CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SUCCESS FACTORS: AN EXPLORATORY STUDY

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ABSTRACT

Customer relationship management (CRM) can enhance performance of the organization through effective application of customer knowledge and maintenance of relationships with valued customers. Literature on CRM in an integrative fashion is sparse, rather issues are presented in isolation mostly focusing on technology ignoring other extra-organizational issues like social rapport and customer knowledge. Likewise, CRM success is poorly sketched and social rapport as a facilitator of customer knowledge has received little attention in the previous literature. Thus, the main objective of this research is to inspect the role of CRM, customer knowledge and social rapport on CRM success. The present study considers the Resource-based view in developing CRM success framework. A Qualitative research approach has been taken in this study where ten customer-service managers of different telecom operators of Bangladesh have been interviewed. To determine the factors along with related variables and also to develop a research model, a content analysis technique has been utilized. The results of the interviews identified three factors affecting CRM success. This study also discusses about the implications of the model.

Key words: *Customer relationship management, Customer knowledge, Social rapport, CRM success, Telecom*

JEL Classification: *M 31, M39*

I.INTRODUCTION

Effective management of customer relationship has become a top strategic issue for many firms (Becker et al., 2009). Factors behind customer relationship management (CRM) success and also what constitutes CRM in general and telecom industry in particular are an issue of considerable debate (Krasnikov et al., 2009; Eid, 2007). Companies all over the world have invested a lot in deploying CRM (Ahearne et al., 2007) but they failed to reap desired benefits (Foss et al., 2008). Academics and practitioners have perceived CRM as a technological solution rather a multidimensional issue where a more expansive and holistic approach is required (Becker et al., 2009; Chang et al., 2010). Besides, Coltman (2007) argued that CRM is poorly understood and also opined that a total and integrated CRM is yet to develop. In such a context the research endeavor is to investigate the following research questions.
  (A) What are the issues that influence the successful deployment of CRM in telecom industry of Bangladesh?
  (B) What are the roles of CRM and social rapport on customer knowledge and also on CRM success?

II. RESEARCH BACKGROUND AND LITERATURE REVIEW

The telecom industry which is one of the fastest growing sectors of Bangladesh has undergone drastic changes. This industry has become conscious that no single operator can provide products and services suitable for all types of customers. Therefore, to comply with the diversified customer requirements effective management of customer relationship should be the primary objective of the firm (Eid, 2007).
Contemporary evidence reveals that lots of firms are struggling to realize business benefits when applied CRM as a mere technology solution (Coltman, 2007; Finnegan and Currie, 2010). CRM intends to enhance profitability, however, its inconsistent outcomes have made the extensive deployment of this system more debatable. These failures reflect that CRM is being narrowly focused either technological (Jayachandran et al., 2005), organizational (Roberts et al., 2005), investment in software technology (Reinartz et al., 2004) or strategic

aspects (Payne and Frow, 2005) ignoring its multidimensional and integrated aspects where technology is one of the drivers of CRM success (Roberts et al., 2005). In Bangladesh context, Rahaman (2011) tried to figure out the role of CRM in profitability of telecom industry where CRM has been poorly sketched and narrowly focused as mere technology solution. Rapport between employees and customers is essentially important particularly in retail business, which is generally characterized by significant interpersonal interactions (Gremler and Gwinner, 2008). Rapport has significant influence on customer satisfaction, loyalty intention, and word-of-mouth (WOM) communication, however, has received minimal attention in CRM literature. Thus it is important to develop a comprehensive CRM success framework for telecom industry of Bangladesh.

CRM Success

Organizational, extra-organizational and technological issues are all essential to ensure CRM success (Roberts et al., 2005). A clear understanding of CRM success factors is the pre-condition for the effective and efficient implementation of CRM (Roh, et al., 2005). The resource-based view focuses on the firm's tangible and intangible resources like employee, technology, relationship, customer knowledge, etc. and suggests that firm should continuously replenish, reconfigure, and reorganize such resources to get success (Belkahla and Triki 2011). This research, based on the earlier studies, considers CRM, social rapport and customer knowledge as important factors for CRM success. Earlier researchers, though few, mostly consider customer satisfaction, loyalty (Roh et al., 2005; Sin et al., 2005; Reimann et al., 2010), and profitability (Reimann et al., 2010) as measures for CRM success.

