Investigation of the Relationship between Customer Relationship Management and Customer Loyalty in Kohgiluyeh and Boyer-Ahmad Melli Bank

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ABSTRACT: The purpose of this study is to investigate the relationship between the customer relationship management and Customer Loyalty in Kohgiluyeh and Boyer-Ahmad Melli Bank. The statistical population consisted of all customers of Kohgiluyeh and Boyer-Ahmad Melli Bank among which one hundred and fifty were chosen by multi-stage cluster sampling method. The assessing instrument was a questionnaire which consisted of customer relationship management questionnaire and customer loyalty questionnaire. To analyze test hypotheses, Pearson correlation test was used by SPSS software (Version 18). The most important results show that there is a significant relationship between customer relationship management and customer loyalty. Among different customer relationship management factors, focusing on key customers, knowledge management, and modern and up to date technology with the customer loyalty variables have significant relationship, but there is no significant relationship between the organization of a business processes and customer loyalty.

Keywords: Customer Relationship Management, Customer Loyalty, Melli Bank.

INTRODUCTION

Creating loyalty in customers, especially bank customers is a concept which gained lots of attentions due to the loyalty of customers as the main factor of success. Except state-monopoly organizations, no business that can survive without customer's loyalty. Due to the fact that customers' expectations are constantly increasing, banks are required to go beyond the basic need to satisfy customers, provide their expectations and focus on creating loyalty and trust customers through long-term mutual and profitable relationships for both sides. In today's competitive world, banks should pay more attention to customers' needs, comments and complain to keep their customers in relation to banking services and should be aware of the fact that in banking, the voice of the customer is the most important thing that banking policy should take it into account. In this regard, some factors such as customers' respect, appropriate interaction with customers, customer surveys, appropriate mutual relations with customers, the analysis of customer problem, and timely response to their complains, the awareness of the fact that customer are satisfied, enhancing the quality and speed of service, the reconciliation of bank policies with the needs of customers, checking out the authenticity of services for customers can help banks to maintain their customers, and this is not possible unless the banks accept that their survival depends on providing customers an appropriate service. Thus, it

is necessary to design and implement a system in the bank to attract and retain customers, a system that can manage a good relationship between banks and customers.

Today, these systems are known as customer relationship management systems and there are also some software named CRM which can bring more satisfaction and loyalty to the customers and the purpose of the software is to give the organizations the ability to provide better services to customers through automated and integrated processes for collecting and processing personal information of our customers (Abbasi and Torkamani, 2010). Organizations compete for gaining power in the market and are constantly looking for some ways to overcome their competitors. Customer relationship management is one of the major competitive advantages that organizations can use to prevent the transmission of their customers to other organizations. If an organization can establish an effective relationship with their customers in a better way, there will be more opportunities to present their products and services to its customers. Thus, in this study we attempted to answer to this fundamental question, "Is there a significant relationship between customer relationship management and customer loyalty of Melli Bank in the Kohgiluyeh and Boyer-Ahmad province?"

The Conceptual Framework

Customer Relationship Management: Customer relationship management is referred to processes and technologies which all the companies and organizations used to identify, encourage, develop, maintain and provide services for the customer .Using CRM, organizations can shorten the sales cycle and increase customer loyalty to create closer relationships and more earnings. CRM systems can help to retain existing customers and attract new customers. Some organizations use some methods including customer relationship management, customer value analysis, organizational strategy, and services mechanisms to improve the efficiency of customer communications. Customer relationship management strategy is for acquiring new customers and keeping them (Mohammadi, 2010). Customer relationship management includes all activities related to direct customers such as companies. Any customer relationship management activity is in one of the following organizational processes: sales, marketing and service; while these processes are directly related to customers. The analytical customer relationship management includes all the components of the analysis of the relationship and the characteristics of customers based on the implementation of customer relationship management and focused on customer's needs and its exceptions. Before an organization can develop marketing or customer relationship management strategies, they need to know how customers decide to buy goods (Dahmardeh et al., 2010).

Customer Loyalty: Customer loyalty is a concept that gains ground in today's business. Loyal customers are considered as a critical element of success. Loyal customers spend more time and money to buy and improve their business. As a result, today's organizations must identify and manage the effective methods of improving loyalty and pay more attention to planning for customer loyalty. The value of each customer is more than what is paid for the product. So the management of customer loyalty is considered one of the main activities. Today, all the leading companies in marketing pay more attention to their customers' loyalty. They also know that the cost of acquiring a new customer is much more than the cost of maintaining old customers; therefore, they try to behave even beyond the expectations of their customers so that they maintain for whole life and they used a technique which is wrongly called word of mouth (Ahmadi, 2009). There are two approaches to the definitions of loyalty:
1) Attitudinal approach: different feelings in a person create a feeling of belonging to the organization, services and goods; this feeling specifies customer loyalty which is completely cognitive. The scales of attitudinal loyalty include positive word of mouth advertising, willingness to recommend and encourage the use of goods and services.
2) Behavioral approach: the willingness of customers to purchase products and services of the providers repeatedly and maintain communication with the supplier of goods and services (Rynartz et al., 2004).

