

Understanding and Reviewing the Customer Relationship Management (CRM) System in Marketing with an Emphasis on Banking Industry

Samaneh Khosravian

MA in Internal Business Management,

Maziar Non-Profit Institute, Noor, Iran

s.khosravianamoli@gmail.com

Abstract

Today, the field of finance is one of the fundamental areas of activity in the world, in which, as actors in the monetary and financial markets banks, financial and credit institutions, besides investment companies have significant responsibilities. In business competition, effective CRM has become a key challenge. Organizations require data about who their customers are, what their expectations and needs are, and how their needs can be met. This paper seeks to examine the association between CRM and banking industry's marketing performance. Banks employ some methods including CRM, customer value analysis, organizational strategy and service mechanisms improving the efficiency of customer communication in order to retain the existing customers and attract new ones. This is an applied study in terms of purpose and a descriptive-analytical review in terms of method and nature. The library method was used for collecting the obtained data. Finally, the final conclusion was made and appropriate recommendations were presented after analyzing the obtained data.

Keywords: Customer Relationship Management (CRM), Marketing, Banking, Satisfaction, Customer Loyalty

Introduction

The attitude of companies and institutions due to expanding the competitive environment inevitably concentrated on the attraction of more customer satisfaction for sales and earning more profits. By passing via the traditional economy and competition intensity in novel dimensions, the customer has become the major and center of all activities of organizations so that, the survival and continuation of organizations to identify and attract new customers and retaining customers is accessible from a competitive perspective (Kalantari and TayebiTolo, 2010).

The presence of information and communication technology and also fast and instantaneous advancement in technology field have influenced all aspects of human life, knowledge-based organizations, knowledge-based employees, knowledgeable customers, vigilant competitors, variety of production, consumerism, complexity of buyer and seller behavior are some of transformation symbols in the business. These symbols narrowed the field over market participants and put them at the crossroads of success or failure. The presence of a codified plan and strategy is required for success and remaining in the competition scene and the absence of any of them as deletion from the scene, destruction and failure. Furthermore, different organizations encounter the challenge of enhancing their market share and following novel ways to attract, provide, support and retain customers to increase revenue. Besides, organizations are following to increase

overhead cost and increase their stocks' value. Customer relationship management or CRM is a beneficial instrument to aid these attempts (Mehrabi, 2016).

The concept of customer relationship management has enhanced since its inception and leads us to reform business function (Hosseini, 2016). Customer relationship management is considered a management strategy which enables the organization to concentrate on customers and build better relations with customers. This aids to put each other customer information, sales, marketing effectiveness, sensitivity and market trends one by one (Dehkordi, 2017).

This study is used due to objective, methodology and nature of review and descriptive-analytical. The provided data were gathered by library approach. Thus, in the initial stage, applying library research, the general research on customer relationship management and banking industry was discussed. In the second stage, after investigating internal and external papers due to the subject in different databases, the role of customer relationship management in the banking system was surveyed. At last, in the third stage, after analyzing the data provided from the first and second stages, final conclusions been made and proper propositions were mentioned.

Statement of Purpose

Full of changes are present in today's world. Changes in technology, changes in information, changes in people's demands, changes in consumers and changes in global markets. Thus, one of the most significant changes in the business scene was the change in the values suggested to buyers which is called as the major element of success in current organizations, and the resulting organizations in every industry owe their success to the capability to supply and deliver more value to buyers in comparison with their competitors (Rashidzadeh and Alaei, 2017).

The industrial economy passage and geographical boundaries' loss for business and

finally the in competition intensity have made the customer as the major pillar of bank's actions. Organizations achieved that keeping present customers is cheaper than the attraction of novel customers and the best method to maintain customers is to achieve their satisfaction. Moreover the study indicates that customer satisfaction could result in a reputable brand and therefore institution profitability. In recent decades, customer relationship management along with the enhancement of information and communication technology was defined and evolved as a significant method in business by returning purpose to personal marketing (Sharifzadeh et al., 2016).

This research aims to survey the role of customer relationship management in the banks. To access this objective, we initially follow the concept of customer relationship management and then the significance and advantages of customer relationship management in banks and implementing its goals. Finally, we declare the obstacles which the customer relationship management system may have.

Conducting research necessity

At present, customer is identified as one of the most significant sources of success for the organizations. What makes value for organizations is providing a continuous relation with the customer and exchanging information or services among them and the customer. In current period, by technology development, marketing is due to our lives every day which has a significant role in business (Mahdavinia, 2018).

