Research Paper **Marketing**

A study on the effect of Customer Relationship Management (CRM) on Customer Loyalty in Telecom Sector.

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ABSTRACT *The aim of the study is to understand the effect of using customer relationship management system on customer loyalty in mobile telecom sector. In this study, the influence of using customer relationship management system and its factors like focus on key customer, quality in service, proficiency, knowledge management, coordinating business process and using latest technologies on customer loyalty in mobile telecom is explained. The study also helps to examine the relationship of CRM practices and mobile telecom services with customer loyalty and the moderating effects of brand image. The present study is a research paper in terms of methodology. Population of the study includes customers and staff of mobile telecom service providers in Trivandrum and Kochi district. To select the sample size from population, Multi-stage sampling method is used. The sample size is obtained for each of the customers and staff as 125 and 35. To analyze the data, descriptive and inferential statistical methods are used. The calculation of data analysis is done using SPSS software. The study findings indicate that the use of customer relationship management has a solid impact over the mobile customer loyalty. The factor, focus on key customer has a significant relationship with customer loyalty, moreover factors like coordinating the business process and using latest technology have a significant relationship with customer loyalty.*

KEYWORDS : Customer Relationship Management, Customer Loyalty, Knowledge Management, Coordinating Business Process, Technologies

1. Introduction

The term "Customer Relationship Management" was publicly mentioned for the first time in 1960 by management professors such as Peter Drucker and Theodore Levitt (Ghanbari, 2007, 9). Customer relationship management (CRM) entails all aspects of interaction that a company has with its customers, whether it is sales or service-related. While the phrase *customer relationship management* is most commonly used to describe a business-customer relationship (B2C), CRM systems are also used to manage business to business to business (B2B) relationships. Information tracked in a CRM system includes contacts, clients, contract wins and sales leads and more. CRM solutions provides the business data to help you provide services or products that your customers want, provide better customer service, help sales teams to cross-sell and up-sell more effectively, close deals, retain current customers and to better understand who your customers are. Organizations frequently look for ways to personalize online experiences (a process also referred to as *mass customization*) through tools such as help-desk software, email organizers and different types of enterprise applications..

CRM software has typically been considered difficult to use. As an enterprise application stability, scalability and security has been the primary focal points of CRM solutions. Customer relationship management is often thought of as a business strategy that enables businesses to improve in a number of areas. The benefits of CRM strategy are as follows 1) Understand the customer 2) Retain customers through better customer experience 3) Attract new customers 4) Win new clients and contracts 5) Increase profitably 6) Decrease customer management costs. The biggest benefit most businesses realize when moving to a CRM system comes directly from having all your business data stored and accessed from a single location.

This paper examines the effects of mobile services and CRM practices on customer loyalty in mobile industry. The moderating effects of brand image on their relationships are also investigated. The study's research model proposes that brand image influences (moderates) the individual effects of mobile services and CRM practices on customer loyalty.

2. Objectives of the Study:
- To identify the driving factors of customer relationship management in mobile telecom services.
- To understand the factors of customer loyalty in mobile telecom services.
- To understand the relationship between customer relationship management and customer loyalty in mobile services

3. Need of the Study:
By analyzing the needs of customers, the service providers can determine the trend of buying of customers. Also, analyzing the buying behavior of customers in the past will help to predict their future buying patterns. It gives some important trend variables of these customers.

The need of suppliers are influencing CRM by knowing the customer, by knowing the business process of their stake holders and the knowledge they share.

Competitors are also the important factor for analyzing future needs of customers. Based on the competitor's strategy of making products and services, the company should shape their business strategies to meet future needs of customers. To attract them to have business with them.

By predicting the current market trend, service providers can analyze how the market is going to perform in the coming future. This research includes deep analysis of the financial and economic conditions.

4. Hypothesis of Study:
1. H0: There is no significant relationship between focus on key customer and customer loyalty.
2. H0: There is no significant relationship between coordinating the business process and customer loyalty.
3. H0: There is no significant relationship between knowledge management and customer loyalty.

Literature Review:
Customer Relationship Management:
The Customer Relationship marketing has become a buzz word in marketing management practice and theory (Palmatier et al. 2006). Relationship marketing may be defined as the alignment of business processes with a customer strategy that increases customer loyalty and profits over time. The customer relationship management has five different types of drivers. They are: The Customer, The Processes, Management, Technology and Best Practices (Nicampa, 2001, 71).