Research Hypotheses

Main hypothesis: There is a significant relationship between customer relationship management and customer loyalty of Melli bank.
    Secondary Hypotheses

1. There is a significant relationship between the focus on key customers and customer loyalty of Melli Bank.
2. There is a significant relationship between the organization of business processes and customer loyalty of Melli Bank.
3. There is a significant relationship between significant relationship between knowledge management and customer loyalty of Melli Bank.
4. There is a significant relationship between modern and up to date technology and customer loyalty of Melli Bank.
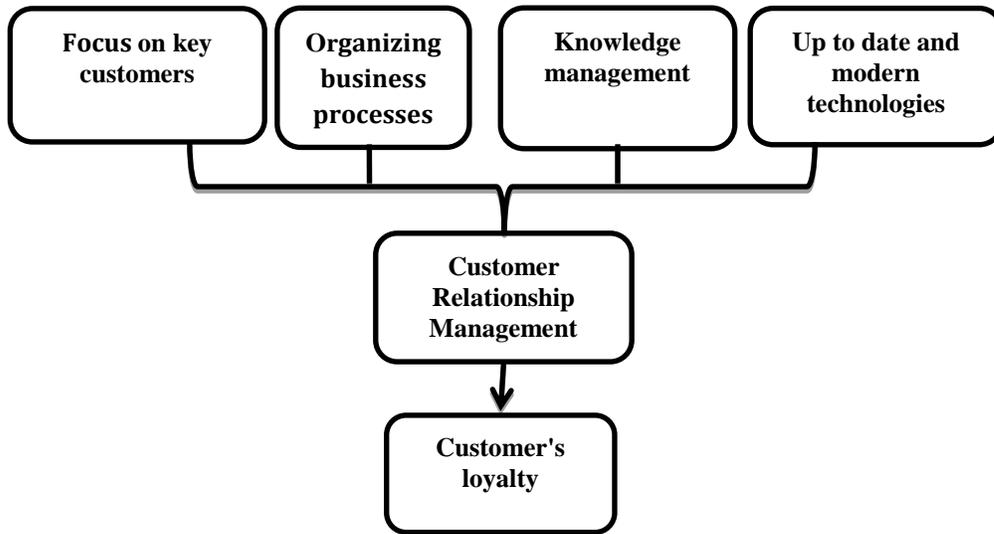
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┌──────────────┐  ┌──────────────┐  ┌──────────────┐  ┌──────────────┐
│ Focus on key │  │  Organizing  │  │  Knowledge   │  │  Up to date  │
│  customers   │  │   business   │  │  management  │  │   and modern │
│              │  │  processes   │  │              │  │ technologies │
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Customer
Relationship
Management

Customer's
loyalty

Figure 1. Conceptual Model of the Research.

METHODOLOGY

The study was practical and descriptive kind of research but correlational methods were used among a variety of research methods. The population of the investigation includes all customers of Melli Bank in Kohgiloye and Boyer-Ahmad province among which 150 subjects of Melli Bank were selected as sample through the multi-stage cluster sampling method. A questionnaire was used which includes customer relationship management questionnaire (20 questions) and customer loyalty questionnaire (20 questions). Pearson correlation test was used to analyze the data by SPSS software (Version 18).

RESULTS

Customer Relationship Management

Table 1. The description of customer relationship management and its different aspects.

Variable	Average	Standard deviation	Minimum	Maximum
Focus on key customers	18.18	3.09	12	24
Organizing business processes	15.98	3.60	9	23
Knowledge management	18.88	3.32	13	25
Up to date and modern technologies	17.72	3.73	10	25
Customer Relationship Management	70.76	9.89	53	93

As shown above, the average amount of customer relationship management is 70.76. Among the customer relationship management variables, knowledge management has the highest average (18.88) and organizing business processes has the lowest average (15.98).

Customer loyalty

Table 2. Descriptive findings of customers' loyalty.

Variable	Average	Standard deviation	Minimum	Maximum
Customers' loyalty	71.42	13.18	40	96

In Table 2, it can be observed that the average of customers' loyalty is 71.42 in Kohgilouyeh and Boyer-Ahmad Melli Bank.

