

Impacts of Customer Relationship Management (CRM) System on Customers' Satisfaction Level (The Case Study: Iran Darou Co.)

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Abstract

The present paper has studied the impacts of customer relationship management (CRM) system on customers' satisfaction level (the study case: Iran Darou Co.). This research is a descriptive-correlation study regarding applied purpose and the method that has been used. The statistical society of this research contains all managers, employees and marketers of Iran Darou Company with a population of 742 people. The statistical sample were 277 people according to Cochran's formula selected by stratified random sampling method. Two separate questionnaires were used to collect information. One was a researcher- made questionnaire of customer relationship management with Cronbach's alpha coefficient of 0/85 and the other was a researcher- made customer satisfaction questionnaire with Cronbach's alpha coefficient of 0/79. In inferential statistics section, the impact of customer relationship management systems on customer satisfaction was evaluated using simple linear regression tests. The results suggest that technology, organizational structure, knowledge management application and focusing on key clients have the highest positive and significant impact on customer satisfaction, respectively. Considering the significant and positive impact of customer relationship management system on customer satisfaction in all aspects in Iran Darou Co., we can say that the main hypothesis is confirmed and the customer relationship management (CRM) system establishment has a significant and positive impact on customer satisfaction.

Keywords: Customer Relationship Management - Customer Satisfaction - Technology - Organizational Structure - Key Clients - Knowledge Management.

1- Introduction

In the global economy, a lot of pressure is imposed on manufacturers due to the large number of suppliers, intensive competition between them and the increasing expectations of consumers to provide better quality and faster services. In this situation, companies have concluded that besides attending to the internal affairs, they need to more positive correlation with customers. In fact, the reason for this is to achieve a competitive advantage to gain a greater share of the market. Selling products or services is the most important goal for each product manufacturer or service provider. All what is applied as the management practices in any organization or firm is actually a strategy to achieve the goal of further sales.

Based upon the viewpoints of marketing in relation to customer, the relationship between the transaction is placed in the center of marketing phenomenon. In this view, continuous purchases and resale opportunities are followed up through proper relations management [1]. The transition from industrial economy and the elimination of geographical boundaries for business and consequently, competition intensification has caused customers to be considered as an essential element and centerpiece of pharmaceutical companies' activities. Companies have found that retaining existing customers is cheaper than attracting new customers; and the best way to retain customers is to gain their satisfaction. In addition, researches have found that customer satisfaction can lead to a prestigious brand and therefore the profitability of company. customer relation management defined and developed in the 90's along with the development of information and communication technology as an important approach in business with the aim of returning to marketing [2].

The activities of the pharmaceutical industry in Iran has started about fifty years ago. Pharmaceutical industry is composed of 755 manufacturer companies and 255 importer companies. With increasing of amount of drug use in Iran, the size of this market is also growing every day. In such circumstances, extensive competition has formed among drug manufacturers in order to attract new customers, retain existing customers and enhance the customer loyalty. Success in such competitive market requires an increase in the quality of products, elevate the level of customer satisfaction and attract and retain customers. Given the importance of customer relationship management in attracting and retaining customers, as well as due to competitive conditions of pharmaceutical products in Iran, and since Iran Darou company has established customer relationship management system in 2014 and then has exploited its second phase in 2016, this study is intended to examine the effects of the system establishment on customer satisfaction. The main question in this research is that whether the customer relationship management system establishment in Iran Darou Co., has been able to cause changes on their customer satisfaction, considering today's competitive world and many of importer companies with high marketing costs expended on encouraging four groups of customers, including pharmacies and distribution channels in terms of sales promotion and monetary and sexual offers and so on?

The results obtained by researchers show that dissatisfied customers usually act more actively in transferring their impressions and feelings to others. Actually, the customers' dissatisfaction is more effective than their satisfaction. Now, what strategy should be considered to achieve customer satisfaction; following three steps are recommended in response to this question [13]:

To identify the expectations and requirements of consumers is the most important and most critical step in customer satisfaction process and sure it does not come from speculation. Only by approaching the customer and understanding his views one can achieve this goal. In this regard, organizations and manufacturers survey the costumers by taking advantage of statistical techniques and applying various mailing, phone or in person methods. many factors can influence the customer satisfaction, such as:

- Customer needs and origins
- Customer beliefs
- Messages that consumers receive through two-way communication and the organization advertising.
- Past experience in relation to the same manufacturer or supplier.
- Customers past experiences regarding other suppliers of the same product or service.
- Views and opinions of friends and family about the product or service.
- Situational or positional factors related to the customer conditions, such as the money size, method of payment and its duration.
- The time available to receive the product or service.