Customer Relationship Management (CRM)

Researchers define CRM from different perspective, for instance, Berry and Linoff (2003) define CRM as a philosophy of earning profit, centering more on customers' share of affluence than on market share. Similarly, Chen and Popovich (2003) describe CRM as the strategy of generating profits through amalgamation of business practices with technology, fulfilling customers' needs, wants, and maintaining long lasting relationship. CRM can implement a more customer-oriented philosophy, generate sales, assist marketing through data sharing tools and accurate information processing (Chen and Popovich, 2003; Xu and Walton, 2005). From the previous literature (Sin et al. 2005; Eid, 2007; Becker et al. 2009) it is obvious that CRM is a multi-facet notion which is also justified by the resource-based view (RBV) as this view opines that effective CRM implementation and deployment needs an integrative approach.

Customer Knowledge

Through CRM in general (Mithas et al., 2005) and front-line employees in particular, an organization can accumulate customers' views and perception about a firm. Similarly, Homburg et al., (2008) argued that knowledge about customers' needs and wants is up to customer services executives. In service relationship, through interaction, a sales person can congregate knowledge (Gwinner et al., 2005) about customer's preferences, competing products and their appealing features. But, there is inadequate understanding about the impact of CRM implementation and deployment on customer knowledge accumulation (Mithas et al., 2005). Likewise, Xu and Walton (2005) argued that very few studies have focused on customer knowledge in the context of CRM implementation.

Social Rapport

Social rapport stresses upon customers' perception of a pleasant dealings with a front-line employee, supported by their personal relationship (Gremler and Gwinner, 2000). Proper rapport improves bonding, decreases uncertainties and represents employee commitment to the customers' best interest. Hence, the improvement of rapport between customer service executives and customers can significantly influence the performance of the firm (Gremler and Gwinner, 2000). Likewise, knowledge acquisition, creation and transfer of knowledge and access to new sources of knowledge have been identified as a direct benefit of social rapport (Nahapiet and Ghoshal, 1998).

CRM Success Factors

A comprehensive knowledge about the customer facilitates understanding of the exact needs and wants of the potential and existing customers (Gwinner et al., 2005). To create customer satisfaction frontline employees must generate knowledge about customer needs (Homburg et al., 2008). Moreover, fulfilling the customer's expectations through listening to them will promote the customer-firm relationship. A better

knowledge about customers' needs and wants helps to improve customer service which will eventually help them in achieving customer satisfaction and retention (Palmer et al., 2005). Better and durable interaction with customers facilitates customer satisfaction, better sales, loyalty and finally CRM success (Palmer et al., 2005).

III. THEORETICAL FOUNDATION

The resource-based view (RBV) has been considered as the theoretical foundation of the research.

Resource-based View (RBV)

According to the resource-based view (RBV), an organization is a compilation of tangible and intangible resources like physical existence, technology, customer knowledge, service, relationship etc. which are comparatively exceptional and hard to replicate easily by the rivals (Srivastava et al., 2001). Similarly, Coltman (2007) argued that the RBV offers a multi-dimensional viewpoint of CRM as it tries to link better firm performance with available resources and capabilities.

Relationships generally considered to be the resources of the firm (Hall 1992) and hence customer relationships, in particular, can also be regarded as significant resources (Bharadwaj et al. 1993) which can significantly influences the performance of the firm. Customers are valuable and rare resources for the firm where relationship with customers is difficult to replicate (Srivastava et al., 2001) and enormous literatures related to CRM are completely based upon this postulation (Gouthier and Schmid 2003). They also opined that relationships enable firms to gain each other's resources like knowledge and relational resources can be a source of long lasting advantages as they are difficult to develop and copy (Hunt 1997). The RBV also opines that organizations with high levels of social rapport has the potentiality to be successful over rivals as relationship, and other factors of social rapport are precious, and hard to copy (Nahapiet and Ghoshal, 1998).

