THE ROLE OF CRM AND RELATIONSHIP MAINTENANCE ON CRM SUCCESS - A STUDY ON TELECOM INDUSTRY OF BANGLADESH

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ABSTRACT

Since the market competition becomes intense nothing but a customer relationship management (CRM) framework can help an organization to maintain effective relation with their customers and also to become successful. Few researches have been conducted in this regard where those issues are considered in isolation rather in an integrated fashion. Earlier literature on CRM mostly focuses on technology. Researchers also ignore the role of relationship maintenance on CRM success. Therefore, the main purpose of this study is to investigate the role of CRM and relationship maintenance on CRM success. A qualitative research approach has been taken in this study where seven managers of different telecom operators of Bangladesh have been interviewed. To identify the factors and associated variables and to further develop a research model, a content analysis technique has been utilized. The results of the interviews identified thirteen variables affecting CRM success. This paper also highlights the research and managerial implications of the model.

KEYWORDS

CUSTOMER RELATIONSHIP MANAGEMENT, RELATIONSHIP MAINTENANCE, CRM SUCCESS, TELECOM

1. INTRODUCTION

Customer Relationship Management (CRM) has become the topmost priority for various organizations (Becker et al. 2009), however, the factors behind CRM success and also what constitutes CRM is an issue of considerable debate (Krasnikov, et al. 2009). Similarly, Roberts et al. (2005) argued that CRM success is not thoroughly defined and it is synonymous with positive return on CRM investment. Academics and practitioners have perceived CRM as a technological solution (Ryals and Payne 2001) rather a multidimensional issue where a more expansive and holistic approach is required (Becker et al. 2009; Chang et al. 2010). Likewise, Coltman (2007) argued that CRM is poorly understood and also opined that a total and integrative CRM is yet to develop. In such a context the research endeavour is to investigate the following research questions.

1. What are the different factors that influence the successful deployment of CRM?
CRM in telecom industry of Bangladesh?

2. What are the roles of CRM on relationship maintenance and also on CRM success?

2. 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). The factors behind CRM success are not properly illustrated in the literature and this is also being echoed by Roberts et al. (2005). Even though there are some impressive success record, failure rates of CRM projects are high (Mendoza et al. 2007; Ryals 2005) and evidence suggests that many organizations are finding it hard to realise business benefits from its application (Finnegan and Currie, 2010). Hence, Becker et al. (2009) and Chang et al. (2010) argued that a more expansive and holistic approach of CRM is required in developing sound and productive relationships with customers and also to reap benefit from CRM. No prior comprehensive research has been found, based on available resources and searching options, in this connection in Bangladeshi telecom industry context. Thus, it is imperative that and an integrative CRM framework needs to be developed for the telecom industry of Bangladesh.

2.1 CRM SUCCESS

From the earlier researches it is evident that strategic, organizational and technological issues are all important in achieving CRM success (Roberts et al. 2005). A clear understanding of what factors lead to CRM success is the significant starting point for effective CRM implementation and deployments (Roh, et al. 2005). This research, based on the earlier studies, considers CRM and relationship maintenance as important factors for CRM success. Similarly, it is also important to determine what constitutes CRM success as earlier researches, though few, focused on different issues in isolation rather in combined as measures of CRM success. Based on the earlier researches, this study will consider efficiency (Krasnikov et al. 2009; Roh et al. 2005), customer satisfaction (Roh et al. 2005; Sin, et al. 2005; Reimann, Schilke & Thomas 2010), and profitability (Reimann, et al. 2010), as measures for CRM success.

2.2 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

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. Customer relationship management (CRM) has gained significant interest among academics and
practitioners in recent years (Zablah et al. 2004; Yim et al. 2005). However, as an emerging discipline, this growing body of literature is still highly fragmented and CRM lacks a common definition (Zablah et al. 2004). Generally, CRM emphasizes on the coordination of activities essential to develop and maintain mutually beneficial, long lasting profitable relationships (Reinartz et al. 2004). CRM provides tools to manage various types of interactions across different customer touch points and to disseminate customer knowledge across the organization (Crosby and Johnson, 2001). Firms must invest in developing such a system that assists them in acquiring adequate customer information which possibly helps them to modify responses to customers on a regular basis (Campbell, 2003). CRM has been classified into many folds. For example, Peppers and Rogers (2004) conceptualized CRM as operational CRM and analytical CRM whereas Reinartz et al. (2004) argued CRM as a process. The differing but somewhat related opinions refer that success depends on an organization’s own understanding of their utilization of CRM.