The program for customer expectations identification is prepared and implemented using information obtained from above mentioned items.

If a manufacturer organization or serving firm is aware of its consumer expectations and anticipations, can fulfill its costumers' demands in the best way possible by adopting available qualified personnel and technical knowledge. Here, two important points should be considered. First, the product characteristics must be proportionate with the different aspects of customer orientation and preference and the design should be based on it. Second, in the case of some specialized goods or services, the consumer awareness is a key role. Because, responding to some incorrect common and incompatible beliefs in relation to technological and scientific principles between purchasers requires sacrificing the quality of the product. In some cases, lack of knowledge about product features ant its correct consumption patterns, has caused inefficiency of the product and consequently, the customer dissatisfaction.

The third step is to provide services based on the design. Accomplished activities in the previous step is revealed and the production of goods or services is performed based on design characteristics. Sometimes, despite the success in the first and second steps, no success is achieved in manufacturing or service providing, for some reasons such as lack of facilities, lack of sufficient attention to defined specifications or lack of necessary capabilities for plan implementation (in terms of both equipment and personnel); So the customer's expectations are not met and he/she is not satisfied. This lack of arrangements is also seen in delivering the

goods to the buyer. The product delivering process is considered as an important part of customer satisfaction.

Timely delivery, in enough size, in customer desired location and maintaining the product quality are of the most important activities during this step. If an organization wishes to gain customer satisfaction, must provide all its prerequisites and consider providing financial and personnel resources, equipment and appropriate methods and systems [13].

2- Research Background

Mir Ghafari et al. (2104) investigated the factors affecting on customer satisfaction in Mobarakeh Steel Co. in their research named "factors affecting on customer satisfaction based on customer relationship management approach using Fuzzy Delphi method and system dynamics model". The impact of sales on credit increasing and also reducing delays in delivery of goods on customer satisfaction was evaluated and necessary solutions was suggested to improve customer satisfaction.

Balaqi Inalou (2013(4)) conducted a study called "the impact of customer relationship management dimensions on customer satisfaction". The research was a review article that has presented the conceptual model in the context of Customer Relationship Management based on the previous research resources evaluations. In this study, related researches during the years 1998 to 2013 were studied and recommendations have been provided regarding the study variables.

In 2011, Gilani Nia and colleagues in their study on Customer relationship management and its impact on customer satisfaction in Gilan financial and credit institutions, have showed the positive and significant impact of customer relationship management on customer satisfaction. They emphasized that implementing Customer Relationship Management has caused to create added value for customers and it will help to communicate, attract and retain customers. This study showed that Customer Relationship Management establishment leads to customer satisfaction and loyalty and thus guaranties the organization survival.

Minami and Dawson have conducted a study in 2007 on the impact of the implementation of customer relationship management on customer satisfaction and finally, his/her loyalty and profit from financial return on retailers in Japan. The showed that there is a relation between customer relationship management and customer satisfaction. So that, one can gain the customers satisfaction by keeping constant touch with them and improving their positive experiences. On the other hand, customer relationship management can help organizations to provide their products and services in custom-made manner by collecting information from customers. The obtained satisfaction will be the result of applying the correct customer relationship management. But their research did not stop here. They then demonstrated that it could even have financial gain and interest.

Hiauo, Cook and Wikang in 2011 have investigated the impacts of customer relationship management on customer satisfaction in Taiwan banks. Obtained results showed that the implementing of customer relationship management is related to customer satisfaction and technological systems should support the activities of customer relationship management. Another interesting result is that the successful implementation of customer relationship management is not equal to technological development, so in case of investments on only technological dimension, the customer satisfaction could not be achieved.

3- The conceptual model and research assumptions

In order to evaluate the impact of customer relationship management (CRM) on customer satisfaction, various articles have been reviewed. Therefore, after reviewing the previous papers, the impact of customer relationship management dimensions was evaluated based on four aspects including organizational structure, focusing on key costumers and applying technology and knowledge management according to Sin et al. (2005) model as base article for the present conceptual model designation.

