships with customers than has been previously possible in the offline world. By combining the abilities to respond directly to customer requests and to provide the customer with a highly interactive, customized experience, companies have a greater ability today to establish, nurture, and sustain long-term customer relationships than ever before. The ultimate goal is to transform these relationships into greater profitability by increasing repeat purchase rates and reducing customer acquisition costs Furthermore, extant studies of customer relationship management have uncovered that many firms failed to effectively deploy and manage their customer relationship management programs (e.g. Reinartz et al., 2004).

Design and Implementation the strategy is so important to attract and retain the customers.

In this research, we will examine how firm resources such as customer orientation, customer-centric organizational system and customer relationship management (CRM) technology can be deployed to foster superior customer relationship management (CRM) capabilities and achieve competitive advantages.

Statement of Problem
Implementing a CRM system is more than installing a software package. All functional areas of your business need to be engaged – human resources, marketing, sales, IT, product development, etc. You will need to ensure all your employees understand CRM and what it means in your business. This can be done through formal training or information meetings. Developing a written CRM strategy is another good way to communicate with your employees.

So in this research the main question is:
How can manage the organization’s resources to enhance customer relationship capabilities?
Literature Review

1. Customer Relationship Management:

There are many definitions of CRM, the most important include:

The definition provided by Galybert and Rogers, CRM is defined as follows:

Activities that a company do to identify, find, attract, develop and retain profitable customers loyalty by offering suitable goods and services to the right customers through appropriate channels at the proper time and cost, customer relationship management facilitates the relationships between companies and customers, business partners, suppliers and employees. Another definition is provided by the Hamilton that says: the process of storage and analysis of data mass that has provided by telephone sales and customer service center and real buyers, offers a more comprehensive understanding of customer behavior, CRM also allows companies with a variety of different customers have different behaviors. In other definitions provided by Swift, CRM is defined as follows: CRM is an enterprise approach to understand and influence customer behavior through in-depth communication, to improve customer acquisition and retention of profitable customers. Customer relationship management is a comprehensive strategy and process management and data sharing with key customers to create higher values for the company and its customers (Chadhurishainesh, 2004). Deming believes that quality and customer satisfaction is the same and Juran believes, quality is suitability of the goods for consumption.

Customer relationship management process includes the following steps:

- Identify organization’s customers
- Attract customers
- Prioritize customers during the absorption process.

Processes and customer relationship management applications based on the basic principles as follows (AHMAD & CAMAL, 2002):

- Target individual customers
- Attract and retain customer loyalty through personal communication
- Ongoing contacts with customers
- Choose the customer based on the concept of the customer lifetime value

Customer relationship management targets include:

Neutral point of view:

- Identify the specific values for each segment of customers
- Understanding the relative importance of those needs for each customer segment.

Barnett point of view:

- Increased revenue from sales
- Improve the success rate
- Increase Profits
- Increased customer satisfaction
- Reduce the costs of administrative, marketing and sales general expenses.

Swift point of view:

- Improve the relationship with real customers
- Provide the right products to each customer
- Provide the right products to each customer through the right channels.
- Providing the right product at the right time to each customer.

Kalakvta and Robinson’s point of view:

- Use of communication with existing customers to increase revenue
- Introduction of repeated consistent processes and procedures
- Use of integrated information for better service.

2. CRM capabilities

CRM is a cross-functional organizational process that focuses on establishing, maintaining, and enhancing long term relationships with attractive customers (Payne and Frow, 2005; Parvatiyar and Sheth, 2001). CRM capabilities are embedded in CRM activities in organizational processes, and
they reflect a firm’s skills and accumulated knowledge to “identify attractive customers and prospects, initiate and maintain relationships with attractive customers, and leverage these relationships into customer level profits” (Morgan et al., 2009). Thus, CRM capabilities are reflected in major CRM activities (Srivastava et al., 1999; Reinartz et al., 2004), such as customer interaction management (e.g. customer identification, customer acquisition and customer retention), customer relationship upgrading (e.g. cross-selling and up-selling), and customer relationship win-back (re establishing relationships with lost but profitable customers) (Reinartz et al., 2004; Parvatiyar and Sheth, 2001). Therefore, we can treat CRM capabilities as a multi-dimensional construct consisting of three components:

1. Customer interaction management capability;
2. Customer relationship upgrading capability; and

3. Customer orientation

A group of actions taken by a business to support its sales and service staff in considering client needs and satisfaction their major priorities. Business strategies that tend to reflect a customer orientation might include: developing a quality product appreciated by consumers; responding promptly and respectfully to consumer complaints and queries; and dealing sensitively with community issues.

4. Customer-centric organizational system

What distinguishes customer-centric organizations from other companies that proclaim their customer focus? In short, they’ve moved beyond lip service and re-oriented their entire operating model around the customer, increasing customer satisfaction and their own profitability in the process. Customer-centric companies understand not only what the customer values, but also the value the customer represents to their bottom line. They align their operating models behind a carefully defined and quantified customer segmentation strategy and tailor business streams—product development, demand generation, production and scheduling, supply chain, customer care, etc.—to delivering the greatest value to the best customers for the least cost.

