

# A Literature Review on Customer Relationship Management

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## Abstract

The study examines the literature on Customer Relationship Management (CRM), with a particular emphasis on CRM's effect on client satisfaction and customer loyalty. CRM is a set of methods used by businesses to manage and grow their customer base. New approaches to leading business strategies can be developed through customer research in the CRM database are being created Analytical CRM analyses customer information or interactions using various data mining techniques. CRM optimism was the primary focus of academics and professionals working in information systems. This research in order to achieve fierce competition in the banking sector, this paper provides an analysis of CRM as well as new research. As competition is constantly waged to attract the greatest number of customers possible and taking into account poorly differentiated banking deals.

**Keywords:** Customer Relationship Management, Analytical CRM and data mining techniques

## Introduction:

Customer relationship management is defined as "a business strategy that integrates people, processes, and technology to maximise customer relationships." [1] Goldenberg Furthermore, customer relationship management has been defined as "a management philosophy that is a complete orientation of the company toward existing

and potential customer relationships" [2]. Describes the customer relationship management aspect of business as highly dynamic, and convincingly argues that in order to remain competitive in their industries, businesses must take a proactive approach in developing relevant programmes and initiatives [3]. Sinkovics and Ghauri [4] attribute the need for customer relationship management to the high cost of direct sales, the global level of competition, and the need for information about various aspects of business in general, and consumer behaviour in particular, that can be used to increase sales levels. According to Peppers and Rogers [5], there is a global trend in customer relationship management that is related to the transition from the transactional model to the relationship model. In other words, Peppers and Rogers argue that satisfying customer needs through on-time transactions is no longer sufficient to ensure the long-term growth of businesses.

Instead, businesses must strive to maintain long-term relationships with their customers in order to remain flexible in meeting their rising expectations and gaining their lifetime loyalty. Peppers and Rogers go on to say that businesses that refuse to recognise this trend in the global marketplace risk losing market share and future growth opportunities. The book "Relationship Marketing and Customer Relationship Management" by Brink and Berndt [6] is one of the most important sources for the research. The book delves into the concept of the Customer Touch Map and the role of information technology in facilitating customer relationship management. Mathur's work [7] represents yet another significant contribution to the research area that will be used in the study. Specifically, the author offers a wide range of specific customer relationship management techniques and principles used by multinational corporations. Mathur's findings can be compared to the primary data findings in the proposed study, broadening the scope of the study.

Khurana [8], on the other hand, goes into great detail about the concept of customer relationship management, as well as the benefits and drawbacks of a variety of relevant software applications. Another significant source that will be used in the study is the third edition of Pradan's [9] "Retailing Management." Pradan, in particular, identifies customer relationship management as an emerging aspect of retail marketing and discusses its significance in ensuring long-term growth for retail businesses. Raab et al. (2008) [10] take a global approach to customer relationship management issues in "Customer relationship management: a global perspective." The importance of this specific work to the proposed research can be explained by comparing customer relationship management principles to those used by other multinational retailers in a global marketplace.

Because of the importance of the work's contribution to the research area, Bhatia's (2008) [11] work, "Retail Management," will also be used in the proposed study. Bhatia provides in-depth discussions about retailers' use of loyalty cards, and this represents a comprehensive analysis of the issue in secondary data. Furthermore, Cox's (2011) [12]. "Retail Analytics: The Secret Weapon" deserves to be mentioned here because of the author's most modern and fresh perspective on the research issues. The most valuable aspect of this article is that it offers highly practical recommendations to

retailers of all sizes for increasing revenue levels by implementing a variety of customer relationship management principles.

