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# Influence Of Customer Relationship Management Towards Customer Loyalty with Mediating Factor Customer Satisfaction in Insurances Sector

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## Abstract

*CRM is an integration of the three things i.e. people, processes and technology, which seeks for understanding the customers of and by the company's customers. CRM has seen various changes as there is advancement in IT and the organizational changes in process which is customer-centric. Organisation which implement the CRM properly would get the rewards to the firm in form of customer loyalty and profitability in the long run. But still the many companies are not able to implement this successful due to they do not understand that the CRM importance for the company. CRM is nowadays considered as a trend in the business, which is entailed for securing and maintaining the competitive advantage and market share in the industry. This research is an attempt, which is made for examining the performance and the effect of the CRM performance on the customer satisfaction and loyalty. CRM determines strategically, operationally, analytically and collaboratively. The benefits of the CRM can be connected for enhancement the ability to target profitable customers, enhanced efficiency and effectiveness of the sales force, integrating the assistance throughout the channels, improving pricing, customized products and services, improves the efficiency of the customer service and also improves its effectiveness. This papers reviews literature on CRM, by focusing its impact on customer satisfaction and loyalty.*

**Keywords:** influence, mediating, management, satisfaction

## 1. Introduction

As per Kotler, 2003, CRM is the basic concept functions on the philosophy, which for building the relationships it uses the customer and marketing combination. CRM is a way to communicate with the customer to maintain the relation with the customer. The ideal way for gaining the customer loyalty the customer relationship is the ideal way (Dowling, 2002). As per (Abu kasim, et.al 2004) CRM as the process to achieve and maintain the ongoing relations with the customers in different customer touch points.

One of the most important and valuable opportunities for the firm's is the effective implementation of the CRM. Conducting the CRM activities are many times it is time consuming as well as costly. It has the risk of the failure or malfunction (Almotairi, 2010). The effective implementation of the CRM may be done by maintaining a close relation with the customers, especially in the competitive markets. In case there is failure in the implementation of CRM, then this involves the following risks (Rahimi et al, 2016).

Generally in organization there are various departments and every department has the direct or indirect customer's information access. A CRM system piles up this information centrally, examines it and then makes it addressable within the

entire department.

CRM plays a vital role in the process of the customer satisfaction as the customer which are satisfied are profitable for the organisation as the satisfied customer generally makes a repeat purchases and also make mouth promotion to others, so that other get influence and purchase the product. CRM also gives a firms a chance to customize the products as per the demand of every customer. This information is able to gather by the way of interactions with the customers, which can be done with the help of CRM. The applications of the CRM helps the firms for customizing their offerings which will suit the individual tastes of the customers. Furthermore, CRM applications is also helpful for the companies for managing the customer relationships. Therefore, the CRM helps the firm for improving the firm's market share by ushering in more customers.

## 2. CRM System

CRM systems consist of:

1. Data warehouse technology, which is useful to collect the all information of the transaction, and merging those information with the CRM products, and to providing the indicators for the key performance.
2. Opportunity management that helps the firm's for

managing the unpredictable demand and growth, and for that implementing the good forecasting model by the way of integrating the sales history with sales projections.

3. CRM systems, which will keep the track and measure on the marketing campaigns which is been conducted at various networks,
4. CRM system, which will keep the track on the customer analysis by recording the clicks of the customer and also keeping the record of the searches and purchases made by employees.
5. Few software of the CRM are available as software as a service (SaaS), which is delivered on the internet and available to use via a web browser as it is no need to installed the application in the device. Also the organisation which are using this software are no need to buy it, but then can use with the payment of the subscription fee to Software Company.
6. For business which are operating at the small scale, a CRM system might consist of a contact manager system who integrates the e-mails, document, job, fax, and scheduling for every single accounts.
7. Customer-centric relationship management (CCRM) is a nascent sub-discipline, which instead focusing on the customer leverage, it focus on customer preferences. The aim of the CCRM is to add value.
8. Systems for NPO and organisation which is based on the membership organizations helps to track constituents, sponsors' demographics, fundraising, membership levels, volunteering.

### 3. Review Of Literature

As per (Mueller, 2010) CRM aspect is highly dynamic, and businesses has to adopt a proactive approach so that the company can able to face the competition. Every business organisation should try for maintaining a long-term relationships with the customers so that they can able to understand the changing and increasing expectations of the customer and business can take the action according to it. By doing so the business can earn the customer lifelong loyalty.

(Peppers et al, 2011) stress that, businesses that refuses the CRM acknowledge in their business and at marketplace might be in risk that they might lose their market share and also that will affect their future growth.

The satisfaction of the customer mainly derived by their reaction of toward state of the fulfilment and judgment of customer about that fulfilled state (Ibrahim et al, 2012). Customer satisfaction is the meeting of the expectation which is derived by the customer before consuming a particular product, where the expectation can be of quality, quantity, service, after sale service, price, etc. (Woo et al, 2005). The satisfaction of the consumer is an outcome from the product which the consumer has purchase by comparing the cost and rewards or happiness or utility derived from its consumption (Mithas et al, 2001). The satisfied consumer becomes the loyal consumer. Therefore the CRM plays a vital role in customer satisfaction and loyalty.