The marketing is a management instrument, while identifying customers' requirements and obtaining proper products or services to them, follows to outpace its competitors. The marketing world is vast and sparse and it is following for methods and information through which to make loyal customers for itself, customer relationship management is a strategy which was performed by aid of technology, the customer relationship management is not just a software instrument

which makes your work better, customer relationship management is a philosophy which attempts to make a strategy in this regard (Salehi, 1397).

Rashidzadeh and Alaei, in a study titled "The Effect of Customer Relationship Management (CRM) and Relationship Marketing on Customer Retention", prepare a definition of customer relationship management and relationship marketing, and then the dimensions and advantages of each one are investigated. This study generally follows to identify the relationship between customer relationship management and relationship marketing. It indicates that there is a close relation between these two components, both of which can cause satisfaction and loyalty and customer retention (Rashidzadeh&Alaei, 2017).

In the paper "Customer Relations Management", Abdolmanafi et al. agreed to survey customer relationship management in organizations due to the importance of customer relationship management in the organizations, and the results show that an organization should follow to satisfy its customers to surpass competitors.

TaherpourKalanti and TayebiTolo in their study titled "Relationship between CRM Customer Relationship Management and Banking Industry Performance" follow to survey the relationship between customer relationship management and marketing function in banking industry and noting that effective management of customer relations became a significant challenge in the business competition. Organizations require information about who their customers are, what their expectations and requirements are, and how to fix them (Kalantari and TayebiTolo, 2010).

The study was handled as an analytical review of customer relationship management. As a result of this research, customer relationship management programs like (sales, marketing and customer service) and after-sales services (such as finance, operations, logistics and human resources) communicate with

customers' contact privileges. Several companies compete efficiently and gain this competition by implementing relationship marketing principles applying customer relationship management program. Finally, the implementation of this technology in the organizations facilitates customer affairs and enhances customer service (Momeni, 2017).

The study was handled as the role of customer relationship management in organizations. As a result of this study, in the present industries, the increase in demand from customers is not in proportion to manufacturers' increase. It has made intense competition in the sale of products and customers have more selection when buying. Thus, it is a successful organization in the field of competition which can attract more customers and preserve them for the next purchase. On the other hand, the extensive utilization of information technology has given organizations the capability to apply the technical knowledge combined with the necessary skills and expertise to increase awareness of customers' requirements. Finally, some of these cases have resulted in creating a system known as customer relationship management (Hosseini, 2016).

The study was handled as an investigation of customer relationship management programs. As a result of this study, customer relationship management programs are included: 1. Gathering information to completely determine a customer (contact). 2. Conversation: Leading to purchase or other planned activities in the company. 3. Loyalty: Building support by motivating, surprise and delighting the customer. 4. Service: Decreasing discrepancies during the purchase process. 5. Customer retention: 6. Successful transaction return: Re-engaging past customers (Mahdavinia, 2018).

In his paper named "Customer Relationship Management in Banking System", Mehrabi notes that communication with customers in the present marketing is necessary to convert passing customers into loyal customers. It is especially sensitive for financial-service institutions like banks. To remain in the

competition, these institutions are compelled to keep customers and communicate with them managed.

Theoretical Foundations

In the organizations, there are often issues to understand customer relationship management. It is pondered that only by handling hardware can the advantages of customer relationship management be gained,

but only if the major advantages of the customer relationship management business can be applied to implement the customer-centric business strategy. The present strategy results in the formation of customer-centered organizational culture and then proper and integrated technology with the information infrastructure (Reynolds, 2002). In Table 1, several definitions of this concept are noted which are isolated due to analysis level.

Table 1: Definition of Customer Relationship Management (Torabi Rad &Rahnavard, 2014)

Description	Types of CRM definitions
1. Customer relationship management is a term for a set of methodologies, processes, software and systems that help institutions and companies to effectively and organized customer relationship management.	Definition of customer relationship management from the perspective of the section of its perspective And marketing with application in a limited sector or unit (Oakes, 2005)
2. Customer relationship management, IT integration with business processes to meet customers' needs	
3- Customer relationship management is the strategic process of choosing profitable customers and defining the interaction between the mentioned customers and the company, by the objective of optimizing the present and future value of customers for the company.	
1. Customer relationship management is a comprehensive business and marketing strategy which integrates technology, processes and all business activities around the customer	Defining customer relationship management from a meta-sectoral perspective involving all functions Businesslike manufacturing, research and development, marketing, IT, finance and human resources (Rosenbleeth et al,2001)
2. Establishing relationships with all valuable customers via the efficient utilization of customer's information.	
3 Customer relationship management is a multifaceted and comprehensive phenomenon which involves strategic aspects, customer-oriented processes and organizational transformations via designs as well as function assessment.	

