Impact of Customer Relationship Management (CRM) on Marketing Performance: A Case Study in Mellat Bank of Mazandaran Province

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Abstract

Today, with more competiveness of industries, markets, and working atmosphere in productive and service organizations what is very important for maintaining clients present, for attracting new clients and as a result increasing growth of success in organizations is having a suitable relation with clients. Bank is among organizations which are not an exception. Especially, at the moment according to increasing rate of banks` privatization, it can be argued that significance of attracting clients for banks is more than every time. The article tries to investigate effect of CRM on marketing performance in banking industry. The research method is applied and survey and descriptive. Statistical community of the research is 5 branches from Mellat Banks across Khoram-abad Province and their clients. There are 45 personnel in this branch and according to Morgan Table the sample size was 40 people. Clients example was considered according to collected information, one questionnaire was designed for bank organization and another one was prepared for banks` clients in which reliability and validity are approved. The research result indicates that CRM is ineffective on marketing performance.

Keywords: CRM, marketing performance, knowledge management.

Introduction

At the beginning of the twenty first century, the world faced some significant changes in all aspects, especially competing in market, technological innovations and needs of clients (Jafarnejad and Shahaei, 2007). The changes caused application of various techniques in order to improve market performance of organizations. Success of each of the techniques can be reflected in performance of companies and company performance is success level of it in creating values for different sectors of market.

Today, presenting the best performance on marketing is the most fundamental concern of company managers and they try to achieve a top performance by exploiting various techniques. Techniques which have a wide usage are CRM.

Attitude of companies and institutions have to focus on more attraction of clients regarding expanding competitiveness space. Passing from traditional economy and with intensification of competitions, client has become the main element of all organizational activities; in a way that from competing aspect survival and continuity of organizations depends on identifications and attraction of new clients and maintaining them (Elahi and Heydari, 2005).

Todays, economic and business improvement of any country depends on banking system improvement and also banking industries of other developed countries like all the industries of that country. At the present time, a high level of ownership in this industry is in the hand of governments. But, with the appearance of private banks competition in this industry, there is a long distance between level of world banking. Gaining competitive priority needs better services. With discovery of the relationship of marketing performance and CRM different banks,

we can find out their weakness points and as a result they will understand their clients` demands and try to meet them (Taherpour Kalantari and Tayebi Tolou, 2010).

The aim of the research is investigating the relationship of CRM with marketing performance in banking industry, marketing and its philosophy is discovering clients` needs and meeting them in the best possible way.

CRM is one of the techniques which was defined and developed in the 90`s along with expansion of information and communication technologies as a key approach in business with the objective of returning to private marketing. Generally, modification of clients` behavior in financial and service institutions especially in banks is more sensitive due to financial nature of its activities and needs an accurate and on-time planning by managers of banking systems. A client in a bank is regarded at least one asset. Today banking system is bound to see itself in client's nature and to try to understand desire and willingness of its clients in the fully competitive atmosphere and must do their best to meet satisfaction of its clients. In marketing today cost of losing a client equals to losing interests related to services a client need in their life and this is warning for the bank. Moreover, service interests who could result from new clients will be lost, too. Therefore, client-orientation is a very sensitive element which we must care about a lot. To meet client satisfaction we should consider some points whose most important ones is clear response to daily needs of clients, service diversity and new and innovative services (Venus and Safaeian, 2004).

Definitions and Theories

Customer Relationship Management: CRM is abbreviation of Customer relationship management or systems of customer relationship management. In fact, the systems are strategies for gathering trading behaviors and needs of clients to create a strong relationship. Finally, a strong relationship with clients is the most important secret in success of every business (Berus and Ken, 2004).

Traditional strategies of marketing regarding forth definition are centralized in order to increase portion and their preliminary attention has been increase of transactions between seller and buyer. In this regard size of selling performance criteria was marketing strategies and tactics but CRM is a type of business strategy which passed beyond increase of transaction size and its aim is increasing profiting, income and client satisfaction. To achieve these objectives, organizations apply wide set of tools, procedures, methods and communication with clients (Elahi and Heydari, 2005).

