



## A study on the relationship between customer relationship management and customer loyalty of Pars Hayat corporate in Hormozgan province

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**ABSTRACT:** This study aims to investigate the relationship between customer relationship management and customer loyalty. The research population is customers of Pars Hayat corporate in 2014. The research sample consists of 100 patients who are randomly selected. Data collection method is field data collection method and data collection tool is the questionnaires of customer relationship management and customer loyalty. To analyze the data, Pearson correlation coefficient test and multivariate regression are applied. The results showed that mutual understanding (given  $p = 0.001$ ), flexibility (given  $p = 0.01$ ) and customer orientation (given  $p = 0.001$ ) are significantly able to predict customer loyalty.

**Keywords:** Customer relationship management - Customer loyalty- Pars Hayat corporate

### INTRODUCTION

Today, in the global economy, customers determine the survival of the organization and organizations cannot be indifferent to the customers anymore. Organizations should direct all their activities and ability towards customer satisfaction, because customers are the only source of capital return<sup>1</sup>. Organizations should expand their activities by keeping the recipients satisfied with services in order to retain their benefits in the competitive environment<sup>2</sup>.

Recently in the field of services marketing and quality marketing, special attention has paid to the importance of customer's perception meeting the services. Accordingly, services play an important role in marketing programs for many commercial corporations. Superior service is a part of value package demanded by customers. Therefore, in non-governmental and competitive markets, the strategies such as providing high-quality services, has attracted the greatest attention<sup>3</sup>. Husket et al. have provided a model entitled earnings and services chain, which shows how the quality of services increases the employees satisfaction and productivity,

resulting in increased customers satisfaction to the extent that leads to customers loyalty and consequently corporate profitability<sup>4</sup>.

Also the key to business growth lies in its successful relationship with the customer. This includes identifying and tracking needs, behavior and life cycle of the customer and it also involves the use of this information in order to create value for customers. Among the most important processes that give rise to such a value creation relationship with the customer is the use of integrated marketing communication and its operationalization tools such as customer relationship management<sup>4</sup>.

Customer relationship management in a broad definition is that "creating, maintaining and developing successful relationships with customers at all times", "the strategy to identify, satisfy, retain, and increase the best customers value", "all the processes and technologies that organizations make use of in order to identify, select, acquire, develop, maintain and provide better services to customers"<sup>5</sup>.

Customer is considered as a key and pivotal factor in enhancing agility of the organization and the orientation of the strategies objectives and resources is around attracting and keeping customers. Maintaining and strengthening the customer loyalty is considered as strategic challenge for companies whose concern is to maintain and develop their competitive position in the market. On the other hand, all managers are aware of the importance of maintaining customers. As you know, maintaining old customers is four to six times less expensive than creating a new customer. Recently, many companies have focused on customer loyalty and retention. According to many researchers, one of the most important factors in making customers loyal is their satisfaction. As far as most people know loyalty equal to satisfaction<sup>6</sup>.

Many organizations expand customers' loyalty programs as part of their public relations development activities. Customer loyalty is a complex concept and is based on consumers' willingness to buy again and price analysis. Growth of customer loyalty ensures future income of the organization with existing customers. Therefore, customer loyalty is the ultimate goal of the organization<sup>7</sup>.

Loyal customers provide many word of mouth advertising for the organization and their visits of the organization are likely to be more, because word of mouth advertising is one of the most effective and powerful methods for the selection of goods and services. Many researchers believe that customer satisfaction affects customer loyalty and hence can have a huge impact on the profitability of the organization (corporate). Gronoos knows service observed quality as being dependent on the comparison between the customers expected service and provided service<sup>8</sup>.

Hence, this research seeks to answer the basic question how is the relationship between customer relationship management and customer loyalty of Pars Hayat corporate?

## **METHODOLOGY**

This study is an applied research, which is conducted using correlation method. The research population consists of all customers of Pars Hayat corporate. The research sample is formed of all customers, who had referred more than once, and is randomly selected. In the present study the following questionnaires are applied to collect data:

Customer Relationship Management Questionnaire: Customer Relationship Management Standard Questionnaire is set by Kalantari including 30 items. Validity of the questionnaire has

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been confirmed by Kalantari. In the present study, in order to assess the validity of the questionnaire in accordance with the objectives of the study face validity, indeed, the professors and experts opinions are used and after some changes it has been approved<sup>1</sup>. To estimate the reliability of the questionnaire the calculation of Cronbach's alpha coefficient and test- retest method are used. The reliability of the questionnaire in the test stage is 0.86 and in re-test stage equal to 0.92.

