CUSTOMER RELATIONSHIP MANAGEMENT IN FLOUR MILLS OF BAHAWALPUR: A STRATEGIC POINT OF VIEW

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ABSTRACT: *Introduction: Customer Relationship Management is the big issue in business world because the business and growth of every firms depends upon it. It is very important field that needs in-depth analysis. The author has intended to investigate it in this research paper.Objective: The objective of this research paper is to analyze the Customer Relationship Management in Flour mills of Bahawalpur and how these mills are managing their customer relations strategically. Methodology: This is an exploratory research in which deductive approach has been applied. Structured questionnaire technique has been used for data collection.Findings: The study concludes that CRM is being well strategized for the long term as it is formulated, implemented and practiced in a systematic manner.Contribution: This study can be useful in studying the customer relationship practices in other flour mills of Pakistan as this study provides basis for further research.*

KEYWORDS: Customer Relationship Management, Flour Mills, Customer Relationship Strategy.

INTRODUCTION

When an organization is going to adopt the CRM it has to see some potential benefits and costs of CRM also. CRM has many effects in the organization like the customers are focused and their needs, preferences and wants are the major concerns for the organization. The organization can retain its customers simply by following the models of CRM. The share of customers also depends upon the customer satisfaction and the commitment of customers to the organization it could also be enhanced by the usage of CRM in the organization. These increased shares of customers will also generate the long term profitability for the firm. These beneficial effects are got only by the cost of infrastructure cost and the cost of investments.

LITERATURE REVIEW

Customer Relationship Management Practice in the Organizations:

According to Zikmund et al (2003), dimensions of CRM will lead the organization to the continuous relationship with the customers at the cost of their privacy. Now the organizations can deal with the customers by finding out the loop holes and filling the gaps of resources. These factors or measures will lead the organization to the increased satisfaction of the customer. Here the positive feedback could be stored in the CRM database again. These conclusions will tell the future prospects of CRM usage (Zikmund et al, 2003).

In any organization the process of change is also point of concern. Many authors refer this term to the change management (Wikstrom). CRM's main initiative is to manage the risk associated with the customers. And in this environmental activity external factors can also create hazards (Howarth and Fredericks, 2012).

At the organizational level CRM will be the process of integrating the people and the processes to make the customer satisfied by the use of information regarding the needs and likings of the customers. It is the development of relationship marketing at the organizational level. According to Maroofi et al (2013), CRM is not only the relationship of customers. It is much more like developing the system of integration between the environment, customer expectation and the management of knowledge.

Conceptualization of CRM as Strategy (strategic context)

A clear strategy is the one which emphasis on the implementation of CRM as the main part of the process. It has three levels of planning which includes idea, planning and customer orientation. Idea must be universal and overall accurate for implementation. Planning is done on long term basis which involves cost of time, money and resources. Planning is done according to the allocated budget of the department. While in the customer centric view the firm tries to identify its customers and their future needs also. Then the data will be used to improve the product and services (Darvish et al, 2012).

If the CRM is taken as the strategy it can create a difference in the performance of the organization. To do the strategic level CRM Integration Company has to make a perfect vision which must be related to the CRM process. Company performance objectives and threshold points must be determined, the decisions regarding the segmentation and target customers must be predefined. Furthermore company also has to decide the level of customization it is going to offer to the customers. At the end company also has to make calculations regarding the monetary benefit or the advantages derivation from the implementation of the CRM in the company (Kumar, 2011).

Implementation Plan Creation

Senior management commitment is most important. Success of CRM is based on the profitability of it which has to be calculated before the implementation. Here at this level companies consider that the customized solutions provided to the customers will increase the satisfaction of customers as well. Apart from the customers planning the CRM will also be regarding the use of information by the managers and their need of data. Customer interaction with the CRM and the decisions of the management are important factors for the planning of CRM implementation criteria. Interactions point of both can be altered then according to the need of particular organization (Bose, 2002).