After examining the past studies of the loyalty, it was revealed that the researches which tries to defining the loyalty has a significant space. The problem which is encountered in that researches are the failure of achieving a shared definition of loyalty as a it might be a key variable (Mitussis et al, 2006; Parasuraman. A., et al, 1988).

In the research done by (Sarmaniotis et al, 2013)

demonstrates that the implementation of the CRM effectively gives a more profits. The customer's lifetime value in 2 longitudinal case studies concluded that the customer management strategies keeps on changing with respect to the customer's value. Therefore, CRM works and a reasonably straight forward analysis of the customer's value may make an actual difference. The CRM concept brings the best performance of organisation by the way of appropriate measurement and managing the customer relationships. The data of the comprehensive revenue and cost, which is specified to the individual customers or segments can helps the organisation for adjusting their CRM strategies. This study contribute for showing the correlation of revenue of the customer and their values. (Sigala M., 2011) has studied the CRM from the strategy formulation and implementation perspective. The author in that article had proposed a model which mainly deals with formulation and implementation CRM strategy. Also the research has also studied the CRM effect with innovation and performance of the firm. The finding of the study shown the positive impact of CRM towards the performance of the firm, (Mascarenhas O. A. et al., 2006). (Long et al, 2013) stated the link between the CRM and financial performance of the company. For this research the author has also studied the 4 key dimensions of CRM that is customer satisfaction, loyalty, value and equity. All this 4 dimension was tested in this study for correlation of financial performance indicators that described the effectiveness of the business transforms sales into good amount of profit, was selected as important indicator for the good financial performance.

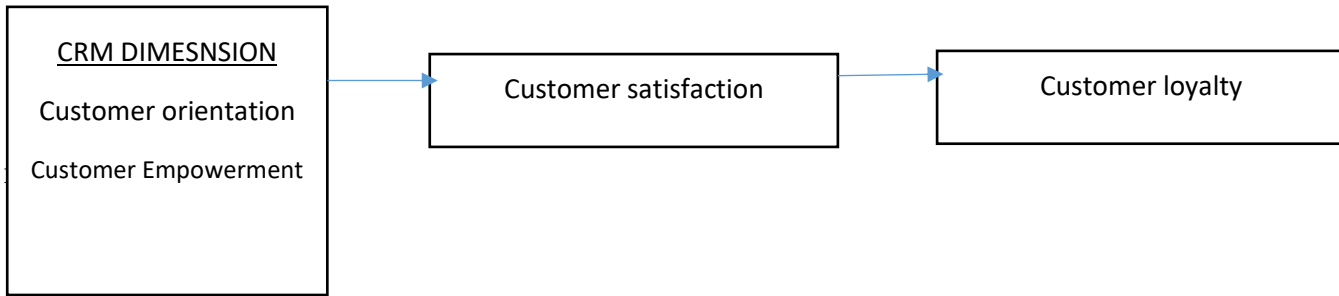
### 3.1 CRM On Customer Satisfaction And Loyalty

As per (Berry et al 2002), organisations implements the CRM for reducing the cost and rising the performance of the company performance that means the profitability which is the result of the customer loyalty. The loyal consumer is a repeat buyer and also influence others to buy that product as he/she has derived a satisfaction with that. Just selling a product and transaction is over is not now enough, but now the business has to maintain the relation with the customer for the repeat purchase. For the successful implementation of the CRM, data are gathered from both internal as well as external source like a department of sale, customer service, marketing, after sales services, procurement, etc.

It is important to acquire a holistic view of every requirement of the customer in a real time system. This collected data would able to aid employees for making the fast and perfect decision during dealing with buyers in the various areas. Therefore, the customer satisfaction and loyalty can be achieved by a successful implementation of CRM. Hence, the organization must find the different customer's requirements and adjust the policies according to it. As per (Dietz Janis, 2005), CRM amplifies the relationships of the customers and competitors in a firm for rising the market share by integrating technology and customer.

(Dick, 1994) studied and reviewed the importance of measuring customer satisfaction with respect to CRM. It has concluded that to have a satisfied and loyal customer is most important thing for every business in this competitive market and measuring this is not just onetime process. The satisfaction of the customers can play a significant role in the expectations of the customer and it may create a customization in the marketing mix. Employee orientation in work culture of the firm and this is seen by their behaviour and artifacts (Zinaldin. Mashhad, 2008).

### 3.1.1 Conceptual framework for CRM on Customer satisfaction and loyalty



#### Authors Proposed model

Abbreviation CRM-Customer relationship management

Customer relationship management can be measured using customer orientation ie How well the organization is providing services towards customer and empowerment of the customer done (it is a process of providing the tool for making better choices ) ,if the organization does these two things there will be immense customer satisfaction and that will in turn create a loyal customer who do repeated purchase ,and associate with the organization for long run .