IV. METHODOLOGY

This study is basically qualitative in nature where the field study research method has been employed (Zikmund, 2000). Since the authors are interested to explore the impact of customer relationship management (CRM) and customer knowledge on CRM success, the field study is the appropriate method. In this study an in-depth interview method has been chosen to collect the essential data. The in-depth interviews were carried out with customer service managers of ten (10) different telecom operators of Bangladesh. A convenient sampling procedure was considered to select the samples.

The field study questionnaire was semi-structured in nature with topics around the notion of customer relationship management, customer knowledge, social rapport and their impact on CRM success. Each interview lasted for about one hour. The interview session began with an initial question related to the understanding of CRM, present practices and expected outcomes. To explore further details follow up questions have been asked based on "laddering" approach (Durgee, 1986). To diminish interviewer preconceived notion, each interview has been carried out, recorded and transcribed by the same researcher (Strauss and Corbin, 1990).

A total of ten in-depth interviews have been performed before saturation of ideas appeared (Strauss and Corbin, 1990). In connecting with this, McCraken (1988) argues that as a minimum of eight interviews are required to create insightful concepts from the depth interviews.

The focus of this study required 'content analysis' since this research is exploratory in nature (Berg, 2004). There were about more than hundred and twenty pages of interview scripts to investigate. The content analysis procedures were divided into two phases to deal with the factors, sub-factors along with their inner links (Berg, 2004). The first Phase deals with each interview scripts to find out the factors, sub-factors and variables articulated by the respondents. The second phase intended to the amalgamation of all the individual factors, sub-factors, variables, and the links from the interviews to build up a comprehensive CRM success model.

V. RESULTS AND IMPLICATIONS

Background information

The interviews were conducted with ten customer service managers (CSM) of different local and multinational telecom operators. The interviewees were experienced enough in the field of customer management as well as relationship management having between 8-12 years of service experiences in the telecom industry.

Factors and variables of CRM success

From the field study six factors and thirty-seven variables were identified via extensive content analysis procedures (Table 1). It is noted that the factors, sub-factors and variables have been categorized according to the literature (e.g., Homburg et al., (2008); Sin et al., (2005); Jayachandran et al., (2005); Chang et al., (2010); among many others). The items or variables grouped in each factor and their implications are more focus to CRM success, especially in the telecom industry. For instance, the outcomes from the field interviews reveal the role of employees, technology as well as management practices on CRM success.

It is imperative to highlight that seven out of ten respondents opined the following issues are essential to make relationship effort and practice successful and variables are: *ease of access, intention/effort to maintain relationship, employee willingness, product/service diversification, adequate knowledge about customers and systems, positive employee attitude, employee performance assessment based on relationship effort, interpersonal skills, latest software and technology infrastructure, availability and access of individual customer information, personal connection, enjoyable interaction.*

Respondents also mentioned some other variables important for generating knowledge where the variables are basically the outcome of successful CRM implementation. These variables are: *frequent monitoring of customer information, collection and storage of socio-demographic & psycho-graphic information along with customers need are highly required for compiling customer knowledge.*

Most of the respondents come up with certain similar and few distinct variables under each factors of CRM. From the literature and the field study it is obvious that CRM is a multidimensional concept. It can also be noted that CRM along with customer knowledge and social rapport play a very significant role in customer relationship management success.

