

Chapter 13

Benefits of Customer Relationship Management on Customer Satisfaction: An Empirical Study

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ABSTRACT

The purpose of this study is to investigate the efficacy of customer relationship management (CRM) benefits for customers in relation to customer satisfaction. A model has been developed and empirically tested through data collected from a survey of 150 customers of three Malaysian companies. The results indicate that the benefits of CRM for customers have had a significant positive effect on their satisfaction towards marketing companies. Personalized services, responsiveness to customers' needs, customer segmentation, customization of marketing, multichannel integration, time-saving and improving customer knowledge are the benefits that we proposed would affect customer satisfaction and significantly improve marketing performance. Additionally, the results reveal that all the benefits found, with the exception of time-saving, enhanced customer satisfaction. This paper contributes to the existing literature by incorporating the benefits of CRM for customers, and the relationships of these benefits with their satisfaction in the proposed model.

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INTRODUCTION

In recent years, the world has undergone rapid changes due to technological advances. In order to be a winner in this race, firms and companies should be more active and powerful. It is important for organizations to keep existing customers and simultaneously target new customers. CRM can help in discovering and attracting new customers. This research is an effort to find out some of the benefits of CRM for customers and determine how this impacts their satisfaction. The implementation of CRM is an effort to find solutions that assist organizations to develop customer relationships with a high rate of satisfaction.

CRM is a vital factor for an organization to provide a customer-centric business and retain effective marketing, sales and service processes (Carolyn, Melissa, & Chandana, 2003). In addition, CRM aims to record and evaluate customer connections, which is a vital aspect for companies to be successful in a dynamic market (Sarvari & Alp Ustundag, 2016).

The information gathered from current customers can be used to attract new customers. CRM can help to identify applicants and potential partners, and mix current customer information with potential customer requirements. By using this information, a company can distinguish its products and services to offer unrivalled services to new customer groups (Tiwana, 2001).

A number of organizational benefits will help companies benefit by using CRM to have a closer approach to customers, increasing customer satisfaction and customer retention. CRM systems enable communications that aid in simplifying a long-term relationship structure between a company and its customers (Hendricks, 2007).

Over the past decades, many organizations of varying sizes and types have realized the advantages of providing customer satisfaction, since preserving existing customers is cheaper than attracting new ones. The powerful relationship between customer satisfaction and profit-making has been approved, so increasing customer satisfaction then becomes an important goal for companies (Ahrari & Amirusefi, 2012). Customer satisfaction is an important measure for companies in developing, checking, and evaluating products and service contributions, in addition to inspiring and motivating employees. Customer satisfaction and customer orientation are vital competitive benefits in all areas of production (Kotler, 2000). Hence, it would be helpful for companies to understand how the implementation of CRM can increase the rate of satisfaction among their customers.

Since CRM can be related to the satisfaction of customer needs, there are some research studies that have examined the impact of customer satisfaction and retention with CRM (Mithas, Krishnan, & Fornell, 2005; Verhoef, 2003; Zikmund, Raymond McLeod, & Gilbert, 2003; Carter & Yeo, 2016). Some information systems researchers have developed studies and theories relating to the effect of CRM systems. The study around CRM and its critical factors shows that there is inadequate knowledge about the effect of CRM and its benefits for a company's customer satisfaction level. However, previous research does not clarify why CRM applications affect customer satisfaction (Mithas, Krishnan, & Fornell, 2005). Through having a good background on CRM benefits for customers, it is essential to discover how the relationship with them can help companies determine how to improve their customer satisfaction levels by implementing CRM.

It is hoped that this research will help the researcher to find the importance of CRM for improving customer satisfaction. Moreover, we have gathered information from past studies which have researched CRM benefits from a customer perspective so as to help future researchers gain a beneficial background. Providing a model that clarifies the relationship between CRM benefits and customer satisfaction would also be beneficial for future studies. This study will assist companies and top managers to have

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