CRM technology

Technological developments continue to affect the organization and the marketing of its products and services. These technological applications include the computer (specifically the World Wide Web) and mobile telephone technology. CRM needs to be seen as more than just technology with the technology being regarded as the enabler of the CRM strategy (Xu, Yen, Lin & Chou 2002: 445).

The Oretical Framework Of The Research

In this research, for investigating key factors, Yonggui Wang and Hui Feng (2012) questionnaire based on three dimensions of Customer orientation, Customer-centric organizational system, CRM technology has been used. According to that, research conceptual model based on research subject is as following.

![Research Conceptual Model](image-url)
Methodology of the Research

Present research is a descriptive-survey research. Statistical universe includes all central department of Refah Chain Stores. In order to gather data, a questionnaire has been used. The questionnaire consists of two parts. In the first part demographic information such as gender, education level, age, etc. were allocated. In the second part, 26 questions were allocated and they were confirmed by vote taking and consultation with experts and decision-makers and then after investigating its reliability and validity, it has dealt with data gathering. The questions were in closed type and Likert scale has been used that includes five points of strongly disagree, disagree, partially, agree, strongly agree. The way of scoring choices is from very low (1) to very high (5). It is worth explaining that the questionnaire was investigated by experts and professors and its reliability and validity were examined and they confirmed. In addition, hypotheses of the research are as follows:

- Customer orientation has impact on CRM capabilities.
- Customer-centric organizational system has impact on CRM capabilities.
- CRM technology has impact on CRM capabilities

Analyzing The Data Of The Research

In this research, independent variables are Customer orientation, Customer-centric organizational system, CRM technology and dependent variables are CRM capabilities. In following, results of research data analysis is presented: according to the analytical research model and for hypotheses examination related to the relationship between dependent and independent variables, the Spearman correlation coefficient and linear regression testing by SPSS software have been used. Each coefficients of these components in the fitted regression model reflect the relation extent of this component with variable response.

Kolmogorov-Smirnov test:

With respect to, one of the default assumptions of the Pearson correlation test is observations normally distributed, first, to ensure normality of the variables, we used the KS test.

<table>
<thead>
<tr>
<th>Component</th>
<th>KS statistic</th>
<th>Significant level</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM capabilities</td>
<td>1.875</td>
<td>0.002</td>
<td>Non-Normal</td>
</tr>
<tr>
<td>Customer orientation</td>
<td>1.672</td>
<td>0.007</td>
<td>Non-Normal</td>
</tr>
<tr>
<td>Customer-centric organizational system</td>
<td>1.685</td>
<td>0.007</td>
<td>Non-Normal</td>
</tr>
<tr>
<td>CRM technology</td>
<td>1.779</td>
<td>0.004</td>
<td>Non-Normal</td>
</tr>
</tbody>
</table>

Spearman correlation test

In order to investigating the relationship between Customer orientation, Customer-centric organizational system, CRM technology with CRM capabilities and according to rejection of normality assumption, we used Spearman correlation coefficient. The results of this coefficient is brought in Table2:

<table>
<thead>
<tr>
<th>Component</th>
<th>CRM capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer orientation</td>
<td>Spearman correlation 0.697 P&lt;0.001</td>
</tr>
<tr>
<td>Customer-centric organizational system</td>
<td>Spearman correlation 0.642 P&lt;0.001</td>
</tr>
<tr>
<td>CRM technology</td>
<td>Spearman correlation 0.746 P&lt;0.001</td>
</tr>
</tbody>
</table>

Considering that significance level for all components is less than the first type error 0.05, the relationship between Customer orientation, Customer-centric organizational system, CRM
technology with CRM capabilities in the research univers, positive and significant correlation is estimated.

**The Hypotheses tests with regression model**

**First hypothesis:** Customer orientation has impact on CRM capabilities.

In order to investigating the impact of Customer orientation on CRM capabilities we used bivariate linear regression test. The results of this test is brought in Table 3:

**Table 3:** Identify Regression Analysis

<table>
<thead>
<tr>
<th>Regression model</th>
<th>Correlation coefficient</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>$F$</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.646</td>
<td>0.417</td>
<td>0.411</td>
<td>63.053</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The correlation coefficient between the two variables is 0.646 and it has a significant level. According to the adjusted determination coefficient (0.411) Customer orientation has positive and significant effect on CRM capabilities.

**Second hypothesis:** Customer-centric organizational system has impact on CRM capabilities.

In order to investigating the impact of Customer-centric organizational system on CRM capabilities we used bivariate linear regression test. The results of this test is brought in Table 4:

**Table 4:** Regression coefficient of Customer orientation and CRM capabilities

<table>
<thead>
<tr>
<th>Regression model</th>
<th>Regression coefficients</th>
<th>$SE$</th>
<th>Standard $B$</th>
<th>$T$</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant Coefficient</td>
<td>1.057</td>
<td>0.192</td>
<td>5.515</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Customer orientation</td>
<td>0.480</td>
<td>0.060</td>
<td>7.941</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

For a unit increase in Customer orientation, 0.480 unit will increase in CRM capabilities. In summary regression model can indicated as below:

$$
CRM \text{ capabilities} = 1.057 + 0.480 \times \text{Customer orientation}
$$

**Second hypothesis:** Customer-centric organizational system has impact on CRM capabilities.

In order to investigating the impact of Customer-centric organizational system on CRM capabilities we used bivariate linear regression test. The results of this test is brought in Table 5:

**Table 5:** Identify Regression Analysis

<table>
<thead>
<tr>
<th>Regression model</th>
<th>Correlation coefficient</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>$F$</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.794</td>
<td>0.631</td>
<td>0.627</td>
<td>150.431</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The correlation coefficient between the two variables is 0.794 and it has a significant level. According to the adjusted determination coefficient (0.627) Customer-centric organizational system has positive and significant effect on CRM capabilities.