Reason for the successful implementation of the CRM is the increment in the business profit, gaining customer's satisfaction, delivering the personalized services to the customers, getting the customer's insight about their preferences, taste and future demands, creating the differentiation from the competitors of the business, and at the end to get the more selling chances for the product of the business. To get all these purposes business have to create the exact plan which will be based on the perfect integration of business process, technology used, strategies made, human resource integration, communication channels integration and the end the cultural factors or the change management (Kumar, 2011).

Strategy Formulation

Formation of the strategy to implement the CRM is started at the level where the decisions are taken regarding the customers groups and their characteristics. At this level company will also identify the individual customers and their groups. In the formation of strategy three main factors are discussed, first is deciding the purpose of the CRM implementation second is the selection of the parties which are customers groups and individual customers and third are the schemes and programs for the CRM system. The purpose of CRM is to get the operational and strategic level goals of the firm. To implement the program and strategies parties (customers and employees) are focused (Parvatiyar & Sheth, 2002).

Development of CRM strategy is a tactical process involving many steps at strategic level, likewise first step is the developing the business model. First the firm has to design the process to attain, acquire, retain and increase the customers. Then the model is related to the business its dealing with. CRM is not the only technological change in the firm but also the emergence of the culture to the customer's. Main reason implement the CRM strategy is to give the customers ultimate satisfaction they are wanting from the prospective of communication with them. If the strategy is going good with the customers then it will increase the customer's loyalty as well and in the end the satisfied customer will generate more profits for the company. Strategy of implementation of CRM could be the most useful way to increase the customers by their satisfaction. In the aspect of current market and global business environment it is compulsory for the firms to increase their value by some differentiation of their product or services. And the implementation of CRM strategy will provide the win-win solution for three of them; customer, company and employees (Jakinsen and Jocobs, 2002).

Developing Analytical CRM Systems

In the beginning of the CRM implementation in the organization focus was not on the analytical CRM but now days its important is wide spread. Data management and analysis technologies allow the users to analyze the information of the customers. Customers segments are identified on the basis of reports prepared by the CRM systems and then the particular customers are being communicated. By the effecting management of customer relations customer's retention is done at strategic level. Analytical CRM also effects the customer's loyalty because more of the customers are being focused they will consider themselves a valuable assets and then they will have increment in their loyalty (Srivastava, Wang, & Hwang, 2002).

Analytical CRM system can create the value of information by doing the analysis on the previously collected data, and by the analytical CRM customers segmentation and targeting is done. It can also strengthen the customer's relationship management. Date collected and analyzed can be used in the marketing of products or services to the target consumer according to the segmentation created on analytical CRM basis and the targeted customers can be pointed out as well. Successful integration of CRM can provide the ultimate advantage of data mining and data collection and retrieval too (Bibiano, Mayol, & Pastor).

Strategic Integration

The Process of CRM practice starts with the strategy formulation of the improvement in the business processes. Organizations have to see first if the strategies of CRM can be useful for the organization and its implementation is if possible. CRM changes the overall business process and its strategy. Business competences for the implementation of CRM are evaluated

for the particular business and then the execution plan is made (Piskar & Fraganel, 2009). CRM could be the part of overall system of the organization rather than a part of it. Organizations have to identify where the system will be more suitable, affordable and beneficial. Internet usage leads to the E-CRM and the management of E-CRM is more of calculated nature rather than analytical (Harrigan & Ibbostan, 2009).

If the strategic integration is discussed it is actually based on the long term decisions regarding CRM. Strategy formulation will be started from the purpose to increase the efficiency and effectiveness of the processes of the company. Programs will be then decided which will be adopted according to policies and features of the organization. These policies will be surely according to the business vision. In the next step strategic partners of the business are finalized with whom firm is going to be engaged in business. After these initial steps decisions are taken at management level regarding the formation of teams, deciding roles of the team members, ways of communication, motivation of work, blue print of the whole process, attachment of employees and at the end monitoring process of employees. Purpose of doing all these activities are not just to implement the CRM in the organization but the purposes can be classified as strategic purposes like long run performance, financial purposes like increasing profitability, sales activity, ROI etc. and at the end marketing purposes of increasing the customers loyalty and satisfaction of customers. This process is also scrutinized all over and drawbacks are founded to remove if there are any other wise further smoothing of process is done (Parvatiyar & Sheth, 2002).