CRM also includes the delivery of increasing levels of satisfaction by the maintenance and promotion of relationship (Lindgreen et al. 2006). Likewise, Information plays a key role in building and maintaining customer relationships. No prior research, in Bangladesh context, has been found regarding the role of CRM on relationship maintenance and on CRM success.

2.3 RELATIONSHIP MAINTENANCE

Earlier research on social and personal relationships shed light on the definition of relationship maintenance whereas CRM and Marketing literatures are silent rather focused on the dimensions of relationship maintenance. Conceptions of relationship maintenance differ however maintenance traditionally is thought to involve efforts to continue a relationship in its present state. Most of the scholars agreed that maintenance occurs just after a relationship has finished beginning and just before it has started to end emphasizing on stability (Montgomery 1993) and also considering as an interpersonal process (Baxter 1990). Stability of relationship also requires the intention to be in the relation that is continually changing, adapting to, accommodating or transforming the tensions of relational life.

CRM, in general, increases the length of beneficial customer-firm relationships (Reimann et al. 2010) through offering added value to the customers (Narver and Slater, 1990; Garrido-Moreno and Melendez 2011). Various researchers (Hogan and Armstrong 2001; Srivastava et al. 2001) illustrate customers and customer relationships from RBV perspective. CRM also includes the delivery of increasing levels of satisfaction by the maintenance and promotion of relationship (Lindgreen, et al. 2006). Likewise, Information plays a key role in building and maintaining customer relationships and the use of CRM technology is expected to boost the ability of an organization to facilitate firm-customer interaction and to sustain profitable customer relationships through smooth sharing and integration of information.
2.4 FACTORS BEHIND CRM SUCCESS

From a better understanding of the customer, the company will have greater understanding of the true needs and expectations of the customer (Gwinner et al. 2005). To create customer satisfaction frontline employees must generate knowledge about customer needs (Homburg et al. 2008). Moreover, meeting the customer’s needs by taking the time to listen to him/her and augmenting the offerings accordingly will foster the relationship between the customer and the firm. Since the company have a better understanding of the customers’ expectations and needs it will be able to improve customer service and thus achieve customer satisfaction (Palmer et al. 2005).

Better and durable relationships with the customer lead to customer satisfaction (Palmer et al. 2005), increased sales and the acquisition of new customers (García- Murillo and Annabi 2002) and thus CRM success. The interaction between employee and customer helps the customer make an informed decision and foster customer satisfaction (García- Murillo and Annabi 2002). Relationship efforts assist upselling and cross-selling which eventually support profitability and eventually CRM success (Becker et al. 2009). Similarly, customer referral value plays an important role in maximizing profitability (Kumar, et al. 2010) and also in achieving CRM success.

3. RESEARCH METHOD

This study is basically qualitative in nature where the field study has been used as the research method (Zikmund, 2000). Since this study aims in exploring the role of customer relationship management and relationship maintenance on CRM success, the field study seems to be the most appropriate method. Field study, like any other research method, involves choosing or selecting respondents either random or non-random methods (Zikmund, 2000). In the field study data can be collected through different methods. In this study interview method has been chosen to collect the essential data and the details are given below.

3.1 SAMPLE

A convenient sampling procedure has been considered to select the samples. The main principles for selecting the samples were that they are customer service managers involved in customer dealings and relationship practices. Seven customer service managers of different telecom operators of Bangladesh were selected for this study. All respondents took part in the study voluntarily. Table 1 shows the demographic information of the interviewees.