Customer loyalty questionnaire: This questionnaire is arranged by Dow Wen et al. having 25 items. In Niknam's dissertation the face validity of the questionnaire was approved by three professors of Management Department of Payam Noor University<sup>6</sup>. The reliability or trustworthiness of the questionnaire is measured using Cronbach's alpha calculation method and is obtained equal to 0.77. Face validity is applied in this research to determine the validity of the questionnaire and the questionnaire is confirmed by professors and experts. The reliability is estimated by calculating the Cronbach's alpha coefficient, which is equal to 0.82.

In the present study, the statistical indicators of mean, standard deviation, minimum and maximum score are calculated, for the studied variables. To test the hypothesized relationships Pearson correlation coefficient test and multivariate regression are applied.

## RESULTS

In Table 1, the mean and standard deviation of customer relationship management and its dimensions are presented and in Table 4-2 the mean and standard deviation of customer loyalty are provided.

**Table 1: Mean and standard deviation of customer relationship management and its dimensions**

| Indicators                       | No. | Minimum | Maximum | Mean   | Standard deviation |
|----------------------------------|-----|---------|---------|--------|--------------------|
| Need identification              | 100 | 19      | 32      | 26.69  | 3.694              |
| Mutual understanding             | 100 | 19      | 38      | 29.52  | 4.783              |
| Flexibility                      | 100 | 18      | 38      | 27.93  | 4.963              |
| Customer orientation             | 100 | 15      | 35      | 26.13  | 4.509              |
| Customer relationship management | 100 | 84      | 133     | 114.53 | 10.084             |

Results of Customer Relationship Management and its dimensions indicate that among the dimensions of customer relationship management, the need identification mean is 26.69, mutual understanding mean equals 29.52, flexibility is equal to 27.93 and customer orientation is 26.13. In total, the mean of customer relationship management is equal to 114.53.

**Table 2: Mean and standard deviation of customer loyalty**

| Indicators       | No. | Minimum | Maximum | Mean | Standard deviation |
|------------------|-----|---------|---------|------|--------------------|
| Customer loyalty | 100 | 81      | 104     | 92.3 | 5.08               |

Results regard to customer loyalty show that the studied customer loyalty mean is equal to 92.3. Each hypothesis test results are as follows.

**Table 3: Results of the Pearson correlation coefficient test between the identification of needs and customer loyalty**

| Variables           | r( Correlation coefficient | )p(Significance Level |
|---------------------|----------------------------|-----------------------|
| Need identification |                            |                       |

|                  |       |      |
|------------------|-------|------|
| Customer loyalty | 0.197 | 0.05 |
|------------------|-------|------|

Pearson correlation coefficient test results on the relationship between need identification and customer loyalty show that there is a significant positive relationship between the two variables with respect to  $r = 0.197$  and  $p = 0.05$ .

**Table 4: Results of the Pearson correlation coefficient between mutual understanding and customer loyalty**

| Variables            | r( Correlation coefficient | p(Significance Level |
|----------------------|----------------------------|----------------------|
| Mutual understanding |                            |                      |
| Customer loyalty     | 0.476                      | 0.001                |

Pearson correlation coefficient test results on the relationship between mutual understanding and customer loyalty show that there is a significant positive relationship between the two variables with respect to  $r = 0.476$  and  $p = 0.001$ .

**Table 5: Results of the Pearson correlation coefficient between flexibility and customer loyalty**

| Variables        | r( Correlation coefficient | p(Significance Level |
|------------------|----------------------------|----------------------|
| Flexibility      |                            |                      |
| Customer loyalty | 0.391                      | 0.001                |

Pearson correlation coefficient test results on the relationship between flexibility and customer loyalty show that there is a significant positive relationship between the two variables with respect to  $r = 0.391$  and  $p = 0.001$ .

**Table 6: Results of the Pearson correlation coefficient between customer orientation and customer loyalty**

| Variables            | r( Correlation coefficient | p(Significance Level |
|----------------------|----------------------------|----------------------|
| Customer orientation |                            |                      |
| Customer loyalty     | 0.059                      | 0.5                  |

Pearson correlation coefficient test results on the relationship between customer orientation and customer loyalty show that there is no significant positive relationship between the two variables with respect to  $r = 0.059$  and  $p = 0.5$ .

In order to predict customer loyalty through customer relationship management dimensions, multiple regression analyzes are used and the results are as follows.