Table 1. Variables of customer relationship management, customer knowledge, social rapport, and CRM success

Factor	Variable	Respondents									
		1	2	3	4	5	6	7	8	9	10
1. CRM	1. Ease of access and comfort	√	√		√	√					√
	2. Intention /effort to develop and maintain relationship with customers	√	√	√	√		√		√		√
	3. Positive attitude about customer complaint	√		√	√		√	√			√
	4. Monitoring employee performance based on service operation	√	√		√	√	√	√	√		√
	5. Value based customer segmentation	√	√	√	√		√	√			
	6. Employee gives key customer priority	√	√	√	√		√	√		√	
	7. Local employee and local language ability	√			√		√		√		√
	8. Employee willingness to help customers	√		√		√	√	√		√	
	9. Invest in technology to acquire customer information	√		√	√			√		√	√
	10. Dedicated CRM technology in place	√		√	√		√			√	√
	11. Extensive use of IT		√		√	√		√	√		√
	12. Customer information integration through CRM technology		√			√		√	√		√
	13. Customer information is accessible at each point of contact	√	√	√	√		√	√		√	
2. Customer Knowledge	1.Regular and interactive communication with customers	√		√		√	√	√	√		√
	2. New knowledge acquired at various touch point is recorded	√		√	√		√	√	√	√	√
	3. Complete understanding of key customers through collected knowledge	√	√	√	√	√	√	√			√
	4.New knowledge is properly used in product/service design	√		√	√		√	√		√	√
3. Social Rapport	1. Good bond between CRM people and customer	√		√	√	√		√	√		√
	2. Customer visit the branch looks forward to particular CRM people for any particular issue	√	√	√	√	√	√	√	√	√	
	3. We strongly care about our customers	√	√	√	√	√		√		√	√
4. CRM Success											
(a) Satisfaction	1. Friendly interaction with customers	√		√	√		√		√		√
	2. Fulfill customers' expectations	√		√	√			√		√	√
	3. Decrease in customer complaints	√		√	√		√		√	√	√
	4. Happy customers overlook minor mistakes		√		√	√		√			
	5. Positive attitudes of customers	√	√			√	√	√	√	√	√
	6. Customers enjoy more products & services	√		√	√		√	√		√	
	7. Increase in overall satisfaction level		√			√	√	√		√	√
(b) Loyalty	1. Customer continues business relationship	√		√	√	√		√		√	√
	2. Customer recommends friends and family members	√	√		√		√	√	√	√	
	3. Most of our customers consider us as their primary operator	√	√		√		√		√		√
(c) Profitability	1. Increase in business growth in terms of volume	√		√			√		√		√
	2. Increase in customer growth	√		√	√			√			√
	3. Achieving financial goal		√			√	√				√

		1	2	3	4	5	6	7	8	9	10
	4. Growth in per employee profit	√		√						√	
	5. Overall profitability is increasing after implementing the CRM	√	√	√			√	√	√		

Links/relationships among the factors

Table 2 represents the links between/among the factors of CRM success. The information regarding the apparent links emerged during the interviews and also processed from the interview scripts via content analysis. For example, the link between customer relationship management and CRM success was identified through the following statement of the interviewee 5: "*we need to emphasize on relationship development effort. To do so we need to focus on our networks, offerings, pre sales as well as post sales communication to know about customer's needs".*

Table 2. Links among the factors

Causal link	1	2	3	4	5	6	7	8	9	10
Customer relationship management (CRM) → Customer knowledge (CK)	√	√	√			√	√	√	√	√
C K → CRM Success	√	√		√	√	√	√		√	
CRM → Customer satisfaction (CS)		√	√	√	√	√	√	√		√
CRM → Loyalty		√	√	√	√	√	√		√	√
CRM → Profitability	√			√		√	√	√	√	
Social Rapport (SR) → Customer knowledge	√	√	√	√	√	√			√	√
SR → Customer satisfaction	√	√		√	√		√	√	√	√
SR → Profitability		√	√			√	√	√	√	√