A variety of academic models and writings are directly and indirectly related to this research, and some of the most relevant models will be explored in the study. The Gap Model of Service Quality is one of the most commonly used models in the study. "The gap model" [13] identifies five gaps in service delivery that can cause problems and influence customer evaluations of service quality. These five gaps are as follows: a) the gap between customer wants and management perceptions of customer wants; b) the gap between management perceptions of customer wants and service specifications developed; c) the gap between service specifications and actual service provided; d) the gap between quality of service promised and quality of service provided; and e) the gap between expected service and perceived service on behalf of the customer. Another relevant model to be tested during the study is Peppers and Rogers' [14] Relationship Model of Customer Relationship Management. Specifically, the model advocates for a proactive approach to maintaining customer relationships and proposes a set of specific principles to help with this task.

## **CRM PERIODS**

### **Software for Customer Relationship Management**

Customer relationship management began to emerge in the early 1970s, when customer satisfaction was measured through annual surveys or front-line questioning. Businesses had to rely on individual mainframe systems to automate sales at the time, but technological advancements allowed them to categorise customers in spreadsheets and lists. The pivotal year was 1982, when Kate and Robert Kestnbaum pioneered the concept of database marketing, which involved using statistical methods to analyse and collect customer data.

Four years later, Pat Sullivan and Mike Muhney of Dallas released ACT!, a customer evaluation system based on the digital rolodex principle, offering for the first time a well-structured contact management service. Numerous developers tried to maximise the potential of leads, including Tom Siebel, who signed the first CRM product Siebel Systems in 1993. Nonetheless, CRM as a term gained popularity only in 1997, thanks to the efforts of the companies Siebel, Gartner, and IBM. Leading CRM products were enhanced with enterprise resource planning ERP functions, as well as shipping and marketing capabilities, between 1997 and 2000.

### **CRM on the go**

Tom Siebel introduced and designed the first mobile CRM app, Siebel Sales Handheld, in 1999. Other leading providers at the time, including PeopleSoft, Oracle, and SAP software, quickly adopted the concept of a cloud-hosted and moveable customer base. Sugar CRM designed and developed the first open-source CRM system in 2004. CRM was rapidly migrating to darken during this period, as a result of which it became accessible to single entrepreneurs and small teams, and experienced a massive wave of price declination.

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## **CRM on social media**

Around 2009, developers began to consider how they could capitalise on social media's momentum, and they incorporated interactive social CRM features into their customer service applications. In the same year, Gartner planned, organised, and hosted the first CRM Summit, which summarised the features that systems should have in order to be classified as CRM solutions.

## **CRM's Essential Elements**

CRM has several components. CRM is commonly used effectively in three fields:

**Customer service:** A business has an office where employees can interact with customers. These are the mechanisms through which the company manufactures goods and provides services to its customers, communicates with you, and works with its customers. Every customer contact is recorded and processed in the CRM database, which other employees can access if necessary.

**Salesforce automation:** The company's sales divisions are constantly looking to sell to new and existing customers. The CRM software's sales power management feature allows the sales team to document each customer's contact information. Because there are few opportunities for doubling effort, it can increase sales force productivity. Instead of a sales team, the other employees ensure that they have up-to-date contact information for customers. It is necessary when customers approach employees rather than the sales team.

