

The Effect Of Customer Relationship Management (CRM) On Achieving Competitive Advantage Of Manufacturing Tractor

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Abstract

One of the requirements of competitiveness is the ability of the organizations to adjust themselves with the customer needs quickly. Increasingly competitions make the organizations have more contacts and have relationships with the customers in the world of markets. CRM is a commercial process in the B2B environment, which prepares the organizational structure to improve and survive in trading. CRM is a strategic process of support, against the competitors, providing value for the buyers and sellers, and gaining excellent benefits. This research was done in Truck making company of Tabriz in the form of case- study, and its purpose was to investigate the impact of customer relationship management in order to gain the competitive advantage in industrialized manufactures of Truck. It was done through designing four hypotheses: improving and specializing the relationships with the customers, understanding and separation of the customers, responding to the customers' complaints, and attracting and protecting the customers. The method of conducting the research is descriptive and for gathering data we used questionnaire. The results obtained from the data analysis show that all the relations are meaningful at the

Index terms— Customer relationship management, competitive advantage, loyalty, complaints.

1 INTRODUCTION

s the traditional economy disappear competition increasingly appears in he new dimensions, customers become the main elements of all organizational activities. This new Assistant Prof. in management faculty, Islamic Azad : ? About University, Zanjan Branch, Zanjan, Iran om mehrdadalipour@yahoo.c mail: -E About : M.Com,Islamic Azad University, Zanjan Branch period of direction for marketing means allocating budget to improve design and production of products which are beneficial to consumers, employees, investors and other related groups. The result of this new thought is the management of relation with the customer ??Alipour,2010,P.22).The concept of competitive advantage in the strategic competitive environment and in the framework of creating value is that what ever causes income to increase more than costs it manifests. Each contact is a selling opportunity for the company ??Rumelt,2003,P.26).Statement of the problem and its necessity: He present research is trying to investigate the effect of CRM on gaining competitive advantage in industrialized company of truck manufactures .The management of relation with customer (CRM) as a key competitive strategy needs paying attention to the customers' needs and practicing customer-facing method in all industries ??Buttle,2009,P.89). Using communicative technology of information, industries try to create long term relation with customers, so improving management relation customer has been more common ??Lambert,2010,P.12). At present time, the sense of competitiveness is a key issue all over the world, and it is regarded as a means of accessing an ideal economical growth and permanent improvement ??Recheld,2004,P.29).An organization has a competitive advantage when it has a better performance than that of its competitors and it meets customers' needs with the non-competitive advantage and benefits with the same cost. In summary, the following evidences can be considered as the importance and necessity of CRM ??Porter,2004,P.86).

2 II.

3 REVIEW OF LITERATURE

Today's world is the world of quality and competition. The position of present world, regarding production and service is in a way that any country has a potential to produce, to serve, and meet technology in different contexts. However, their difference is in the quality of production, and idealization of the delivery of the service to customers. Nowadays, treating customers with respect is the main organizational activity and a ??Dadkhah,2009,P.13).Traditional marketing strategy involved(4P) concepts: Price, product, place, and promotion to increase market share, and their primary purpose was increasing the number of transactions between the seller and the buyer ??Elahi&Heydari,2008,P.5).In this context, the amount of selling was a criterion for the performance of strategies and marketing tactics. While the management of relation with the customer the management of relation with the customer is a kind of trading strategy which goes far more than that of the amount of the transaction, and its goal is to increase the profitability, income and the pleasure of customer (Buttle,2005,P.74).To fulfill these purposes, the organization uses a wide set of tools, methods, procedures, and communications with the customers ??Roland,2006,P.33).

4 III.

5 MAIN ELEMENTS IN THE CHAIN OF TRADING (CRM)

Each organization begins its work with attracting the customer and develops with the specializing and solving complaints.CRM is a transfer toward the customer based economy in which the main element is a customer. In this economy, CRM helps the organization to find out which customer has the value of gaining, and which customer has the value of keeping and protecting, which one has the value of profitability, while other customers should be ignored. In order to develop, the relationship with the customer individually or through the network, to access the most valuable customer, the customers and their groups should be identified (Hoots,2005,P.13).

IV.