The Customer – What are the value needs (opportunities), event triggers, and behavior characteristics of the customer? Without a commitment to understanding and leveraging these characteristics, how can one cost effectively manage the customer base and add more profitable customers? Achieving a customer focus is not a one-size-fits-all solution, but if you are looking at how to approach your enterprise with this sort of outlook, you're not alone. Many business leaders are considering using the idea of a customer focus to ramp up business and appeal to their client base. Steps to evaluate customer process are (1) Evaluate what goods or services you provide to a customer

base. (2) Use customer feedback tools to get information about your customers (3) Train your employees to offer customer focus (4) Consider providing customer incentives (5) Work your business copy.

The Processes – As was learned during the dot-com era, the customer's perception of your company and brand is based on their total experience. This experience is based on the processes associated with the customer's touch points plus the sub-processes that support them. CRM implies using these processes, transaction data, syndicated, data, and dialogue to achieve the correct experience based on the nature of the customer and the event circumstance (Thompson, 2004, 18).

Knowledge Management – A focus on customer profitability and managing through aspects of knowledge management include knowledge creation, sharing knowledge and accountability. Knowledge management (KM) is the process of capturing, developing, sharing, and effectively using organizational knowledge (Davenport, 1994). It is the process of achieving organizational objectives by making the best use of knowledge. In CRM, customer database is created at each customer touch points using business intelligent tools like Data Mining and Data Ware house. This information is used to develop CRM strategies.

Role of Technology – Nicampa, (2001) identified that commitment of resources in understanding customer needs determines the success of attracting and retaining customers. So investment in customer relationship management software enables companies to customize services to provide a higher quality and lower cost. Aligning technology with business objectives saves a lot of time and cost in managing customer relationships. It also leads employees to work better with customer contact points (Zinledin et al, 2005, 1290-1264).

Best Practices – There are basic principles that successful organizations adhere to either consciously or unconsciously that are essential. Short cuts lead to diminished results and resistance. The convenient scapegoat is always the system (Nicampa, 2001, 71).

Customer Loyalty:
Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services. To build customer loyalty, customer experience management blends the physical, emotional and value elements of an experience into one cohesive experience. Retaining customers is less expensive than acquiring new ones, and customer experience management is the most cost-effective way to drive customer satisfaction, customer retention and customer loyalty. Not only do loyal customers ensure sales, but they are also more likely to purchase ancillary, high-margin supplemental products and services. Loyal customers reduce costs associated with consumer education and marketing, especially when they become Net Promoters for your organization. Loyalty is defined as follows: Loyalty is a strong commitment to repurchase a product or service in the future, so that the same brand or product is purchased despite the marketing efforts and potential competitors (Oliver,1999).

6. Research Methodology:
Data collected for the study is through detailed questionnaire and through secondary data like past reports and related literature. The questionnaire is designed based on the information collected from the in-depth interview. The interview is conducted to investigate the

subjective and objective factors that affect consumer relationship management practices implemented and its impact on customer loyalty. The questionnaire was carried out in Trivandrum and Kochi districts of Kerala state from July to August 2015. For selecting samples, the multistage random sampling method is used. The taluk and block are selected using multistage sampling and customers and staffs are chosen randomly. The mobile operators selected for the study are Idea, BSNL, Airtel and Vodafone, which happens to be the major players in the mobile operation and contributing 80 percent share. Totally 140 set of questionnaires were distributed and 125 set of questionnaires are returned in customer samples, among 40 questionnaires distributed to staff 35 response returned at a respondent rate is 96%. The chosen location can allow the researcher to collect data from people with different ages and background. The questionnaire on factors affecting online problems contains four parts with 58 questions. In the questionnaire, the Likert scale was used with five categories. In which, 1 stands for Strongly Disagree; 2 stands for Disagree; 3 stands for Neutral; 4 stands for Agree and 5 stands for Strongly Agree. After collecting the data from the respondents, SPSS20.0 for windows was used for primary data analysis and descriptive statistics.

7. Result and Discussion:
In the questionnaire survey, 160 respondents including customers and working staff at different ages were surveyed. The proportion of male and female respondents was 58.7% and 41.3% respectively. The majority of the samples (67.4%) were from the age group 21 – 30, and the two fifth of the samples (25.6%) was ages between 31-40 and fewer less than 17% were ages between 41 – 50. No one was from the age group above 50. In the samples, 33.6% respondents' education level were bachelor degree, and less than one third (42%) of respondents' post graduate level. Moreover among the respondents 35 percent belong to top level management another 35 percent belong to lower level employees. Remaining 30 percent belong to students and initial employees. Majority of the samples (90.1%) were customers, and 9.9% of the samples were from the workers in the mobile industry. This may because the samples are mainly formed by youngsters. Following are the findings and interpretations of the study.