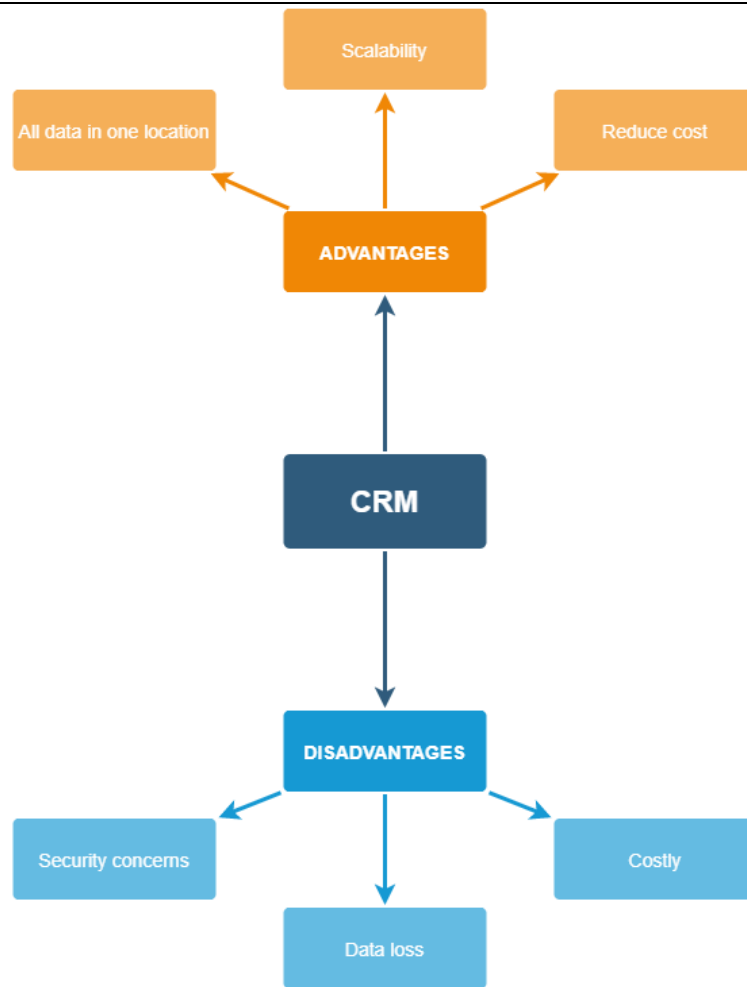
**Campaign management:** primarily a sales team focused on a programme where requirements are met by a diverse group of customers. As an enticement, these customers are given targeted products and occasionally special offers. CRM applications for collecting campaign and customer response data.

## **CRM Advantages**

**Departmental Integration:** A factor that impedes an organization's ability to serve customers with data from various departments. If a customer calls but only speaks to the sales department on one topic but then speaks to the sales department again, the incorporation of a department reduced his chances of holding customers while the departments conversed.

**Improved Customer Service:** CRMs are an important auditing, training, and knowledge monitoring tool. They aid in determining the customer's requirements. Customer service representatives provide critical information in order to better serve a client. Contracts, prices, shipping information, and customer personal information can all be displayed to make them more personalised.

**Improved Sales and Marketing Policies:** A company's sales team can use the CRM more efficiently. You will monitor the pipeline, follow up on sales, and share information about goods and contracts. A manager can improve productivity by tracking the time spent by the sales team on specific tasks. It is an excellent tool because it allows a manager to analyse employee performance.



### CRM's disadvantages

However, given the major benefits of CRM, there are some drawbacks:

- Recording failure.
- Training.
- More analysis is required for data input.
- Maintenance is required on an ongoing basis, as well as costly upgrades to knowledge and device.
- It is simple to integrate with other information management systems.
- CRM Implementation in a Business.
  - These are general CRM implementation guidelines.
  - Make a strategic decision regarding the challenges that the CRM system will face, as well as how the company's business processes can be strengthened or changed.
  - Choose an appropriate project manager. However, because the project's impact is primarily on the business side, a manager should be associated with either a customer service/marketing and sales orientation.
  - Make certain that the emphasis is solely on the business side.
  - Provide team members with the resources they need to complete a task.
  - Select the best implementation party. Both have vertical, horizontal, and technical experience.
  - Determine key performance indicators (KPIs) to evaluate project success.
  - Long-term business sales implementation employs a staggered strategy comprised of a

number of smaller and incremental initiatives.

### **CRM Components**

**Customer:** Customers play an important role. Every business's future growth or benefit is dependent on customers. CRM aids in the control or evaluation of customers through the development of tools.

CRM is in charge of customer-company relationships. The relationship requires two-way communication and ongoing contact. Exchanging, attracting, converting, retaining, and rising are some of the connections.

**Management:** The marketing team's responsibilities do not end with CRM. It includes the analysis of data gathered from customer experiences. It translates into insight through awareness and aids in the discovery of new marketing opportunities.