Information Management Integration

Information management integration is the main or centric point of CRM implementation as the customers and all other information is needed to be stored, retrieved and used for analytical purposes. In the information management system all the information of customer's behaviors along with their contact information is stored and then this data is realized for customer's insight judgment. Extensive data storage is important benefit of CRM system. When the information of customers is stored electronically in the information system then the organization can get the data for the customer's preferences and future behaviors of needs and wants. In this way management of proper information system can reduce the cost, increase the effectiveness of the business and profitability while getting the competitive advantage too. Benefits of information system are several if the system is carried on proper footing with the exact use of internet at the point of need (Harrigan & Ibbostan, 2009).

A great problem in the implementation of CRM is that employees think it as a technological advancement or software but not as a strategy. Yes the software is used in CRM but it is considered just as a part of process but not the whole process. Software gives the support and it uses this information which is used to get the customer insight. Customer relationship strategy is a main factor in the enterprise resource system. Marketing sales and services department then can use the information of customer to make decisions regarding customer complaints and demands. Software packages can be so effective in the management of customers and their information that it can retrieve the data and any kind of minor information by the use of analysis techniques. Software providers have given many solutions in the shape of multi-function solutions to one single problem, like making reports, automation, customer interaction and analysis of information (Mandoza, Marius, Parez, & Griman, 2006).

RESEARCH METHODOLOGY

This is an exploratory research in which deductive approach has been applied. Structured questionnaire technique has been used for data collection. The respondents are approached directly to fill the questionnaire in order to record their response about the CRM in SME's. Sample size of 55 respondents is calculated by Bartlett Table (2001) at alpha 0.05. Data is collected from 30 Flour Mills. Descriptive statistics tools were applied after the data entry to analysis the data.

DATA ANALYSIS

To illustrate the strategy of the company has for CRM following questions were asked:

"CRM in your organization is always formulated, implemented and practiced in a systematic manner?" The results are as follows:

Table-1: Systematic Implementation of CRM

		Frequency	Percent	Mean	Standard Deviation
Valid	Disagree	1	1.8		
	Don't Know	4	7.3		
	Agree	44	80.0	4.00	.509
	Strongly Agree	6	10.9		
	Total	55	100.0		

Table 1 represents that 90.9% (80.0% A, 10.9% S.A) agree with the statement that CRM in organization is always formulated, implemented and practiced in a systematic manner. 1.8% disagree with it and 7.3% donot know about it. The mean 4.00 reflects that CRM is always practiced in systematic manner. The standard deviation .509 shows the majority of respondents have similar views. Figure 1 reflects the graphical representation.