6 UNDERSTANDING AND SEPARATING

Organizations cannot contact with the customers unless they understand them, and perceive their values, and know that what kinds of services are useful for them, and how or when they intend to make interactional contacts, and they prefer to buy which goods or services. Proper understanding from customer needs is the basis of the analytical elements. Various activities which are important for understanding and classification of customers are as follows: Proper understanding of population concept, pattern acquisition and distribution preferences, analysis of sensible groups and unique customers who intend to have similar behaviors in a homogeneous pattern, determining needs and attitudes of different customer classifications ??Payne,2005,P.35).

7 DEVELOPMENT AND SPECIALIZATION

In a customer-based world, the development of channels and products has made customers a pioneers , and the contact channels with customers have brought about the efficient implementation of CRM. Direct interactions with customers are called the contact point of customer which is: call centers, direct sale, e-mail, websites, and faxes. Also, it seems that the development of specialization is based on the offered value by the customer separation, i.e, the organization should offer the goods or services of each group of customers based on their unique needs which were identified previously. This issue can maximize the profitability of a certain group of customers ??Klein, 2006,P.74).

8 VI. ATTRACTING AND PROTECTING CUSTOMER

Validity and fame of an organization in producing goods with proper and actual quality and advertisement of whatever that exists, the proper contact of employs with customers, and customer assumptions can be effective in their attraction. How to preserve successful customers is based on three main points:

1) Keeping Interaction: Don't forget to listen to the customer 2) Maintenance of efforts to offer goods and services should be on the basis of defined customer values 3) pay attention to the continuous changes of customers' needs as they differ from each other in all aspects of lives(Turban,2004,P.76).

9 VII.

10 CUSTOMER'S SENSE OF FULFILLMENT

Most of researches done by researchers suggest that faithful customer should be protected as a competitive property .Customer's sense of fulfillment and creating faithful customers in the trading framework is defined as a sense of fulfillment to transact with a certain organization and purchase goods and services reputedly. On the basis of studies which have been done, it is possible to design a model from customerfaithfulness, as it follows: So, it can be sail: customer's consent results in reliability and reliability results in responsibility ??Donio, 2006,P.24).

VIII.

12 EFFECTIVE RESPONSE TO COMPLAINTS

Making a complaint is a customer's right and sometimes people want to complain about your services. This is common and you should expect it and your behavior will be your success. Pay attention to the following points:

1) Ask for excuse even though you yourself have caused the problem.

2) Listen carefully so that you will find out all the facts and details 3) Try to understand the customer and show him/ her that you have listened to his/ her complaints ??Rager,2006,P.45).

13 FIVE IMPORTANT PRINCIPLES ARE GIVEN BELOW FOR THE SUCCESS OF CRM

-First principle: CRM is not the same as buying a software.

-Second principle: CRM should be in accordance with the commercial preferences -Third principle: CRM creates measurable profits.

-Fourth principle: Exactly consider the price and cost of all possession.

-Fifth principle: your trading is unique so are the choice criteria(Urbanskiene,2010,P.17).

X.

14 CRM MARKETING

There are four stages in the CRM marketing. The first stage is the recognition of customers and their identification should be in detail as much as possible.

Then the marketers need to analyze them on the basis of customers' needs and their values of participation. In the third stage they should interact with the customers and to find ways to improve the productivity of the cost and effectiveness of interaction, and finally, marketers need to order some aspects of goods or services that they offer to customers. This means treating customer differently. Below the stages and offered activities are shown on the basis of their definitions (Wolf ,2007,P.451).

XI. MARKETING A COMPETITIVE ADVANTAGE

An organization is competitive in the eyes of its customers, if it can offer values which are better than its competitors. In the planning of successful companies, it is important to recognize that, the clear purpose of all strategies and businesses, is toward making competitive advantage ??Lambert,2010,P.11).A company has a competitive advantage when its performance differs from that of its competitors, and meets its customers' needs with a non-competitive advantage. The competitive advantage gives the customer a motivation to select his/ her own preferred goods. The second step in improving goods. The second step in improving a competitive advantage is to turn a certain quality and capability into a distinctive advantage which is important to customers. The distinctive advantage of products that make goods unique and customers want them, separate them from other competitive products (Greenberg,2010,P.15).