In marketing literature, some correlated definitions are provided on CRM, some of which are considered to have a similar relationship with marketing (Berry, 1983).

There are different views on CRM some of which are presented in the research:

Kin Seed considered CRM as strategic usage of information, process, technologies and people for managing client relationship during life cycle of client. Kou et al (2004) considers CRM as a unified strategy of client in an organization for more effective management of clients by providing materials and certain services and maximizing value of life period of client.

Kumar and Ramani defined CRM as process of achieving and keeping a constant relation with clients through suitable conduct with each one of clients based on their interest, instead of performing marketing programs. CRM is a notion which makes an organization capable in providing certain services for every client and as a result creates a friendly relationship with clients.

CRM may create a one-to-one experience which is noticed. Therefore, it makes new marketing opportunities based on past and clients` preference *(*Peppers, Rogers and Dorf, 1999).

Objectives of CRM

In table 1, objectives of CRM is investigated from different views. Generally, the aim of CRM is to gain a competitive advantage in managing client and in the end increasing profitability (Gartner Group, 2001).

Table 1: Goals of CRM from different views (Hadizadeh Moghaddam et al, 2010)

CRM goals with views of Burnett (2001)	Saving in costs of gathering clients` information Income increase as a result of recognizing clients Strategic effects
CRM goals with views of Swift (2001)	Improvement of communication process with real clients Presenting real products for each client Presenting real products through suitable networks for each client Presenting real products at the right time
CRM goals with views of Galbreath & Rogers (1999)	Customization Creating privatized communications(specialized for each client) Presenting supporting services after selling

Dimensions and Elements of CRM

Sin, Tse, Yim (2005) mentioned CRM elements which are as follows:

Focusing on key clients: it includes a wide focus on real clients and continuous submission of value added to select key clients through privatized and desirable supplies.

CRM organization: CRM necessarily means fundamental changes in the approach of organizing and processes of companies` business (Hoffman and Kashmeri, 2000). Companies must care about real challenges of organization regarding starting CRM (Agarwal and Harding and Schumacher, 2004).

Knowledge management: according to view based on company knowledge, the main logic for the existence of a company is creation, transferring and applying knowledge. From view of CRM, knowledge can be defined as the experience or applied study learnt by clients.

CRM based on technology: data of client are vital for successful performance of CRM (Abbot and Stone and Buttle, 2001). As a result, technology plays a key role in CRM and in increasing level of intelligence (Boyle, 2004).

Organizational performance

This performance indicates how an organization reaches its goals and mission. Organizational performance means start of a certain condition and reaching an accurate goal which may contain several points of objective such as market portion, selling size, motivation of employees, client satisfaction, level of quality and so on (Boisvert, 2006).). In this research our goal is marketing performance and its elements are effectiveness, efficiency and adaptability: Effectiveness: it measures level of achieving organizational objectives. In other words, service/product effects become quantitative and it specifies to what extent service/product presented are consistent with standards and goals of organization.

Effectiveness is a qualitative definition and shows level of client satisfaction with service/product provided.

Efficiency: It is factor ratio to data or in other words its ratio of material reduction or final services applied in resources in it. Efficiency is a qualitative definition and basically points out level client satisfaction or level of achieving the goals.

Adaption: it means match of organization with environmental changes and challenges.

The only research which is present on effect of CRM on marketing performance was written by Taher Pour Kalantari and Tayebi Tolou in 2010 titled "Relation of CRM with performance". In this research relation of CRM on performance of private and state banks in Tehran was investigated. The result of the research indicated that the relationship between marketing performance and CRM in banking industry of Iran is low. In other words, the results of the research show that not only banks are not familiar with CRM technology, but also they do not care about CRM logic much. Other researches which were conducted at least on one of the variables are as follows:

In his research called "investigating quality of services of CRM and preparing optimum program of CRM in banking system using TOPSIS technique", Amiry (2009) investigated this in Mellat Bank of Shiraz. The main objective of conducting the research has been preparing program of improving CRM in Mellat Bank of Shiraz. So, to do this after determining factors and different dimensions of CRM in banking system, performance of the bank was studied in different dimensions of CRM. The result is as follows:

Performance of the bank is not desirable in different dimensions. Also, after investigating the difference between perceptions and clients` expectations from different factors of CRM, the result was that from 47 factors related to CRM in Mellat Bank of Shiraz, there is a meaningful difference between perceptions and clients` expectations, except 8 factors. In his research titled "effect of internet on marketing performance of life insurance" (Sefidany et al, 2011) investigated this. The result of the research indicated that using internet can increase life insurance marketing performance.