**Table 4-8: Results of regression model of predicting customer loyalty through customer relationship management dimensions**

| Predicting variable                         | Correlation coefficient | Determination coefficient | Adjusted coefficient |
|---|-------------------------|---------------------------|----------------------|
| Customer relationship management dimensions | 0.627                   | 0.393                     | 0.367                |

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According to Table 4.8, the results show that the model determination coefficient is in level 0.393. The value of determination coefficient indicates that the customer relationship management dimensions predict 39.3 of the customer loyalty.

**Table 4-9: Analysis of variance to determine the role of customer relationship management to predict customer loyalty**

|                   | Sum of squares | Freedom Degree | Square mean | F      | p     |
|-------------------|----------------|----------------|-------------|--------|-------|
| <b>Regression</b> | 1003.008       | 4              | 250.752     | 15.349 | 0.001 |
| <b>Error</b>      | 1551.992       | 95             | 16.337      |        |       |
| <b>Total</b>      | 2555           | 99             |             |        |       |

Analysis results of variance show that according to the value of Fat level 15.349 and also the value of  $p = 0.001$ , customer relationship management dimensions have a significant effect on the prediction of customer loyalty.

**Table 4-10: predicting the efficacy of the sample on the basis of public health**

| Predicting variable  | B      | Beta   | t      | p     |
|----------------------|--------|--------|--------|-------|
| Need identification  | -0.279 | -0.203 | -1.527 | 0.1   |
| Mutual understanding | 0.804  | 0.757  | 5.672  | 0.001 |
| Flexibility          | 0.249  | 0.243  | 2.589  | 0.01  |
| Customer orientation | -0.439 | -0.389 | -3.395 | 0.001 |

The results in Table 4.10 show that among the dimensions of customer relationship management, mutual understanding (given  $p = 0.001$ ), flexibility (given  $p = 0.01$ ) and customer orientation (given  $p = 0.001$ ) are significantly able to predict customer loyalty.

## CONCLUSION

Customer loyalty towards services and actually continued use of goods and services by customers is an important issue to which businesses entities pay special attention. Accordingly, this study has been conducted to determine the relationship between customer loyalty and customer relationship management. Bastani<sup>9</sup>, stated that a customer relationship management refers to all the processes and technologies that organizations make use of in order to identify, select, acquire, develop, maintain and provide better services to customers. Therefore, Pars Hayat corporate as a large service enterprise in the south of Iran has had an extensive relationship with its customers and appropriate to the topic, this study examines the relationship between customer relationship management and customer loyalty in Pars Hayat corporate. The study results show the relationship between customer loyalty and customer relationship management. Among dimensions of the customer relationship management, mutual understanding is the greatest predictor of customer loyalty. Mutual understanding of the corporate from customer and the customer from the corporate is the agent that leads the parties' transactions to be in the best possible position and make it possible for other parties to provide more appropriate and effective relationship with each other. Certainly, in any communication,

particularly, in commercial communications trust and mutual understanding is the most important factor for the extent and duration of the relationship.

Customer orientation is another indicator of customer relationship management that explains customer loyalty. It should be noted that commercial communications should not be so that the superior strength impose the opposite side any relationship that is desired. In commercial communication customer is a priority and providing his/her needs and in fact presenting services with the focus on customer is the most important parameter in the customer relationship management. As the results of this study also demonstrate customer orientation can lead to customer loyalty. Furthermore, the results show that the flexibility of the seller (provider of goods or services) can lead to customer loyalty. As already explained, appropriate relationship and with more confidence play a significant role in the extent and duration of the relationship. Therefore, being attentive to the customer by the dealer makes the transfer of sense of comfort and confidence in the buyer possible and the buyer enjoys the feeling and on this basis he/she will also try to expand this relationship.

The results also showed that need identification cannot certainly provide customer loyalty. A relationship will eliminate the needs if it can be formed by trust and efficient and flexible communication. Need is not considered as an indispensable obligation. Despite the broad and competitive markets throughout the world, optimized communication has the greatest impact on customer loyalty to goods and services and in fact provides the long-term business relationships. Therefore, it should be noted that a good commercial relationship must be coupled with appropriate and expected behaviors and interactions of the parties. Heidarzadeh and Ramadani Qummi<sup>10</sup> concluded that the relationship between supplier and customer affects raising the level of customer evaluation of the supplier corporate. Furthermore, both the relationships have a direct impact on the possibility of loyal behavior by the customers. The result is that the industry goods seller can play a significant role in developing a sense of loyalty in the corporate's customers.

Finally, it should be noted that customer relationship management can have a significant influence on customer loyalty. Customer relationship should try to meet the needs that are based on the trust and in fact, building a long term relationship.

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