3.2 DATA COLLECTION

To collect the data a semi-structured interview approach was used. An
interview guideline was designed based on the conceptual framework. The semi-structured interview guideline aimed at exploring the role of customer relationship management and relationship maintenance on CRM success for the telecom industry. The guiding semi-structured questions focused on the following areas of information which was required in this research: (i) general understanding of CRM; (ii) the use and practice of CRM; (iii) important factors/components for CRM; (iv) understanding of relationship maintenance along with their factors and variables; (v) understating of CRM success; (vi) measures of CRM success (vii) the major factors and variables influence CRM success and the links between those factors.

The guiding semi-structured questions have been pre-tested and minor adjustments have been made based on the feedbacks from the pre-test. The interview questions proved to be working well in achieving the research objectives of this study. Finally, seven interviews in total were conducted in the field study. The final interviews were scheduled as per the convenience of the interviewees to avoid disruption and interruption of the working schedules. A pre-interview session was conducted first via telephone, to provide each respondent an initial understanding of the interview process. Each interview lasted for about one hour. The interviews were audio taped and were transcribed and rigorously reviewed for errors.

3.3 DATA ANALYSIS

Data analysis is one of the challenges of qualitative research. A number of tools and techniques are available in the literature. The appropriate tool(s) must be selected based on the objectives of the research. The focus of this study required a ‘content analysis’ approach as this research is more exploratory than confirmatory in nature (Berg, 2004). There were about more than hundred and ten pages of interview scripts to investigate. The content analysis procedures were divided into two phases to deal with the factors, and 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 consolidation of all the individual factors, sub-factors, variables, and the links from the interviews to build up a comprehensive CRM model.

4. RESULTS AND IMPLICATIONS

4.1 BACKGROUND INFORMATION

The interviews were conducted with seven 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 8-10 years of service experiences in the telecom industry.
### 4.2 FACTORS AND VARIABLES OF CRM SUCCESS

#### Table 2: Factors and Variables of CRM success

<table>
<thead>
<tr>
<th>Factor</th>
<th>Variable</th>
<th>Respondents</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>1. CRM</td>
<td>1. Intention /effort to develop and maintain relationship with customers</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>2. Positive attitude about customer complaint</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>3. Monitoring employee performance based on service operation</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>4. Value based customer segmentation</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>5. Employee gives key customer priority</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>6. Employee willingness to help customers</td>
<td>✓</td>
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<tr>
<td></td>
<td>7. Invest in technology to acquire customer information</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>8. Dedicated CRM technology in place</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>9. Extensive use of IT</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>10. Customer information integration through CRM technology</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>11. Customer information is accessible at each point of contact</td>
<td>✓</td>
</tr>
<tr>
<td>2. RELATIONSHIP MAINTENANCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Attempt to build long term relationship with valued customers</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>2. Appropriate response to groups of customers with different values.</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>3. Individualized incentives for customers willing to strengthen business with provider.</td>
<td>✓</td>
</tr>
<tr>
<td>3. CRM SUCCESS (a) Efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. CRM practices save time</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>2. CRM practices save cost</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>3. alleviate workload</td>
<td>✓</td>
</tr>
<tr>
<td>3. CRM SUCCESS (b) Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Prompt service from employees</td>
<td>✓</td>
</tr>
</tbody>
</table>
2. Delivering value to our customers
3. Decrease in customer complaints.
4. Enhancement of friendly interaction with customers after implementing CRM
5. Overall customer satisfaction level is increasing

(c) Profitability

| 1. New customers are increasing after adopting the CRM practice |
| 2. Reselling/up-selling is increasing after implementing the CRM practice. |
| 3. Overall profitability is increasing after implementation of the CRM system. |

From the field study 5 factors and 22 variables were identified via extensive content analysis procedures as described earlier. It is noted that the factors and variables have been categorized, where possible, in line with the literature (e.g., Homburg et al. (2009); Sin et al. (2005); Narver and Slater (1990); Jayachandran et al. (2005); Chang et al. (2010); among many others). For instance, the variable employee knowledge about customers and service operations, is identified according to Sin et al. (2005) indicating that employees are the building blocks of customer relationship and proper knowledge about customers and service operations is essential for CRM (Stefanou et al. 2003), especially in the telecom industry. The interviewee from different telecom operators also opined that the role of employee is highly significant to make any relationship effort successful. The variables grouped in each factor and their meanings are more specific to CRM success, especially in the telecom industry. For example, the results from the field study bring out the role of employee as well as technology on CRM success. Employee initiatives to follow up with the customers, creating and maintaining trustworthy relationships, and also developing and managing a personal network plays vital role in CRM success.