XII. DIMENSIONS OF A COMPETITIVE ADVANTAGE

The concept of competitive advantage states the dominance which results from certain ability of the combination of abilities which the dominant competitor has it uniquely when compared with its competitors. The most important features of a competitive advantage are: Durability, damage, and its value. It emphasizes more on its concept, shape, position, effect, reason, and time duration of a competitive advantage (Appelbaum,2000,P.6). The concept or substance of a competitive advantage refers to the capabilities of the organizations like: skillful employees, the dominant culture of economy in scale, access to distribution channels, flexible productivity and so on(Ibid,P.7).

The form of a competitive advantage: The shape of appearance of a competitive advantage can be tangible or intangible. The advantage of a tangible competition is observable like the strategic location of an organization. The advantage of an intangible competition is not observable easily, like: the unique organization culture that brings about a certain competitive advantage ??Antone,2000,P.23).

The location of a competitive advantage: the location of the competitive advantage can be followed in three levels of: individuals, organizations, and figures.

The effect of a competitive advantage: the effect of a competitive advantage can be absolute, relatively direct, or indirect. if a company has an advantage that can not be obtained by its competitors, then it can be said that it has a unique advantage. if a company has a few dominances, then it can be said that it has a relative advantage. The direct advantage has a direct role in gaining value for customers while an indirect advantage doesn't have a direct role or share ??Rumelt,2003,P.16).

The cause of a competitive advantage: the cause of a competitive advantage can be unintentional or strategic. Non-arbitrary cause is referred to environmental changes or chances which become. The origin of advantage, while strategic causes are referred to the compilation and implementation of arbitrary strategy to gain dominance (Delvin,2000,P.13).

Duration of a competitive advantage: duration of time domain of competitive advantage refers to the length of time which is expected to remain as a permanent advantage .An advantage is temporary when its duration is for a short time when the resistance of an advantage against imitation or threatening refers to its stability. It is necessary to determine the duration of a competitive advantage on the basis of: short term (less than a year) average-term (form a year to 3 years), and long-term (more than 3 years) (Ibid, P.15). Vulnerability of competitive advantage: vulnerability of an advantage includes the possibility for this point that competitive advantage attached, the competitive advantage is vulnerable when first competitive medium is very changeable and second tries directly for reducing the importance of competitive advantage ??Turban, H, 2002, P14).

Value of Competitive Advantage: value of an advantage indicates that how having it is valuable, such value may be determined by different scales such as income, saving in the cost, capital return, quality improvement, market share, sold units, etc? ??Turban, H, 2002).

17 XIII. KEY ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT AND ACHIEVING COMPETITIVE ADVANTAGE

The influence of customer relations management on the organizational performance is a prominent subject in most experimental studies and conducted studies indicates direct relations between both ??Gank, 2000). Customer relations management is a lawful marketing process by which organization establishes a better foundation for providing the service and meeting customers' satisfaction. Organizations need stable competitive advantage in an environment full of competition. Most people believe that in markets full of modern competitive, the customer's relations management is accounted as a suitable tool for achieving the stable competitive advantage most researches for reflecting the customers relations management for achieving the competitive advantage indicates that customer's relation management fully influence on the performance and competitive power. Barney believes that four properties are critical for sources and organizational capabilities for achieving the stable competitive advantage. These properties include: rareness value, not ability to imitation and replacement. In a view point the same as Barney, Amit and Shoomakher stated that resources and capabilities of organization for achieving the advantage and economical benefit must be rare, durable and hardly imitable.

18 New global economy field

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In order for considering the customer relations management as a competitive advantage for organization, it must be rare besides being valuable. It is obvious that rareness is located in the group of not being imitable. Customer relations management is a non imitable process. If customer relation management is conducted successfully in an organization, it may not be imitable and replicable by other organizations. Customer relations management is designed based on cultural bed and organizational background established for any special and unique organization and proportional with the same organizational background. Therefore, customer relations management will be unique and special in any organization (Curry, 2004, P.109).Customer relations management is a philosophy with a holistic view. It means the success of customer relations management is related to the undertaking to all infrastructural principles, therefore, if succeeded, one may not perceive the main reason for its success. The success of customer relations management is because of applying its infrastructure principles successfully and complicated relations between them ??Yong,2006,P.43).Making value, rare and not being imitable result in introducing the customer relations management as a competitive advantage for an organization, but as mentioned by ??mit and Shoomakher (1993), for an element can be introduced as a stable competitive advantage, it requires being durable(Dane,2002,P.54). One fundamental principle for customer relations management in all texts for customer relations management is the continuously improvement of a process (i.e. ??amal, 1998 ?? Mac Adam, 2000,...) continuously improving the process and revision for recognizing the needs of customers turns it to a stable competitive advantage ??Dougall,2004,P.23) XIV.