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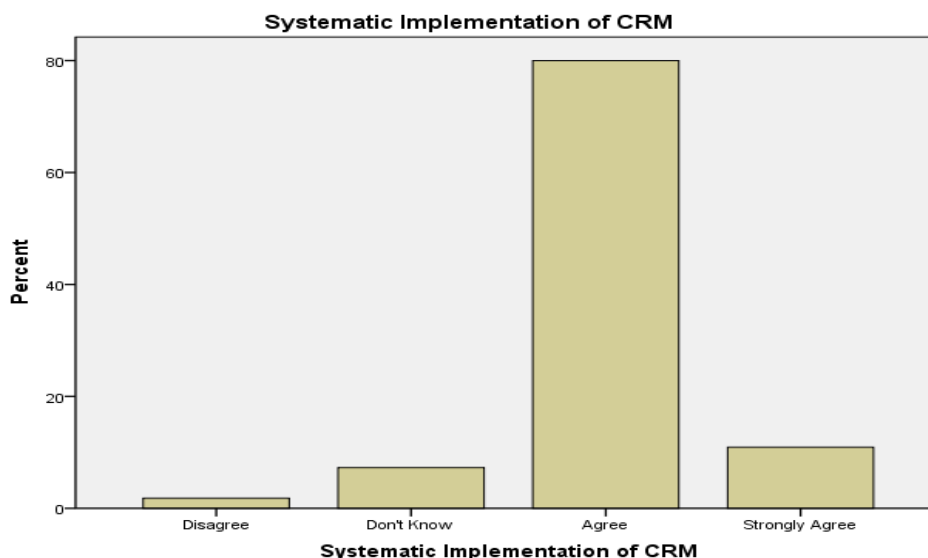
For the formulation of CRM related activities, your organization usually makes feasibility report?" The results are as follows:

Table 2: Feasibility Report as Basis for CRM Formulation

		Frequency	Percent	Mean	Standard Deviation
Valid	Disagree	2	3.6		
	Don't Know	6	10.9		
	Agree	43	78.2	3.89	.567
	Strongly Agree	4	7.3		
	Total	55	100.0		

Table 2 shows that 85.5% (78.2% A, 7.3% S.A) agree with the statement that For the formulation of CRM related activities, their organization usually makes feasibility report. 3.6% disagree with it and 10.9% donot know about it. The mean 3.89 shows that flour mills make feasibility reports for the formulation of CRM activities. The standard deviation .567 shows that respondents are agreed on this stance. Figure 2 reflects its graphical representation.
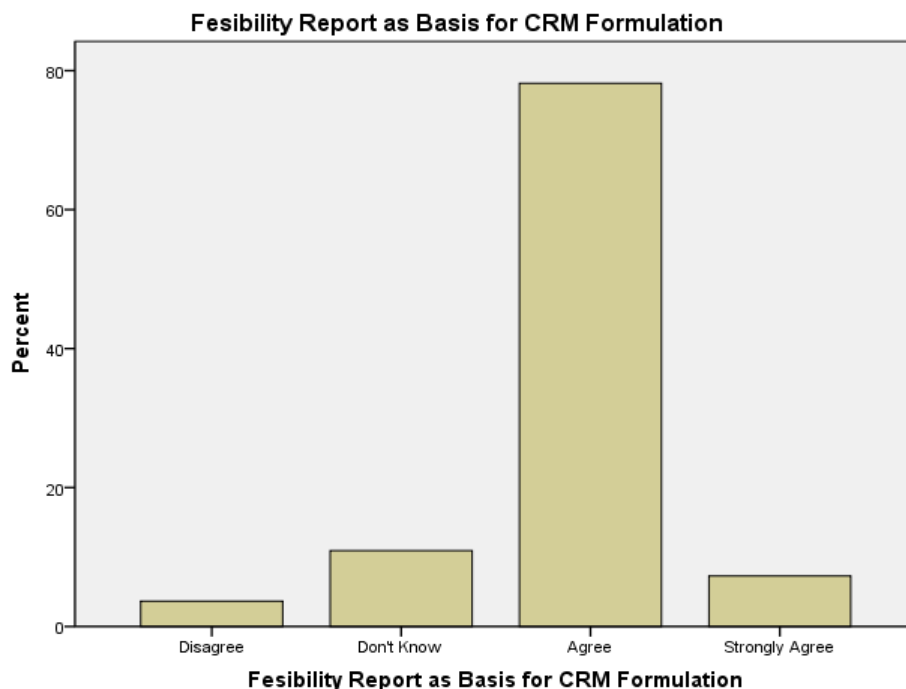

Figure-2

"Do you think in your organization decisions regarding CRM are taken and implemented with the collaboration of front level employees?" The results are as follows:

Table-3: Involvement of Front Line Employees in CRM Decision Making

		Frequency	Percent	Mean	Standard Deviation
Valid	Strongly Disagree	3	5.5		
	Disagree	13	23.6		
	Don't Know	5	9.1		
	Agree	33	60.0	3.29	1.031
	Strongly Agree	1	1.8		
	Total	55	100.0		

Table 3 reflects that 61.8% (60% A, 1.8% S.A) agree with the statement organization decisions regarding CRM are taken and implemented with the collaboration of front level employees. Whereas on the other hand 29.1% (5.5 S.D.A, 23.6% D.A) disagree with the statement and 9.1% donot know about it. The mean 3.29 reflects that CRM decisions taken with the help of front level employees is practices in organizations. The standard deviation 1.031 shows the rare disagreement of respondents. Figure 3 shows the graphical representation.
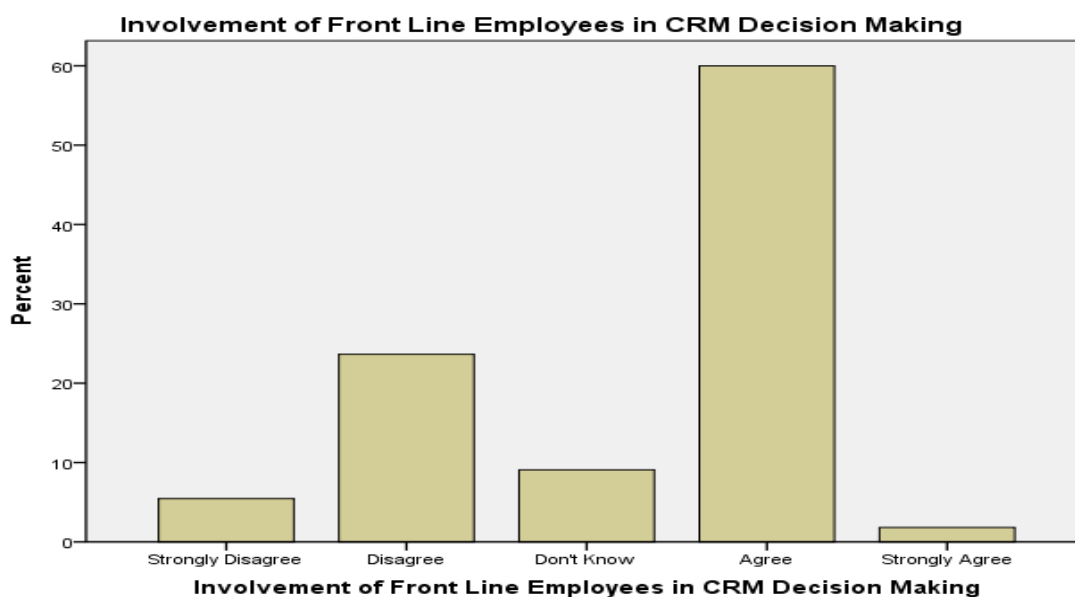

Figure-3

"In your organization, is there proper appraisal system for appraising the CRM?" The results are as follows:

Table-4: Appraisal System for CRM

		Frequency	Percent	Mean	Standard Deviation
Valid	Strongly Disagree	5	9.1		
	Disagree	24	43.6		
	Don't Know	6	10.9	2.75	1.058
	Agree	20	36.4		
	Total	55	100.0		