### **CRM's Purpose**

- Business users can easily access and control customer information.
- Management of customer relationships and improved service delivery
- Recruitment and retention in business.
- Product evaluation of market or service hype
- Marketing cost reduction Marketing campaign to increase awareness capability [6].

### **Customers' Satisfaction and Loyalty**

Customer satisfaction means that during the product cycle, customer demands, preferences, or needs are met or resolved, increasing repurchasing and consumer loyalty. "Customer satisfaction is an assessment of a company's pre-purchase desires and the outcomes obtained following the purchase act." [15]. A very pleased customer

- He's been shopping for quite some time.
- Purchase more as you develop new products and expand existing ones.
- Talks highly of the company and its products.
- Ignores trademarks that compete with the company's products and focuses on price rather than quality, and offers the firm suggestions and ideas about products and services.

### **CRM Advantages**

CRM is critical for understanding what motivates customers. Customer relations are becoming increasingly important as market conditions worsen. Customers' demand patterns, as well as the life cycle of products and services, are changing as a result of increased competition in the marketplace. CRM can be used to determine what customers expect, which channels of distribution they prefer, and which features should be included in products and services. Understanding the customer through CRM enables businesses to provide the desired service to the customer. CRM advantages for customers may include:

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**Customer Retention and Loyalty are Increased by CRM**

A customer is loyal when he is committed to repurchasing a preferred service or product despite marketing efforts and situational influences that may cause switching behaviour [16]. Companies should invest in relationship building and customer intimacy with loyal customers, as this will lead to stronger loyalty [17]. Customers who buy a company's product on a regular basis tend to generate more revenue and are less expensive to serve than other customers [18]. CRM ensures increased customer profitability. CRM adds value to the customer, so it undoubtedly helps to build profitable customer relationships.

**Product and service customization**

CRM focuses on two major areas: establishing a closer and deeper relationship with customers, and increasing organisational capability to coordinate its behaviour with individual customers based on customer needs, or what the organisation knows about his/her requirements and interests. This is due to the fact that repeat customers are always more profitable than new ones, and selling more products to repeat customers is less expensive. Coordination of products and services with consumer needs and expectations results in increased customer attraction. As a result, attracting new customers is much more expensive. Indeed, the primary goal of CRM is to maximise the value of the organization's customer life cycles [19]. Recent marketing procedures are moving toward providing a one-of-a-kind service; as a result, gathering large amounts of customer information and details has become a critical requirement. To predict the likelihood of repeat purchases, additional product purchases, and individual marketing programmes, the organisation must collect customer information based on their interactions with the organisation [20].

**CRM maintains lower process and higher product and service quality.**

CRM activities have a direct impact on products and services, as well as internal processing systems. CRM can help reduce operational costs by fostering effective customer relationships and reducing the size of overall processes. An effective CRM, on the other hand, can help increase the quality of products and services through customer interactions.

**Meet or exceed customer expectations**

Customer satisfaction is the key to customer loyalty, and it is heavily influenced by the service quality provided by service providers [21]. The service-profit chain's key elements have been identified as service quality and customer expectations [22]. Better service quality leads to happier customers, which leads to strong customer loyalty. Customers who are satisfied with the services they have received are more likely to establish loyalty [23], which results in repeat purchases [24] and favourable word-of-mouth. Customer service quality is an important source of distinguishing competence and is frequently regarded as a critical success factor in maintaining competitive advantage in service industries. As a result of effective CRM, a company can meet customer expectations.

## **Increased Customer Satisfaction and Loyalty**

According to Feliks and Panjaitan, companies that implement CRM properly will experience increased customer satisfaction. According to the findings of Kusnadi's (2008) research, CRM applications help businesses gain customer knowledge, which in turn helps them improve customer satisfaction. This is supported by the findings of Wetsch and Lyle (2006), who discovered that customer involvement in CRM implementation can increase trust, satisfaction, and customer loyalty. According to Munandar and Dadang (2011), CRM has a positive and significant impact on customer loyalty, and that changes in customer loyalty are directly related to changes in CRM implementation. This means that in order to increase customer loyalty, CRM must first be implemented. Customer satisfaction and loyalty are linked to better CRM implementation. This suggests that companies should pay more attention to customer loyalty because it will ultimately affect the company's performance [25].