**Table 6:** Regression coefficient of Customer-centric organizational system and CRM capabilities

<table>
<thead>
<tr>
<th>Regression model</th>
<th>Regression coefficients</th>
<th>$SE$</th>
<th>Standard $B$</th>
<th>$T$</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant Coefficient</td>
<td>1.018</td>
<td>0.131</td>
<td>7.798</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Customer-centric organizational system</td>
<td>0.576</td>
<td>0.047</td>
<td>12.265</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

For a unit increase Customer-centric organizational system, 0.576 unit will increase in CRM capabilities.

In summary regression model can indicated as below:

$$
CRM \text{ capabilities} = 1.018 + 0.576 \times \text{Customer-centric organizational system}
$$

**Third hypothesis:** CRM technology has impact on CRM capabilities

In order to investigating the CRM technology and CRM capabilities we used bivariate linear regression test. The results of this test is brought in Table 7:
Investigating the effective factors on Customer…

Table 7: Identify Regression Analysis

<table>
<thead>
<tr>
<th>Statistical index</th>
<th>Correlation coefficient</th>
<th>R^2</th>
<th>Adjusted R^2</th>
<th>F</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.788</td>
<td>0.621</td>
<td>0.616</td>
<td>143.888</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The correlation coefficient between the two variables is 0.705 and it has a significant level. According to the adjusted determination coefficient (0.616) CRM technology has significant effect on the CRM capabilities.

Table 8: Regression coefficient of CRM technology and CRM capabilities

<table>
<thead>
<tr>
<th>Regression model</th>
<th>Statistical index</th>
<th>Regression coefficients</th>
<th>SE</th>
<th>Standard B</th>
<th>T</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant Coefficient</td>
<td>1.026</td>
<td>0.133</td>
<td>7.725</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRM technology</td>
<td>0.593</td>
<td>0.49</td>
<td>0.788</td>
<td>11.995</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

For a unit increase in CRM technology, 0.593 unit will increase in CRM capabilities.

In summary regression model can indicated as below:

\[
\text{CRM capabilities} = 1.026 + 0.593 (\text{CRM technology})
\]

Conclusion And Suggestions

First hypotheses
Customer orientation has impact on CRM capabilities.
Results of the study showed Customer orientation has positive impact on CRM capabilities. This finding is consistent with the results of Yonggui Wang and Hui Feng.

Second hypotheses
Customer-centric organizational system has impact on CRM capabilities.
Results of the study showed Customer-centric organizational system has positive impact on CRM capabilities. This finding is consistent with the results of Yonggui Wang and Hui Feng.

Third hypotheses
CRM technology has impact on CRM capabilities.
Results of the study showed CRM technology has positive impact on CRM capabilities. This finding is consistent with the results of Yonggui Wang and Hui Feng.

Research suggestions

Research Implementation Suggestions
According to studies conducted in the research process and the results of statistical analysis of research data can be offered the following implementation suggestions:

- Regularly meet customers to learn their current and potential needs for new products
- Creating relationships with key customers
- Maintain an interactive two-way communication with customers
- Have a continual dialogue with each customer and use well-developed methods to improve our relationships
- Measure customer satisfaction systematically and frequently
- Have formalized procedures for up-selling to valuable customers
- Have formalized procedures for cross-selling to valuable customers
- Try to systematically extend our “share of customers” with high-value customers
- Apologize or compensate in time for the inconvenience or lost that we bring to customers
- Maintain positive relationships with migrating or unattractive customer on a regular basis
- In organization retaining customers to be a top priority
- Encourage employees to focus on customer relationships
Senior management must emphasize the importance of customer relationships
Employees receive incentives based on customer satisfaction measures
Focus on customer needs while designing business processes
Various functional areas coordinate activities to enhance the quality of customers' interactions
Invest in technology to acquire and manage "real time" customer information and feedback
Have a dedicated CRM technology in place
Have technologies that allow for one-to-one communications with potential customers

The other research suggestions
It is recommended that future researchers to use from this model in other organizations and compare the results with this research.
It is recommended that future researchers to use from other models.
It is recommended that future researchers to use Mediating variables such as organization resources.

Limitations of the research
Some people do not cooperate in completing the questionnaire.
The lack of a standard questionnaire for survey the research purposes.
Lack of scientific sources about this subject.
Time-limited for further investigation.

References
11. http://www.crmcommunity.com