Table 4 shows that 52.7% (9.1% S.D.A, 43.6% D.A) disagree with the statement that in organization, there proper appraisal system for appraising the CRM. While 36.4% agree with it and 10.9% donot know about it. The mean 2.75 shows that use of appraisal systems for CRM is very rare in organizations. The standard deviation 1.058 depicts that there is disagreement among the respondents on this stance. Figure 4 reflects the graphical representation of table 4.
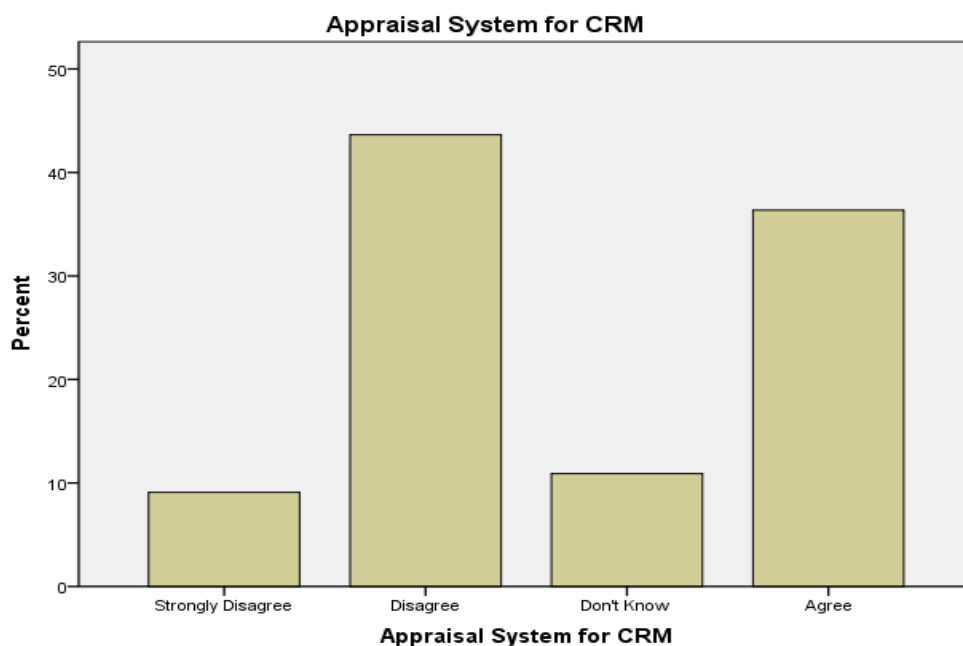

Figure-4

"Your organization assures the proper integration of CRM practices throughout all of its departments?" The results are as follows:

Table-5: Integration of CRM in all Departments

		Frequency	Percent	Mean	Standard Deviation
Valid	Disagree	4	7.3		
	Don't Know	4	7.3		
	Agree	46	83.6	3.80	.590
	Strongly Agree	1	1.8		
	Total	55	100.0		

Table 5 shows that 85.4% (83.6% A, 1.8% S.A) agree with the statement that organization assures the proper integration of CRM practices throughout all of its departments. 7.3% disagrees and same donot know about the statement. The mean 3.80 reflects that there is proper integration of CRM throughout all departments in organizations. Standard deviation is .590 reflects agreement of respondents. Figure 5 shows the graphical representation of CRM integrations in all department.
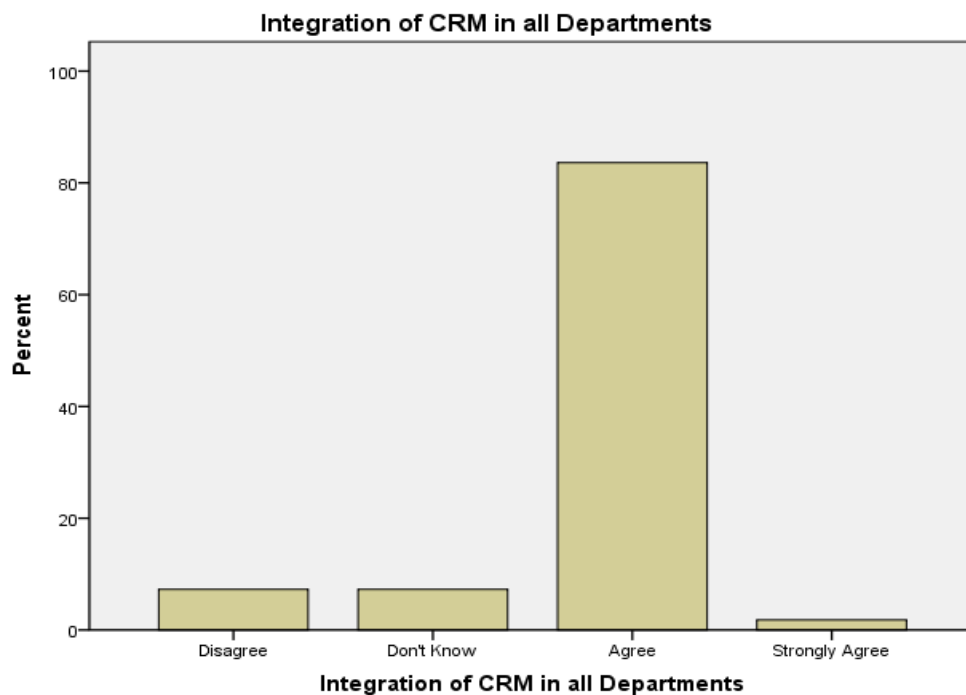