Customer relationship management will enhance, regarding products or services, in which customers, when and in what way are proposed. This management contains different components. The company should

have its information before beginning the customer relationship process. These information can be provided from customers' internal data or purchased from external sources. For internal data, there are different

sources like questionnaires and blogs, credit card records and external data sources or purchased data banks such as: addresses, phone numbers and profiles visiting websites, the key to gaining more knowledge of the customer (Sharifzadeh et al., 2016).

Customer Relationship Management System contains three major sections:

1. Customer: The customer means the end consumer who has a supporting role in value-creating relationships.
2. Relationships: Relationships mean making more loyal and profitable customers via the learner communication.
3. Management: Management is creativity and guiding a customer-oriented business process and putting the customer at the center of organization's processes and experiences (Mahdavinia, 2018).

The benefits of customer relationship management system

The strategic benefits achieved via the utilization of customer relationship

management will have the highest effect when its design is easy and its function is assured. The best method to help detect this significance is to apply knowledge management concepts in customer relationship management design. In planning customer relationship management, one should be increasingly inspired by knowledge management architecture. Customer relationship management processes and applications are due to the fundamental principles as follows.

- Targeting each single customer
- Attract and maintain customer loyalty via personal communication
- Continuous customer contact
- Customer choosing due to the customer's lifetime value

The benefits of applying customer relationship management system whose final objective is to gain customer satisfaction and survival in a competitive environment are listed in Table 2.

Table 2. The benefits of Customer Relationship Management (Abdul Manafi& Nakhaee, 2018)

Intangible benefits	Tangible benefits
Increasing customer satisfaction Enhancing customer service Management with closer ties Positivity of information taken from others Simplifying and efficient business processes Increasing the depth and effectiveness of customer segmentation Understanding better customer needs guidance	Increasing revenue and profitability Quick repatriation period Decreasing domestic costs Higher employee productivity Higher customer maintenance rates Obtaining investment for re-evaluation and with the highest rate of return

Stages and executive issues of customer relationship management

The stages of customer relationship management are as follows:

1. Selecting a customer-centric strategy from the organization.

2. Basic changes in past regulations and approaches.
3. Identifying roles and responsibilities for the customer relationship management.
4. Redesigning processes.

5. Accessing and applying customer relationship management technology (Momeni, 2017).

Executive issues of customer relationship management are included into responding the questions about executive issues of customer relationship management relies on the depth of customer relationship management in every organization. Thus, creating the changes to the present system of company will have consequences like proper training of users, risk of profitability of this system against costs imposed on the company and resistance to change. Furthermore, the relation among data gathered by various sections of the organization and the lack of integration and communication of the new system with the company's systems can also be regarded the executive issues of customer relationship management (Salimpour, 2017).

Customer Relationship Management System in Banks

The emergence of delivery channels and payment systems, involving ATMs rather than deliveries, call centers in the exchange for bank branches, internet banking and credit cards substituting the traditional financial transactions, migrated banks to emerging electronic markets. Banks are financial institutions and services which obtain their products and services in direct contact with customers. Hence, in today's competitive market, to adopt strategies different from competitors' strategies, they have to gather behavioral information of customers, even satisfied and loyal customers, the evident instance of this is the competition of banks to balance the interest rate of their deposits.

Customers, even satisfied and loyal customers, are the evident instance of this is the banks' competition to balance the interest rates of their deposits. Altering customers' behavior in banks based on the monetary nature of their activities is more sensitive and needs careful and timely planning by banking

network managers. Customer relationship management in banks can be gained by establishing and supporting the personal relationships with beneficial customers via the customer accounts, with suitable utilization of information and communication technology, customer monitoring process, management and data assessment (Sharifzadeh et al., 2016).

Many businesses identified the significance of customer relationship management and its capability for the organization to gain the competitive benefit. These organizations are causing the changes in their business processes as well as making technical solutions which enable them to attract novel customers, keeping current customers and maximize their time period, so valuing people's ideas is the best marketing style and the most significant problem in banking is satisfying customers.