In their research entitled "Pure and fast strategies and marketing performance of companies "Malek Akhlaq and Rajab zadeh (2011) conducted a research with the aim of determining the relation between provision chain strategies and marketing performance of companies producing foods and beverages in Rasht Province. They concluded that two strategies of pure and fast are effective on marketing performance of producing companies.

In their research entitled "Presenting a unified pattern for definition of CRM", Mehrabi et al (2009) did a research on this in Mellat Bank. The result of the research showed that changes in organizational culture, technical changes and organizational structure changes have a positive and meaningful effect on successful conducing of CRM.

Theoretical Framework

What is accounted as the key to success of modern organizations is client satisfaction. Client satisfaction is the result of material and service quality, understanding needs and trading conducts of clients. According to this, organizations try to improve business and organizations` marketing performance by creating a stronger relationship with clients. Bank is among organizations which need client satisfaction to be able to survive. As a result, banks are able to improve their performance by applying CRM technique. In this research, the researcher tries to investigate effects of CRM on marketing performance of different branches in Mellat Bank of Khoram-Abad Province.

The relation of CRM and marketing performance (conceptual model of the research)

According to figure 1, CRM can improve marketing performance through key clients, CRM based on technology, knowledge management and organizing is suitable manner. On the other

hand, improving marketing performance also cause achieving organizational goals and as a result effectiveness, efficiency and finally adaptability of organizations.
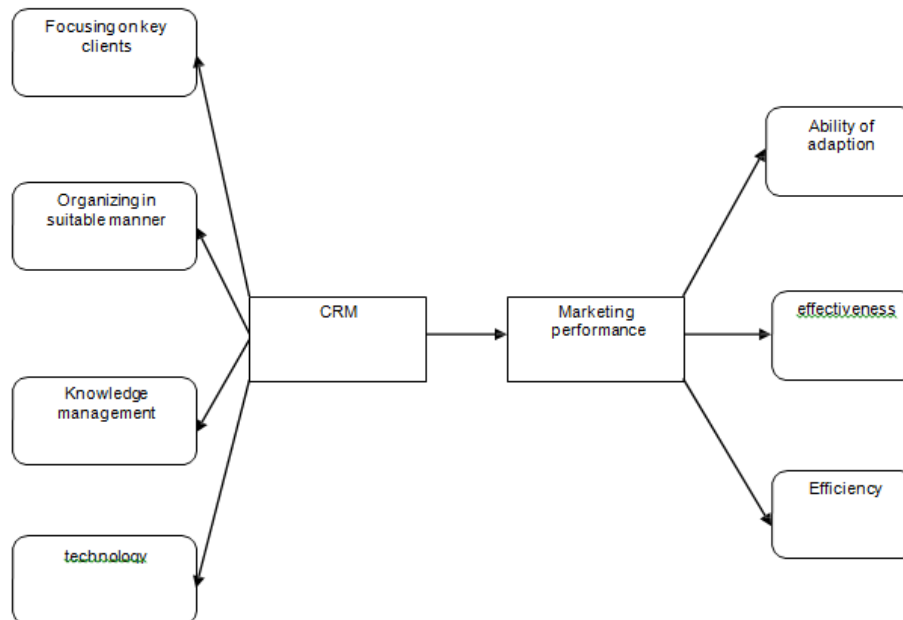

Figure 1: The relation of CRM with marketing performance

To achieve the research goals, the hypotheses designed are as follows:
Main hypothesis: CRM has an effect on marketing performance.
Secondary hypotheses:
1. CRM has an effect on adaption performance.
2. CRM has an effect on marketing effectiveness.
3. CRM has an effect on marketing efficiency.