Hypothesis Testing

Main Hypothesis Testing

Table 3. Pearson correlation between customer relationship management and customer loyalty.

Variables	Customer relationship management	Sig
Customer loyalty	0.399	0.001

The table shows that the correlation between customer relationship management and customer loyalty is 0.399. Because the significant level is less than 0.01; therefore, our hypothesis is confirmed and there is a significant correlation between the customer relationship management and customer loyalty.
The second hypothesis test (number one):

Table 4. Pearson correlation between focusing on key customers and customer loyalty.

Variables	Focusing on key customers	Sig
Customer loyalty	0.410	0.01

Table 4 shows that the correlation between focusing on key customers and customer loyalty is 0.410. Because the significant level is less than 0.01; therefore, our hypothesis is confirmed and there is a significant correlation between focusing on key customers and customer loyalty. The secondary hypothesis test (number two):

Table 5. Pearson correlation between organizing business processes and customer loyalty.

Variables	Organizing business processes	Sig
Customer loyalty	0.091	0.05

Table 5 shows that the correlation between organizing business processes and customer loyalty is 0.091. Because the significant level is less than 0.05; therefore, our hypothesis is not confirmed and there is no significant correlation between organizing business processes and customer loyalty. The secondary hypothesis test (number three):

Table 6. Pearson correlation between knowledge management and customer loyalty.

Variables	knowledge management	Sig
Customer loyalty	0.393	0.005

Table 6 shows that the correlation between knowledge management and customer loyalty is 0.393. Because the significant level is less than 0.01; therefore, our hypothesis is confirmed and there is a significant correlation between knowledge management and customer loyalty. The secondary hypothesis test (number four):

Table 7. Pearson correlation between up to date and modern technology and customer loyalty.

Variables	Up to date and modern technology	Sig
Customer loyalty	0.279	0.050

Table 7 shows that the correlation between up to date and modern technology and customer loyalty is 0.279. Because the significant level equals or is less than 0.05; therefore, our hypothesis is confirmed and there is a significant correlation between up to date and modern technology and customer loyalty.

CONCLUSIONS

Based on the results of the main hypothesis test given in Table 3, there is a significant relationship between CRM and customer loyalty of customers of Kohgiluyeh and Boyer-Ahmad Melli Bank. This means that with the

increase of the number of customer relationship management in Melli Bank, customer loyalty increases. On the basis of the hypothesis of the study, it can be concluded that strengthening customer relationship management can increase customer loyalty in Melli Bank. Customer relationship management can improve organizations face, collecting customer's full information, and improving service to customers and the results will be customers' satisfaction and their loyalty. According to the secondary hypothesis test results in Table 4,, there is a significant relationship between focusing on key customers and customer loyalty of Melli Bank customers in Kohgiluyeh and Boyer-Ahmad province. This means that with the increase of the number of focusing on key customers in Melli Bank, customer loyalty increases. The main customers, as important assets of banks, play a crucial role in the performance and efficiency of the banks because these customers have more communication and exchanges with the bank. When the bank focuses on their costumers' needs, in fact, they pay attention to investments and the results will be increase in satisfaction and loyalty of key customer.

Therefore, it can be concluded that focusing on key customers have direct and significant impact on customer loyalty of Melli Bank. On the contrary, based on the test results of the secondary hypothesis (number two), there is no significant relationship between organizing of business processes and customer loyalty in the Melli Bank of the Kohgiluyeh and Boyer-Ahmad province. According to the test results of the secondary hypothesis (number three) in Table 4, there is a significant relationship between knowledge management and customer loyalty of Melli Bank customers. This means that with the increase of the number of knowledge management in Melli Bank, customer loyalty increases. This means that if banks increase their knowledge about customers, preferences, behavioral habits, level of income and the general characteristics of their customer, they can provide better services for customers which are closer to customer expectations and their demands. Because of the compatibility between the perceived values of banking services with customers' expectations, customer will be more loyal, and he/she will not think about changing their bank or maybe they think about it a little and he/she will have long-term relationships and the bank can gain more profit from their customers.

According to the test results of the secondary hypothesis (number four) in Table 7, there is a significant relationship between up to date and modern technology and customer loyalty of Melli Bank customers in Kohgiluyeh and Boyer-Ahmad province. This means that with the increase of the number of up to date and modern technology in Melli Bank, customer loyalty increases. Tremendous developments in information technology with the capability of gathering, storing, analyzing and sharing information increase the ability to respond to the needs of customers. With advanced technology, there will be one to one communication, customer analysis, value, synchronizing information systems, automatizing of processes and customization of services. In these circumstances, the demands of customers are provided well and their loyalty will be gained.

Conflict of interest

The authors declare no conflict of interest

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