Figure-5

"Do you think CRM in your organization is carried out through the optimal use of technology?" The results are as follows:

Table-6: CRM Through Technology

		Frequency	Percent	Mean	Standard Deviation
Valid	Strongly Disagree	12	21.8		
	Disagree	25	45.5		
	Don't Know	5	9.1	2.36	1.112
	Agree	12	21.8		
	Strongly Agree	1	1.8		
	Total	55	100.0		

Table 6 reflects that 67.3% (21.8% S.D.A, 45.5% D.A) disagree with the statement that CRM in organization is carried out through the optimal use of technology. 21.8% agree and 1.8% strongly agree with the statement. While 9.1% donot know about it. The mean 2.36 reflects the use of technology for CRM is very rare. The standard deviation 1.112 shows the majority of respondents have disagreement on this. Figure 6 shows the graphical representation of table 6.
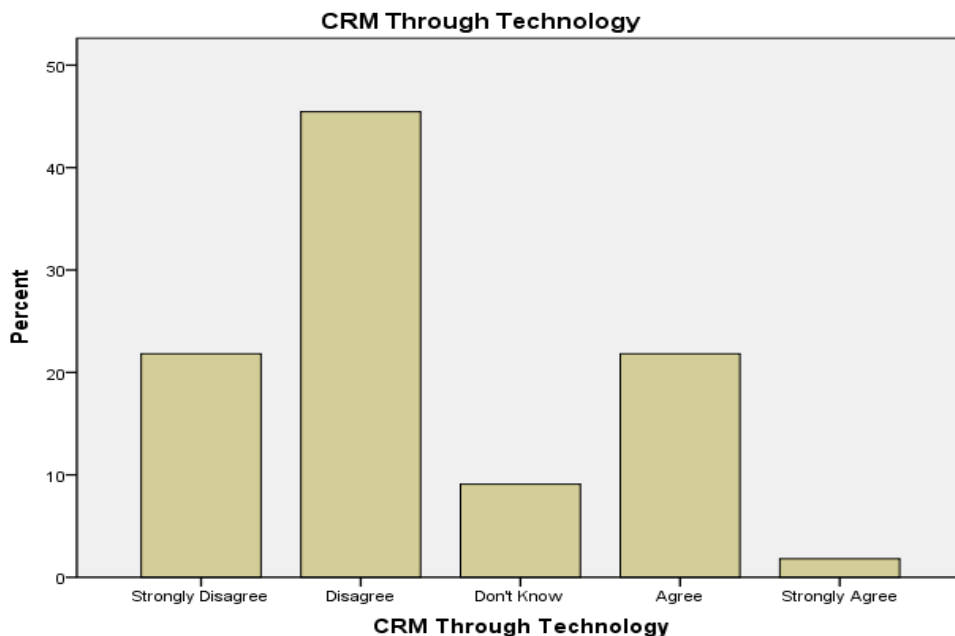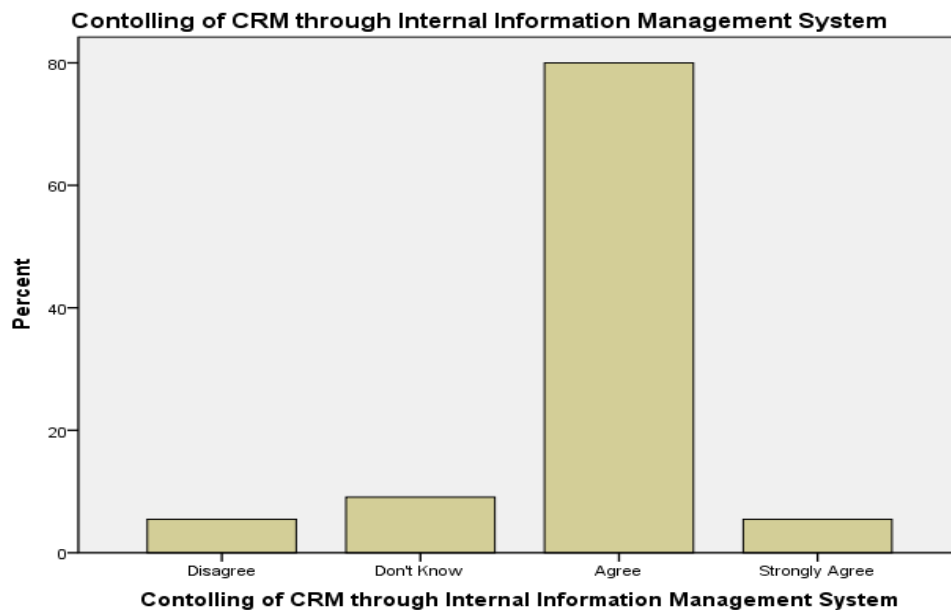