19 METHODOLOGY

The method of this study is of type surveyingdescriptive and is an applicable research (Delavar,2007,P.89).There was used library and field method for collecting the information.For data collection there was used books, papers, thesis, and domestic and foreign magazines as well as designing a proper questionnaire based on the spectrum of Likert. Population for this study includes superior managements, and sales and marketing experts as well as exports and after-sales services. Sampling method is of simple accidental type and size of sample was calculated according to the given size of population, i.e. 150 people from managers and obtained about 82 using following formula:

The variables of this study defined as below: Dependent variable: achieving the competitive advantage Independent variable: customer relation management that is under study CRM factors that are being studied include:

(Development of making the specials, perception and separation of customer, customer attraction and maintenance, investigating to the complaints)

In order for analyzing the information there was used descriptive statistics: central indices (mean and mode) and distribution indices (variance and standard deviation).

There was used inferential statistics (i.e. single sample t tests, Spearman correlation coefficient and multi variable regression and Freedman test) for determining the priority and importance of any test hypothesis.

The data analysis, as a stage of scientific method is fundamental in any study by which all researching activities are controlled to achieve related result.

Single sample t test for testing the hypothesis related to independent variables obtained by following table1: Applying this method, the method of variables X 2 (customers separation), X 3 (complaints investigation) and X 1 (customization) and X 4 (making loyalty) enter the regression model respectively.

A model variance analysis table including the independent variables with significant effect on the dependent variable is as below table4. According to significance column (p-value), as indicated, the presence of all indices in the model in the significance level, 5% is significant.

It must be mentioned that there are used Bs indices for predicting the changes, while Beta indices are used for determining the influence of changing in an independent variables on dependent variable.

Therefore, the regression model is chosen as below: $Y = 0.665 + 0.322 X_2 + 0.470 X_3 + 0.272 X_1 + 0.183 X_4$ On the other hand, following equation $Y = 0.665 + 0.322(\text{customers separation}) + 0.470(\text{complaints investigation}) + 0.272(\text{customization}) + 0.183(\text{making loyalty})$ Multi variable linear regression equation is suitable for indicating the relations between independent and dependent variables.

In order for prioritizing and determining the importance of any hypothesis, there was used Freedman test.

As indicated, in the 5% significant level, it is accepted/ rejected the hypothesis with the same rank. Therefore, four variables may not possess the same importance. Following table indicates the rank of variables in table 6. XV.

20 CONCLUSION

CRM, traditionally, is considered as a tool for relating the customers to the company by different loyalty plans. One of the most important factors in achieving the competitive advantage is the absolute concentration on the customer. The results of data analysis indicates this important and come with following cases:

Because the hypothesis of the researcher related to the effect of customer relation management in achieving the competitive advantage in industrial companies has been tested in data analysis, and all hypotheses have been accepted, therefore it can be concluded that customer relation management is effective for achieving the competitive advantage in such companies. According to the results of Spearman

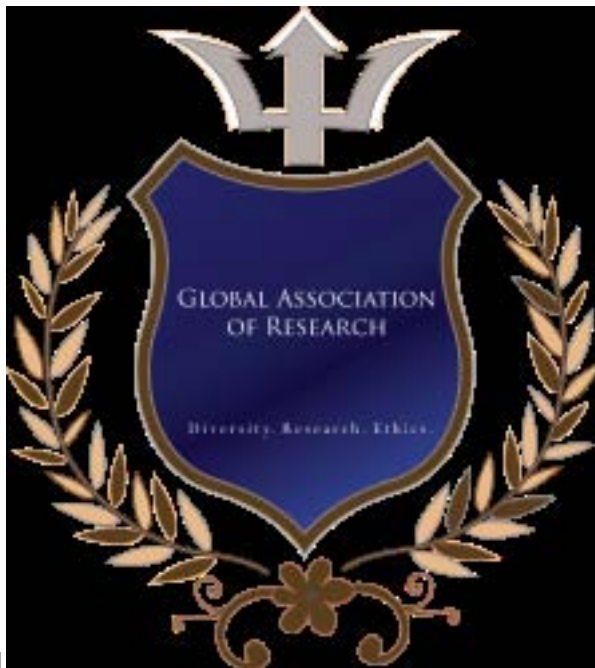


Figure 1: Figure 1 :