The major purposes of customer relationship management in banks are included into:

1. Determining the special values of every segment of market and customers
2. Obtaining customers' desired values in the manner they request to achieve the information
3. Isolating various sections of market and enhancing communication process with target customers
- 4 . Increasing income from workplace service delivery fees
- 5 . Increasing customer satisfaction and loyalty
- 6 . Optimizing the customer service channels
- 7 . Attracting novel customers regarding the experience accessed about past customers
- 8 . Achieving the customer comments and interests to optimize strategy and operation processes.

The measures which the banks must follow in implementing the customer relationship management are included into:

1. Determining the CRM projects with reference to the provided objectives (increasing the number of customers, increasing profitability, per customer, etc.)

2. Setting the measurable objectives for every innovation due to the profit growth, number of customers, etc.

3. Surveying and proper choosing of customer relationship management (Mehrabi, 2016).

Challenges in the implementation of the customer relationship management

It is required to familiarize yourself with possible challenges in the implementation of CRM before implementing a strategy to deal with them. The major challenges which a set may encounter in the implementation of CRM are as follows:

1- First commissioning cost: First startup cost is one of CRM challenges. Organizations may have invested large values in functional customer management instruments. Since some of these instruments may have proprietary functionality, they can hardly be shared in various parts.

2- Integrated utilization instruments: Organizations require integrated utilization instruments which are made due to the customer life cycles and interactions with the customer. Organizations which need managing customer interactions in multiple languages and currencies cannot implement CRM via the traditional technologies, which will be very hard for them.

3- The cooperation of various sections of CRM is an integrated method which needs the cooperation of the sections of business which autonomously used to act. Data gathered in one part should be shared in all other sectors. Some sectors may note the reluctance and dissatisfaction by sharing their data with others (Nishaburi& Taheri, 2016).

The benefits of customer relationship management for banks

Regarding customer relationship management can prepare various benefits for banks, some of which are noted:

1- Since one of the most significant assets of a bank is its customers, applying this approach, keeping the present customers and encouraging them to re-refer is the basis for

the survival of the bank which is the major objective of any bank.

2- On the other hand, by the entry of information technology into banks under the umbrella of customer relationship management, it is prepared that banks move towards smart and knowledge-based banks or applying customer relationship management software decreases information processing costs and communication with customers in less time and faster, which is the final result of increasing the competitive power of bank in today's turbulent environment.

3- Other benefit is that customer relationship management, by gathering complete customer information in a database, obtains the possibility of categorizing customers due to the bank's strategies and criteria which can facilitate customer relationship management to achieve the purpose.

Conclusion

The most advantageous and proper strategy for banks is customer orientation. Customer relationship management system can help maintain present customers and attract novel customers. In the banking system, customers are the major axis and in fact anything is to follow their satisfaction, attention and attraction. Customer objectives should be identified in customer relationship management strategy. Customer relationship management is the responsibility of any business. Nowadays, banking needs novel approaches, efficient marketing and customer orientation, obtaining novel technologies, service and customer service that every bank will be more successful in these matters in the competitive market, attracting high resources and lasting resources and hence the durability and permanent survival of that bank with high productivity. Information technology facilitates communication with customers and increases its speed and efficiency by better sharing information like the services obtained, how to prepare these services,

financial and credit conditions, preparing credit, etc. It obtains the grounds for enhancing function and innovation in the provision of services, involving the most significant services obtained in this way, preparing services and information via the Internet and mobile, as well as ATMs, sales terminals, credit cards, etc. They are very beneficial in saving costs and time.

Suggestions

- 1- The success of communication management needs that institutions prioritize relationships and allocate accessible resources due to the customer value for bank to build and keep relationships. The bank must identify the customer relationship process with a detailed planning and by defining the proper processes and sub-processes. Only as assigning responsibilities among individuals and groups for process activities.
- 2- Although information technology is significant in implementing the customer relationship management, but in a systematic method, all organizational dimensions of customer relationship management must be regarded.
- 3- Regarding that the information availability over the Internet could cause customer loyalty, banks can apply novel internet technologies to obtain faster services to customers at all hours of day which is one of the reasons to increase the customer satisfaction and loyalty.
- 4- Regarding the customer satisfaction and understanding of customer requirements could increase customer loyalty, it is proposed that banks increase the number of customers by obtaining better services tailored to customer requirements and requests and attempting to better understand customers' demands and determine customer requirements and increase their loyalty.

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