Main assumption

Establishing the customer relationship management (CRM) system in Iran Darou Co. has a positive significant effect.

subsidiary hypothesis

- The organizational structure has a positive significant effect on customer satisfaction in Iran Darou Company.
- Focusing on key customers has a positive significant effect on customer satisfaction in Iran Darou Company.
- Applying knowledge management has a positive significant effect on customer satisfaction in Iran Darou Company.
- Technology has a positive significant effect on customer satisfaction in Iran Darou Company.

4- Methodology

The present study is a cross-sectional survey in terms of applied purpose and gathering descriptive information. SPSS software were used to evaluate the effect of establishing the customer relationship management system on customer satisfaction. Kolmogorov - Smirnov test and simple linear regression were used to information analysis. In this study, two questionnaires were used. One was a researcher-made questionnaire for customer relationship management consisted of 17 items and the other was a researcher-made questionnaire for customer satisfaction consisted of 9 items.

Reliability and Validity

The word validity is originated from the term valid which means lawful and appropriate and validity itself means the quality of being valid and rigorous. The purpose of the validity is that the measuring devices will be able to measure desired characteristics and features. Considering that the present questionnaire is researcher-made, so, its validity is verified by academic advising.

Cronbach's alpha method was used to measure the reliability of the questionnaire.

Table 1: Results of reliability of the questionnaire using Cronbach's alpha

Customer Relationship Management questionnaire		Customer satisfaction questionnaire	
Dimensions	Cronbach's alpha	Number of questions	Cronbach's alpha
Organizational structure	0/791	9	0/79
Focusing on key customers	0/975		
Applying knowledge management	0/811		
Technology	0/785		

Statistical population of this research is consist of managers, employees and marketers of Iran Darou Co. The number of statistical population subjects is 742. The research statistical sample using Cochran formula was 122 subject selected by classified sampling method.

5- Results

First, correlation test was used to evaluate the correlation between independent variables (organizational structure, focusing on key customers, applying knowledge management and technology) and dependent variable (customer satisfaction). Results are shown in Table 2.

Table 7: Correlation test results

	Numbers	Significance level	correlation coefficient
organizational structure	122	000	0/580
focusing on key customers	122	000	0/463
applying knowledge management	122	000	0/514
Technology	122	000	0/618

Given that the significance level is less than 0/05, the assumption of correlation between independent variables and the dependent variable is accepted.

In order to investigate research hypotheses linear regression test results are given below.

Table 3. Linear regression testing in order to investigate the first hypothesis

Model coefficients	Not standardized coefficients		Standardized coefficients	Statistic value t	Significance level	Significance of regression coefficients
	B	Std. Error	Beta			
Constant value	2/009	0/243		8/268	000	Significant
Organizational Structure	0/515	0/066	0/580	7/791	000	Significant

Results show that organizational structure has a significant and positive impact on customer satisfaction in Iran Darou Co. This effect standard coefficient is 0/580. In other words, a single unit change in the organizational structure can lead to 0/580 unit positive changes in customer satisfaction.

In general, we can say that the estimated regression equation based on standardized coefficients is as follows:

$$\text{Customer satisfaction level} = 2/009 + 0/515 \times (\text{organizational structure})$$

Table 4: Linear regression analysis for testing second subsidiary hypothesis

Model coefficients	Not standardized coefficients		Standardized coefficients	Statistic value t	Significance level	Significance of regression coefficients
	B	Std. Error	Beta			
Constant value	1/984	0/347		5/716	000	Significant
Focusing on key customers	0/455	0/083	0/448	5/494	000	Significant

Results show that focusing on key customers has a significant and positive impact on customer satisfaction in Iran Darou Co. This effect standard coefficient is 0/448. In other words, a single unit change in the focusing on key customers can lead to 0/448 unit positive changes in customer satisfaction.

In general, we can say that the estimated regression equation based on standardized coefficients is as follows:

$$\text{Customer satisfaction level} = 1/984 + 0/455 \times (\text{focusing on key customers})$$

Table 5: Linear regression analysis for testing third subsidiary hypothesis

Model coefficients	Not standardized coefficients		Standardized coefficients	Statistic value t	Significance level	Significance of regression coefficients
	B	Std. Error	Beta			
Constant value	2/098	0/274		7/651	000	Significant
Applying knowledge management	0/447	0/68	0/514	6/565	000	Significant

Results show that applying knowledge management has a significant and positive impact on customer satisfaction in Iran Darou Co. This effect standard coefficient is 0/514. In other words, a single unit change in the focusing on key customers can lead to 0/514 unit positive changes in customer satisfaction.