Materials and Methods
The method of the current research is applied method and according to its nature which studies variables` effects, the research method is descriptive-survey.
Population and sample
Statistical community of the research for CRM is all the personnel of 5 branches in Mellat Bank of Khoram Abad Province.
According to number of total people of community which is equal to 45, sample size was estimated 40 according to Morgan Table. Statistical community of the second variable is clients of Mellat Bank of KhoramAbad Province. Due to achieving real results and accurate calculations we had to consider size of the two communities. Therefore, client community was considered 45 people.
Instrument of the study
To gather data of subject literature, library and internet were applied and standard questionnaire was used for hypotheses testing. For gathering data related to CRM, a questionnaire was used containing 24 items (Bordbar, 2012). The questionnaire included 4 dimensions of key clients, organizing in a suitable manner, knowledge management and technology. Reliability and

reliability of the questionnaire is approved and Cronbach Alpha was used for measuring reliability which is 0/852.

A questionnaire was used containing 15 items for gathering data related to performance analysis as the second tool (Hamed Bordbar, 2012). It included effectiveness, efficiency and adaption. In both questionnaires, Likert questions were used. Cronbach Alpha of the questionnaire is 0/736. Some parts of the questionnaires contain demographic questions such as age, sex, education, and organization rank and job experience.

Results

Based on the results of descriptive statistic of bank staff, 88 questionnaires were men and 11were women. Other demographic features are as follows:

Among clients, 75% were men and 25% were women. Other features are as follows:

Table 3: Differentiation of staff based on demographic variables

Education	percent	Year	Percent
Under diploma	5	25-20	37/5
Diploma	20	25-30	30
Associate	10	35-30	15
BA	52/5	40-45	15
MA	12/5	50-45	2/5

To investigate the research hypotheses, linear regression test was used.

As it is shown in table 7, main hypothesis of the research is rejected at confidence level of 95% and error level of 5 % based on effect of CRM on marketing performance; CRM has no effect on marketing performance.

Table 4: Results of regression test between CRM and marketing performance

Independent variable	Dependent variable	Sig.	t	Result
CRM	Marketing performance	0/147	1/502	Rejected

The result of the secondary hypotheses test is presented in table 5:

Table 5: Result of regression between CRM and dimensions of marketing performance

Independent variable	Dependent variable	Sig.	t	Result
CRM	Adaption aspect of performance	0/043	2/147	Approved
CRM	Performance effectiveness	0/766	-0/301	Rejected
CRM	Performance efficiency	0/152	1/483	Rejected

Based on table 5, it can be argued that the first secondary hypothesis is accepted, but the second and third ones are rejected. Therefore, CRM is effective on dimension of performance adaption but has no effect on effectiveness and efficiency.

Discussion and conclusion

The research findings show that the first hypothesis is rejected based on effect of CRM on marketing performance in 4 branches of Mellat Bank in Khoram-Abad. These results are similar with the results of researches of Taherpour and Tayebi Pour in 2009. The result of the research indicated that the relation of marketing performance and CRM in banking industry of Iran was low. The result can be regarded as result result of lack of competitiveness space between banks of Iran, where banks feel no threat in spite of losing their clients and do not follow client-orientation programs seriously.

The first secondary hypothesis was approved where it has been proved that CRM has an effect on adaption ability of marketing performance. According to people`s responses it can be suggested that in these branches, banks have high level of validity and confidence but the second and third hypotheses were ignored. In the second and third hypothesis, CRM impacts the effectives and efficiency of marketing performance. During interviews with people the reason of their dissatisfaction was lack of personnel for responding and long hours of waiting for receiving services. Knowledge management means an organized availability of information and scientific savings so that people can use them when they are in need and to be able to do their daily activities with more return and in an effective way. According to the above definition, one of the main reasons behind using CRM in banks of Iran is lack of knowledge management. Therefore, it is suggested to strengthen knowledge management for using CRM in banks. In addition, since the most important clients in banks are key clients. So, it is suggested that banks get awareness in a period survey of key clients, expected service level and their expectations from organization and it is advised to conduct necessary measurement in order to meet needs.

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