Comprehensive model

Figure 1 represents the inclusive model of CRM success. This model has been developed based on the factors, sub-factors, and variables extracted from the in-depth interviews and also from the previous research. Following the depth interview outcomes, it can be noted that CRM and social rapport have good impact on customer knowledge and on CRM success. Customer knowledge also has good impact on CRM success.
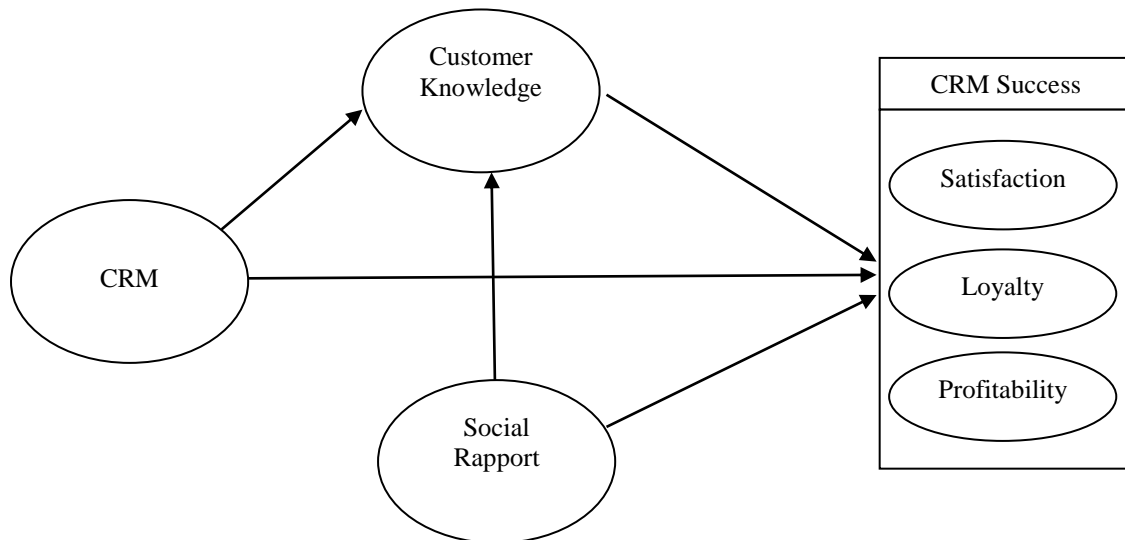

Fig 1: Comprehensive model

Research Implications

The comprehensive model (figure-1) is distinctive since it has been developed following the data acquired from the field study. The proposed model can be considered for further investigation, though, no formal propositions have been developed in this paper. For instance, a causal modeling approach (structural equation modeling) can be considered to test the comprehensive model.

Managerial Implications

Fig 1 represents an integrative model of CRM success. All the factors and variables have been derived from the field study. A thorough assessment of the comprehensive model discloses that each factors/ sub-factors in the end facilitate CRM success for telecom industry. It is expected that telecom industry of Bangladesh may find this model useful as it draws attention on some important issues like customer knowledge, social rapport and CRM. Both customers and firms may reap benefit from this study as operators will be able to get success by knowing their customers better than before.

VI. CONCLUSIONS AND FUTURE STUDY

This study presents an inclusive findings related to the factors, sub-factors, and variables of CRM success for telecom industry of Bangladesh. To do so a qualitative research study approach has been considered where ten customer service managers took part. The participating interviewees were aware of CRM issues and also involved in CRM practices. The data have close match with the literature and reveals six factors and thirty-seven variables. Sixteen Variables were identified to be important for CRM success by more than seven interviewees. The research model sheds light upon the components of CRM and its expected outcome and their role on CRM success in conjunction with customer knowledge and social rapport. Further research could examine either the complete research model or the parts of the research model to get more depth understanding in this regard. The comprehensive model can be considered in its present state or with minor modifications to carry out an extensive empirical study by the CRM researchers. Firms, especially service oriented and services focused, those are concerned for relationship based practices can employ these factors and variables of the study to identify their present status. The immediate future plan is to examine the comprehensive research model through employing a structural equation modeling approach. This phase of the research will employ a quantitative research approach to test a number of hypotheses as well as the model.

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