The customer satisfaction can be measured with four dimensions namely Perceived value fulfilment of customer needs ,fulfilment of new needs ,Affective response ,whereas loyalty is measured using six dimension scale ie Repurchase intension, Postive word of mouth, reduced search time ,buying other products and brand ,deeply committed ,affective and

logical Reduced loyalty to competitors

The CRM model states that the first organisation should obtain the information about the customers. The organisation at first should identify their customers individually and also allow the customer to know your customers. The next step is to differentiating the customers by their value to the company. The most valued customer should be placed top and always give a preference to such customers. The next step is that the company should differentiate the customers by their need from the company. Then the company should interact with the customers as per need and value of the customers. After conducting all this steps, the company should customize their products as per the need and value of the customers. By following all this steps the company can formulate and implement the CRM effectively and efficiently, which will benefit the company by the way of customer satisfaction and loyalty. This will also help in retention of the customers.



Figure 1: CRM Model  
SOURCE -IDIC MODEL (Shruti Thakur and Priya Chetty, 2019)

## 4. Factors Affecting CRM

### Reliability

It is common factors of CRM. The CRM activity is to identifying the reliable customers and to communicate that with the customer. CRM reliability mainly depends on the reliability of Information Technology systems in which the relations with the customer are managed. CRM activities always tries to fulfilling the expectation of the customer's and give them the better service and this is not possible without the reliability (Parasuraman et al, 2004). It achieved by keeping the promises for doing something, giving the right service at right time, consistent performance and dependability, keepings the bill and data accurately and error-free.

### Customization

The customization concept is based designing the product or giving the service as per customer need. This might be providing the same product to the different customer in different way. This can be done by the way of delivering the product as per customer's preferable time that can be different of the different customers and differential prices and product range, and personalized products. For example, in a hotel the cook may make a vegetable spicier if customer asks so or he make less spicy to another customer if he asks so. Therefore, the CRM gives customization, so the product is delivered to the customers as per their met. Further CRM, records those customer preference and choice in their system so that next time to same customer the product can be delivered accordingly.

### Customer Attraction

The loyal customers always gives good and actual feedback. Customer attraction acts as an important driver of the customer commitment.

### Customer Retention

It is important indicator of the customer satisfaction and customer loyalty is the retention of the customer. Therefore, the more the satisfied customer the organisation has, the more is the retention of the customers. In this saturated market, the retention of the Customer is become an important issue. Here also CRM plays an important role.

### Information Technology (IT)

The IT plays a vital role in redesign the process of the CRM. It is useful in all the functions of the CRM. IT helps to store the data, to organise the data, to represent the data in understandable manner, to analysis the data, to interpret it. IT facilitate changes to work practices, and to bring some new innovative methods for linking a firm with the customers, and also with other stakeholders. Therefore, CRM applications take total benefit of IT. (Chen and Popovich, 2003). With the help of IT, CRM can optimize its interactions with all.

### Responsiveness

Responsiveness is the factor which defines the willingness of the businesses to helping the customers and to providing prompt goods and service. CRM is always responsible for providing the information to customer. Propositions like "what can I do for you" shows the how much importance the firms gives to their customers by understanding the wants and need of the customers (Arun Kumar et al, 2010).

## 5. Conclusion

CRM integrates with the management of customer and groups of the customers, management heads of the firm. CRM is useful for managing business in more effective and efficient manner. From the various research paper studies, majority of them concluded that the CRM plays a vital role in customer satisfaction and loyalty. CRM act as tool for facilitating the business and also by improving customer relationship with the organizations. So after overall study we can conclude that it is necessary for the management to make the formation of the CRM and implement it properly in order to gain the customer satisfaction and loyalty. It is necessary for the firm that they should conduct the CRM activity on regular basis. Doing CRM only once is not effective. The customer satisfaction and loyalty helps to increase the sale and the profitability of the firm. CRM helps to understand the individual customers and group of the customer. But still the many companies are not able to implement this successful due to they do not understand the need of CRM or the strategy they form is not that effective. Organisation which implement the CRM properly would get the rewards to the firm in form of customer loyalty and profitability in the long run. CRM is nowadays considered as a trend in the business, which is entailed for securing and maintaining the competitive advantage and market share in the industry. For instance customer remembers that company whose product is of best quality as well as the one how maintain the good relationship with the customer. Therefore, having only best quality of the product is not enough, along with that CRM activities is also equally importance such as after sale services, maintaining the record of the customers, keeping continuous contact with the customer, wishing the customer with wishes on special occasions like birthday, marriage anniversary, etc. The satisfied and loyal customer is always an asset for the company, which can be achieved via effective CRM and every companies tries to maintain that asset for the long period of time. Further study also reveals that IT plays a vital role for the more development and advancement of the CRM for effective communication and maintain relation with the customer as well as other stakeholder of the organisation. So it is necessary that organisation should always keep their technology updated for this.

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