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Figure 2: complaints Attracting & protecting customer Understanding & separateness Development & specialization CRM How to deal Attracting potential customer Process maturity Customer separation Channel development & Service to business Differentiation base on customer needs Understanding customer needs Protecting value customer

1

	Hypothesis	Sample No.	Sample mean	SD	Test value
Test		82	3,4583	0.5382	7.7
Hypothesis I: development and specialization of customer relation influence on achieving the competitive advantage in industrials manufacturing companies		82	3,4187	0.9359	4.0
Hypothesis II: perception and separation of customers influence on achieving the competitive advantage in industrial manufacturing companies		82	3,7703	0.5759	12.81
Hypothesis III: Investigating the customer complaints influence on achieving the competitive advantage in industrial manufacturing companies		82	3,4451	0.6315	6.3
Hypothesis IV: attracting and maintaining the customers (making loyalty) influence on achieving the competitive advantage in industrial manufacturing companies	complaints influence on achieving the competitive advantage in industrial manufacturing companies				
Because practical mean of all hypothesis is greater than theoretical mean of Likert spectrum (3), therefore, in 5% error level with p-value=0, all hypothesizes are accepted.					
Following table indicates the Spearman correlation coefficients between independent and dependent variables:					

Figure 3: Table 1 :

2

Customization	Customers separation	Complaints investigation	Making loyalty
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Figure 4: Table 2 :

3

SD	Descriptive indices		Study variables	
	Mean	Sample size		
0.5675	3.8471	82	Dependent variable (achieving competitive advantage)	
0.5382	3.4583	82	Customization	Customers separation
0.9359	3.7703	82	Complaints investigation	Making loyalty
0.5759	3.4451	82		
0.6315				

Figure 5: Table 3 :

4

Changes source	Squares f.d	Squares	P-value
Regression	19.504 4	4.876 57.033	0.00
Residuals	6.583 77	0.085	
Total	26.087 81		

As indicated, according to the p-value, one can state that obtained F is fully significant. This indicates that at least one of the independent variables is effective predicting the dependent variable; therefore it is necessary to test all independent variable individually using T test.

Following table indicates indices of independent variables with index of non standardized and standardized Xs as below table5.

Figure 6: Table 4 :

5

	Non standardized indices			Standardized I index	p-value
	B	Std. Error	Beta		
Fixed value	0.665	0.237	—	2.802	0.006
X 2 (customers separation)	0.322	0.036	0.531	8.865	0.00
X 3 (complaints investigation)	0.470	0.088	0.477	5.378	0.00
X 1 (customization)	0.272	0.091	0.258	2.978	0.004
X 4 (making loyalty)	0.183	0.075	0.204	2.449	0.017

Figure 7: Table 5 :

6

Title of independent variable	Ranks mean
Customization	2.34
Perception and separation of customers	1.91
Customers' complaints investigation	3.35
Making loyalty	2.39

Figure 8: Table 6 :

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April 2011 correlation test, one can state that perception and separating the customers has the maximum effect and attracting and maintaining (making loyalty) has the minimum effect in the dependent variable, i.e. achieving the competitive advantage. According to the freedman test it can be concluded that the proper situation of any customer relation management variables attended in the company is as following: complaints investigation, customization, making the loyalty, perception and customers' separation. Development of customer relation and customization of direct relation for achieving the competitive advantage of industrial companies it is recommended to launch the electronic ordering system for Tabriz tractor making company and it is needed to consider the orders based on the customer's requests and facilitated communication with organizational managements by which customers can easily communicate with managers. Perception and separation of customers is effective for achieving the competitive advantage. Along with, it is recommended to pay more attention to the promotion of products quality and reciprocal perception of customers. For investigating the customers' complaints is another factor for making the competitive advantage. For this reason, it is recommended to launch electronic systems for investigating the complaints, recognize the complainant customers and turn them to satisfied customers. Another result is that the attraction and maintenance of customers (making loyalty) is another factor for making the competitive advantage. Therefore it is recommended to promote cooperative plans in the company, provide the customers with more facilities and make efficient systems for interaction with customers.

.1 References Références Referencias