7.1 Influence over focus on key customer and customer loyalty:
Most successful businesses use customer service to differentiate themselves from their competitors and create a loyal customer base. Good customer service is often the difference between a highly successful organization and one that fails, so it's vital to get it absolutely right. In fact, according to Business Insider, beacon-triggered messages could directly influence up to $4.1B of the total store sales this year, with that figure growing to $44.1B in 2016. And, with shopping apps increasing more than any other mobile app category at a rate of 174 percent in 2014.

Null Hypothesis: There is no significant difference between Customer sales and Customer Loyalty in mobile industries.

One Way Anova: There are six different factors affecting loyalty in the mobile industry namely Core Offering, Satisfaction, Elasticity level, Market Place, Demographics and Share of Wallet. which is the independent variables. The different factors of focus on key customer are treated as dependent variable.

Table 1: Influence over focus on key customer and customer loyalty:

Key customer focus	Customer Loyalty						F value	P value
	Core offering	Satisfaction	Elasticity level	Market place	Demographics	Share of wallet		
Emotional Connection	1.11a (.32)	1.31ab (.51)	1.51abc (.87)	2.11c (1.36)	1.89bc (1.41)	1.45ab (.84)	4.28	<0.001**
Peer Expertise	1.80ab (1.10)	1.82ab (1.15)	2.12ab (1.2)	2.67b (1.58)	2.32ab (1.37)	1.68a (.84)	2.43	0.034*
Visual Clues	1.34a (.48)	1.07a (.25)	1.53a (.96)	1.44a (.72)	2.42b (1.26)	1.45a (.79)	9.94	<0.001**
Demo	1.23a (.42)	1.43ab (.88)	1.51abc (.95)	2.00bc (1.5)	2.21c (1.43)	1.26a (.55)	4.00	0.001**
Simplified display	3.40b (1.03)	1.20a (.4)	1.10a (.29)	3.44b (1.42)	4.37c (.95)	1.11a (.31)	262	<0.001**

ne-way between-groups analysis of variance is conducted to explore factors affecting focus on key customer on six different factors affecting loyalty in the mobile industry namely by the Life Orientation test (LOT). Since the P value is less than 0.01, the null hypothesis is rejected at the 1% level of significance. Hence, it is concluded that there is a significant difference between the above factors with the six groups of factors. The test shows there is a strong affinity between customer sales and loyalty. The people prefer that, to have a strong customer loyalty we must have a focused customer sale. Key customer is influenced by emotional connection to the product, peer expertise about the band, visual clues, demos and simplified displays offered in the show room.

7.2 Influence over Knowledge management and customer loyalty:

Knowledge is a powerful tool that can make changes to the world. It is now considered as the main intangible ingredient in the melting pot that makes innovation possible. Knowledge and knowledge management (KM) are rapidly evolving as the starting point for action in all businesses, and over the past ten years, this understanding has surfaced as a major focus for its role in the enterprise value process.

Null Hypothesis: There is no significant difference between Knowledge management and Customer Loyalty in mobile industries.

One Way Anova: There are six different factors affecting loyalty in the mobile industry namely Core Offering, Satisfaction, Elasticity level, Market Place, Demographics and Share of Wallet which is the independent variable. The different factors of knowledge management to mobile customers are treated as dependent variable.

Table 2. Influence over knowledge management and customer loyalty:

Knowledge Management	Customer Loyalty						F value	P value
	Core offering	Satisfaction	Elasticity level	Market place	Demographics	Share of wallet		
Leadership	2.06 (.90)	2.40(.90)	2.50 (1.16)	2.22 (1.09)	2.11 (.87)	2.74 (1.13)	2.05	0.071
Culture	4.51b (.70)	4.54b (.81)	4.08ab (1.02)	4.22ab (.83)	3.95a (.97)	4.37ab (.99)	4.01	0.001**
Roles and Responsibility	2.00 (.34)	2.03 (.64)	2.04 (.59)	2.33 (.50)	1.89 (.56)	1.89 (.64)	1.05	0.385
Information Technology	3.09ab (.91)	3.56b (.97)	3.06ab (1.10)	2.67a (.5)	3.05ab (.91)	2.89ab (1.08)	3.96	0.002**
Measurement	4.03ab (.82)	3.93a (.82)	3.98a (.81)	4.56b (.88)	4.16ab (.89)	3.95a (.89)	3.21	0.007**

One-way between-groups analysis of variance is conducted to explore factors affecting knowledge management on six different factors affecting loyalty in the mobile industry by the Life Orientation test (LOT). Since the P value is less than 0.01, the null hypothesis is rejected at the 1% level of significance. Hence, it is concluded that there is a significant difference between the above factors with the six groups of factors when it comes to factors like culture, information technology and measurement. Since the P value is greater than 0.05, the null hypothesis is accepted at the 5% level of significance with regard to leadership and responsibilities. An integrated approach to KM and CRM enables you to really get to know your customer by analyzing their buying and interaction patterns, as well as flagging problem areas that arise from customer inquiries. Share of wallet expresses how much of a consumer's total spending in a given category of products and services is awarded to your company. As markets become saturated and customers have so much more to choose from, share of wallet becomes increasingly important. It is cheaper and more profitable to increase your share of what the customer spends in your sector, than to acquire new customers.