Table 3 represents the causal links among the factors of CRM success.

4.3 CAUSAL LINKS AMONG THE FACTORS

Table 3 represents the causal links among the factors of CRM success.
The information regarding the perceived links emerged during the interviews and was extracted from the interview scripts via content analysis. For example the link between CRM and CRM success was identified based on the following statement of the interviewee of telecom operator 1: “we need to emphasize on relationship development effort. To do so, we need to focus on pre-sales as well as post-sales communication to know about customer’s needs. Moreover, for the valued customers we need to try to design/redesign the offer to match their needs.”

Table 3: Causal Links among the factors

<table>
<thead>
<tr>
<th>Causal link</th>
<th>Respondents</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>CRM → RM</td>
<td>✓</td>
</tr>
<tr>
<td>CRM → Efficiency</td>
<td>✓</td>
</tr>
<tr>
<td>CRM → Satisfaction</td>
<td>✓</td>
</tr>
<tr>
<td>CRM → Profitability</td>
<td>✓</td>
</tr>
<tr>
<td>RM → Satisfaction</td>
<td>✓</td>
</tr>
<tr>
<td>RM → Profitability</td>
<td>✓</td>
</tr>
</tbody>
</table>

CRM- Customer relationship management; RM- Relationship maintenance CRMS: CRM success

4.4 COMPREHENSIVE MODEL

Figure 1 represents the comprehensive model of CRM success, which has been developed based on the conceptual framework as described earlier with the factors and variables identified in the field study (as presented in Table 2). Based on the field study it can be noted that CRM alone has good impact on relationship maintenance and on CRM success. Relationship maintenance also has good impact on CRM success.

![Proposed model of CRM success](image-url)
4.5 RESEARCH IMPLICATIONS

The comprehensive model, figure 1, is unique in the sense that it has been developed based on the data obtained from eight interviews. However, no formal propositions were developed in this paper, the model can still be taken as a research model for further investigation. For instance, a causal modelling approach (structural equation modelling) can be considered to test the proposed model.

4.6 MANAGERIAL IMPLICATIONS

Fig 1 represents a model of CRM success. All the factors and variables have been derived from the field study. A close examination of the model reveals that all the factors/ sub-factors ultimately lead to CRM success. The comprehensive model shows a practical model of 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 relationship maintenance and CRM. Both customers and organizations may reap benefit from this study as telecom operators will be able to get success by knowing their customers better than before and augmenting their offers accordingly. On the other hand, customers will get expected, trustworthy services from telecom operators.

5. CONCLUSIONS AND FUTURE STUDY

This paper presents a comprehensive study to determine the factors and variables of CRM success. To do so a qualitative research study approach has been considered where eight customer service managers took part. The participating interviewees were aware of CRM issues and also involved in CRM practices. The interviews were transcribed by the researcher, and the contents were analysed using content analysis approach. The data resonated well with the literature and the analyses resulted in 5 factors and 22 variables where ten Variables were identified to be important for CRM success by most of the interviewees such as key customer’s need identification, customer oriented business process, adequate and proper customer knowledge, employee willingness, prompt and on time service, key customer priority, use of IT, enhancement of friendly interaction, individualized incentives etc.

This research is qualitative in nature as a content analysis approach has been employed. This study adds to the knowledge of constituents of CRM success based on qualitative research since most of the existing research on CRM success is quantitative in nature. The model, including both of its main constructs and sub-factors can be taken as they are, or fine-tuned to carry out a comprehensive empirical study. Organizations, especially service oriented and services focused, those are concerned for relationship based practices can use the constructs and factors 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.
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