Figure-6

"Each component of CRM in your organization is controlled by an internal information management system?" The results are as follows:

Table-7: Controlling of CRM through Internal Information Management System

		Frequency	Percent	Mean	Standard Deviation
Valid	Disagree	3	5.5		
	Don't Know	5	9.1		
	Agree	44	80.0	3.85	.591
	Strongly Agree	3	5.5		
	Total	55	100.0		

Table 7 shows that 85.5% (80% A, 5.5% S.A) agree with the statement that Each component of CRM in organization is controlled by an internal information management system. While 5.5% disagree and 9.1% donot know about the statement. The mean 3.85 shows that internal information system is used to control the CRM components. The standard deviation .591 depicts that most of the respondents agreed upon this.

Controlling of CRM through Internal Information Management System

Figure-7

FINDINGS

In addressing the strategy of the flour mills for CRM, our findings show that CRM is being well strategized for the long term as it is formulated, implemented and practiced in a systematic manner. In this regard, a feasibility report is usually made in collaboration with the first line employees; however, employees bear concerns regarding this.

The study also finds that the concerns of the employees may be due to the fact that very few efforts have been made yet for the appraisal of CRM. There is no monitoring and controlling mechanism which also leads to chaos in the management of customer relation. The absence of proper appraisal system also leads to multi-dimensional undirected CRM strategies which eventually result in customer dissatisfaction.

On the other hand, the study also concludes that rather than the presence of foregoing discrepancies, the management in flour mills is determined and is making every possible effort to practice CRM across all its functional areas. And in this regard, everybody in the flour mill has opportunity to participate and give his view.

CONCLUSIONS

Bahawalpur is a small district of Pakistan and our study is restricted to this area and as such its scope is limited. However, the results obtained from this study can be generalized and further study can be conducted on the basis of this study framework. We hope that this research work will definitely add a piece of knowledge in the literature of Customer Relations Management because CRM is a problem for all business firms whether they are small or big. Every firm is striving to establish and maintain customer relationship in order to sustain its business and profitability.

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