7.3 Influence over coordinating the business process and customer loyalty:

Businesses want to understand which customers fit into which loyalty category as the study of loyalty is a marketing phenomenon that is used to predict and exploit consumer buying patterns (Duffy, 2003). However, Dick and Basu (1994) research fails to elucidate motivations for either high/low repeat patronage or high/low relative attitude.

Null Hypothesis: There is no significant difference between Business process and Customer Loyalty in mobile industries.

One Way Anova: There are six different factors affecting loyalty in the mobile industry namely Core Offering, Satisfaction, Elasticity level, Market Place, Demographics and Share of Wallet which is the independent variable. The different factors of Business process to mobile customers are treated as dependent variable.

Table 3. Influence over business process and customer loyalty:

Business Process	Customer Loyalty						F value	P value
	Core offering	Satisfaction	Elasticity level	Market place	Demographics	Share of wallet		
Leadership	3.91bc (.81)	3.51ab (1.01)	3.31a (1.22)	3.89bc (.92)	4.05c (.84)	3.37a (1.23)	3.21	0.007**
Resistance to Change	3.37ab (.87)	3.82b (1.17)	3.02ab (1.09)	3.00ab (.5)	2.95a (.97)	3.05ab (.95)	7.73	<0.001**
Lateral Thinking	3.11ab (.9)	3.34ab (1.01)	3.13ab (.89)	3.56b (1.23)	2.84ab (1.06)	2.74a (.86)	2.98	0.012*
Organizational Culture	4.60ab (.49)	4.72ab (.54)	4.63ab (.61)	4.89b (.33)	4.79ab (.41)	4.37a (.81)	2.47	0.032*
Down sizing	3.11 (1.10)	3.04 (1.13)	3.15 (1.09)	3.56 (.88)	2.68 (1.05)	3.21 (1.25)	1.01	0.410

One-way between-groups analysis of variance is conducted to explore Factors affecting core business on six different factors affecting loyalty in the mobile industry namely by the Life Orientation test (LOT). Since the P value is less than 0.01, the null hypothesis is rejected at the 1% level of significance. Hence, it is concluded that there is a significant difference between the above factors with the six groups of factors when it comes to factors like leadership and resistance to change. Since the P value is in between 0.01 and 0.05 the null hypothesis is accepted at the 5% level of significance with regard to lateral thinking and organizational culture. Since the P value is greater than 0.05, the null hypothesis is accepted at the 5% level of significance with regard to downsizing. Implementation and optimization of the CRM system will be a lot easier if all users in any one department agree on which use case is in play. If there's confusion, or if there's a severe mismatch between what the system is "tuned" for and what the users are actually capable of doing in business process discipline, a muddled implementation and low probability of project success are bound to follow. Building a relationship with customers can lead to improved behavioral loyalty and thus to increase bottom-line profits. The key element, trust, can be built up by always excelling in customer service and problem correction, and by providing consistently good products and services that suit the customer's unique needs.

6 .Conclusion and Recommendations:

From the result, both subjective factors and objective factors have influence on customer relationship management over customer loyalty. Thus, the result from the study through hypothesis clearly suggests that there is a strong relation between customer relation management and customer loyalty in mobile industry. As most of the mobile consumers are price sensitive, company needs to promote a suitable pricing strategy to satisfy the needs of consumers. The main factors influencing customer loyalty, include customer relationship management in the form of manpower , processes and technology. The identified factors of CRM could help to develop fewer escalated inquiries, reduced time to market, increased customer satisfaction, improved response time, Greater customer insight and knowledge Upselling and cross-selling opportunities in the companies.

In the study all factors had a significant effect on customer loyalty and the greatest impact was related to human factors. The market today is very big with a lot options in front of the customer. The competitors are always there to gain a big market-share by gaining the customers. Applying these factors will increase customer lifetime value, build real customer relationship base on relevance, influence the elasticity of a purchase decision, and increasing share of wallet will enhance the understanding of the customer behavior which will guide to gain bigger market share by win a customer loyalty. Moreover, now more companies are coming up with e CRM practices to understand and differentiate customer needs and to serve them better on an individual basis. But the ways to open the doors for questions are by applying these factors.

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