In general, we can say that the estimated regression equation based on standardized coefficients is as follows:

$$\text{Customer satisfaction level} = 2/098 + 0/447 \times (\text{applying knowledge management})$$

Table 6: Linear regression analysis in order to investigate fourth subsidiary hypothesis

Model coefficients	Not standardized coefficients		Standardized coefficients	Statistic value t	Significance level	Significance of regression coefficients
	B	Std. Error	Beta			
Constant value	1/770	0/249		7/118	000	Significant
Technology	0/545	0/064	0/617	8/577	000	Significant

Results show that technology has a significant and positive impact on customer satisfaction in Iran Darou Co. This effect standard coefficient is 0/617. In other words, a single unit change in the focusing on key customers can lead to 0/617 unit positive changes in customer satisfaction.

In general, we can say that the estimated regression equation based on standardized coefficients is as follows:

$$\text{Customer satisfaction level} = 1/770 + 0/545 \times (\text{technology})$$

6- Conclusion and Recommendations

According to the results obtained from research, technology has the highest standard coefficient in relation to affecting the level of customer satisfaction. Today, due to taking advantage of the computers, person to person marketing concept had been economic and applicable on a large scale. Database technology allows companies to follow up individual customers.

Based on obtained results, organizational structure is second factor affecting on customer satisfaction. The success of customer relationship management requires that the whole organization take steps towards a common goal. For this purpose, an appropriate organizational structure requires the creation of work teams, teams for focusing on customers, coordinator teams and multitasking team which needs to coordination and integration of different parts of organization.

According to the research results, applying knowledge management is at third place of affecting on customers' satisfaction rate. The main reason for the existence of a company from the perspective of knowledge management is to create, transfer and apply knowledge. Knowledge can be gained through understanding the customer experiences and information. The main aspects of knowledge management include knowledge creation, knowledge sharing and accountability. Knowledge about key customers is essential to the success of customer relationship management so that it can lead to form a learning relation with customers and to increase the competitiveness of the organization.

According to the results obtained from the study, is at fourth place of affecting on customers' satisfaction rate. Focusing on key customers, providing superior service and creating added value for customers is achieved through the provision of customized services which consists of other sections including customer-focused marketing, the value of customer life cycle, customization and interactive marketing.

Recommendations based on the first subsidiary hypothesis

As, according to the first subsidiary hypothesis, organizational structure has a significant and positive impact on customer satisfaction in Iran Darou Co. the following recommendations are presented:

- Creating an integrated organizational culture to achieved a common consensus about the central role of the customer and giving value to the customer as the key success factor.
- Measuring the efficiency and effectiveness of customer service department and its influence on customer satisfaction.
- Employee performance and rewarding them based on the meeting the needs of customers and providing services for them successfully.

Recommendations based on the second subsidiary hypothesis

As, according to second subsidiary hypothesis, focusing on key customers has a significant and positive impact on customer satisfaction in Iran Darou Co. the following recommendations are presented:

- Given that focusing on customers is a guideline to improve service delivery and reduce the cost of services and improve service quality, it is suggested that under investigation company need to constantly communicate with their customers to get their comments and to consider them in the provision of services.
- Iran Darou Company have to coordinate its products or services with customers' demand permanently. It is fulfilled through relationship-based marketing which seeks to customized marketing for specific customers.

Recommendations based on the third subsidiary hypothesis

As, according to third subsidiary hypothesis, applying knowledge management has a significant and positive impact on customer satisfaction in Iran Darou Co. the following recommendations are presented:

- Knowledge sharing in Iran Darou Co. in order to increase employee's knowledge regarding customers and faster understanding of customer needs.
- Training classes to empower employees in the field of communicate with customers.

Recommendations based on the fourth subsidiary hypothesis

As, according to fourth subsidiary hypothesis, technology has a significant and positive impact on customer satisfaction in Iran Darou Co. the following recommendations are presented:

- Purchasing the necessary and related facilities and technology for the better implementation of customer relationship management system.

- Organizing and management developing the information and communication technology in the form of horizontal and vertical coordination among the various units.

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