## **CRM Influencing Factors**

**Reliability** - One of the most common CRM factors is reliability. CRM's activity is to identify trustworthy customers and communicate with them. CRM reliability, on the other hand, is heavily dependent on the dependability of the IT systems that manage customer relations. Customer relationship management activities are always attempting to exceed a customer's expectations and provide better customer service, which is not always possible without dependability. Reliability is defined as the ability to complete a task consistently and accurately [26]. This is accomplished by keeping promises, providing the right service, consistency of performance and dependability, service is performed on time, the company maintains accurate billing and records, and transactions and records are error-free. Reliability also includes accurate order fulfilment, accurate records, accurate quotes, accurate billing, accurate commission calculation, and keeping any service promises.

**Customization** - At the heart of customization are reasonable delivery times and prices, as well as the provision of personalised products to customers. CRM allows for the customization of products and services in order to meet the existing and potential needs of customers. CRM provides customers with a wealth of useful information. CRM enables mutual connectivity between the customer and the organisation, allowing for customization of products and services delivered.

**Customer Attraction** - Satisfied customers are always willing to provide positive feedback. Customer attraction serves as a motivator for customer retention. CRM is a systematic marketing effort that aims to understand customers, specifically what they expect, to what extent, and what should be included in products and services.

**Customer Retention** - One of the most important indicators of customer satisfaction is customer retention. Customers are more likely to return if they are satisfied. Customer retention is becoming an important managerial issue, particularly in a saturated market where the number of new customers is declining. It has been identified as a key goal of relationship marketing.

Primarily due to its potential to deliver superior relationship economies, i.e. it costs less to retain customers than it does to acquire new customers



IT - The role of IT is to assist in the redesign of CRM processes, to facilitate changes in work practises, and to establish innovative methods of connecting a company with customers, suppliers, and internal stakeholders. CRM applications leverage technological advancements by collecting and analysing data on customer patterns, interpreting customer behaviour, developing predictive models, responding with timely and effective customised communications, and delivering product and service value to individual customers. [26]. CRM can use IT to optimise customer interactions based on historical data.

Responsiveness is the determinant that defines the willingness to assist customers and provide prompt service. CRM has always been in charge of providing information to customers. Customers are clearly emphasised in service propositions such as "what can I do for you?" It is also involved in understanding the needs and desires of the customers, providing convenient operating hours, providing individual attention by the staff, paying attention to problems, and ensuring the safety of the customers [26]. Customer Orientation - Customer relationship management (CRM) is a customer-focused, organised managerial effort to ensure customers' perceived value in order to keep them satisfied and loyal. Customer suggestions and preferences are important to customer relationship management. CRM enables customers to share their post-purchase experience, allowing management to effectively handle customer inquiries.

Commitment - Having an approval to the CRM project requires a commitment to ensure the efficient delivery of customer value. CRM should establish a tone of leadership and commitment throughout the CRM implementation process. Management involvement and support reinforce commitment as a critical success factor in CRM implementation. CRM effectiveness without a commitment is akin to throwing money down the drain. The extent to which customers are satisfied and loyal determines the effectiveness of CRM commitment.

## CONCLUSION

According to the findings of this study, CRM involvement in industry is satisfactory. The company employs various Customer Relationship Management practises such as product customization, regular communication with customers, and providing high-quality products, among others. CRM has an effect on the company's profitability. Customer response to marketing activities is also increasing. The working environment of the company, support from top management, and coordination and synchronisation among the company's departments are all factors that influence customer relationship management. Technology is not being used as much as it should be. The company employs traditional CRM tools such as personal interviews and quantitative research. Modern tools such as e-CRM, data mining, contact centres, and web-based survey tools should be used by the company.

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