

Overview of Customer Relationship Management and Relationship Marketing

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Abstract

Customer, is the secret of the success of any organization and any economic business activity. Credit for a successful organization is based on The organization's long-term relationships with customers. The most important factor in achieving satisfaction and loyalty customers is provide of appropriate services. Organization that one of the own practice goals is planned as appropriate services provide based on needs and expectations customers, can be relying on other business principles be converted to successful organization. Also one of the basic principles of success in business is creating relationship of appropriate and worthy with customers. Customer is the only source of profitability in the now and future, But anyway a good customer that would create a additional usefulness always possible to lose. Thus companies must pay attention to maintaining of current customers and establish long-term and profitable relationships with them.

Keywords : Customer Relationship Management, Relationship Marketing, Organizational Performance

Introduction

The concept of relationship marketing for the first time provided by Berry in 1983 in the context of service organizations and defined as strategy of attract, maintain and develop relationships with customers. Comprehensive definition of relationship marketing is the process of identifying, creating, maintaining, strengthening and if necessary, terminate relationships with customers and other relation stakeholders in a mutual benefit, so that must be provided goals of all groups in this relationship. Also Kotler is defined relationship marketing as The concept of creating, maintaining and upgrade strong relationships with customers and other stakeholders. Marketing is increasingly moving away from individual transactions and the move to build a relation with customers and marketing networks. Relationship marketing has a long term approach that its main purpose is to provide value to the customer in the long term. (Gilaninia 2011)

Previous research

Hennig Thureau et al. (2002) in research as Understanding of relationship marketing outcomes, integration of relational benefits and relationship quality realized that benefits of confidence, social and special treatment with satisfaction and commitment have a significant impact on Loyalty and word of mouth communications.

In reaserch of Gilaninia and Sharif (2008) as Effects of relationship marketing strategy on customers loyalty, results obtained was indicated Variables of trust, commitment and communication have affect on the insurance customer loyalty.

AmirShahi and Safianian (2007) colleagues conducted a research as Identify obstacles and constraints of relationship marketing implementing to government insurance companies in Iran. Results of this study showed that there was a significant relationship between structure, system and environmental obstacles with implementing of relationship marketing.

Model of Research

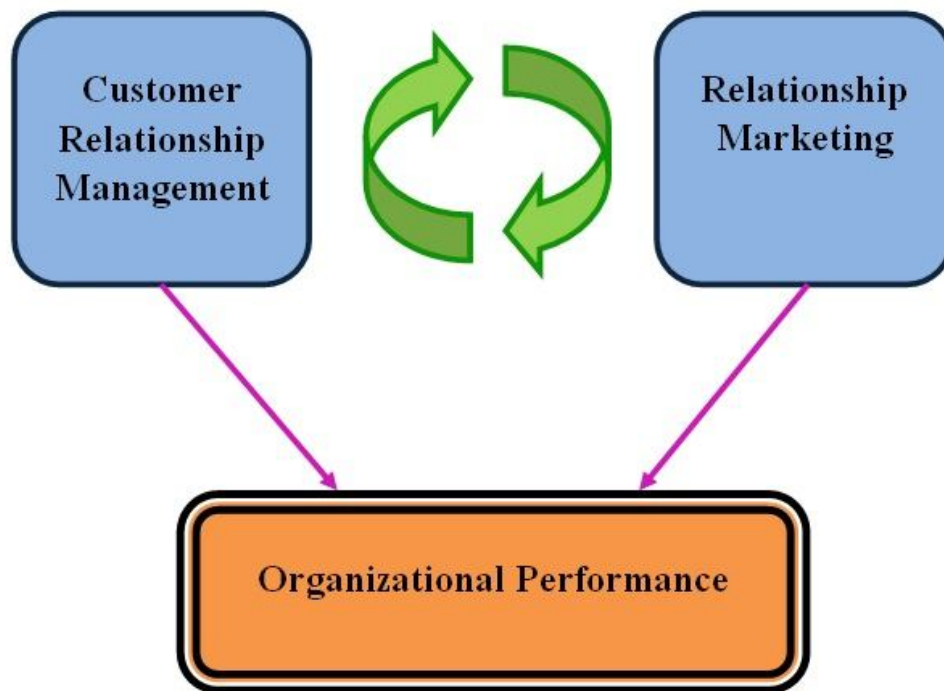


Figure 1 : Model of reaserch

Customer Relationship Management

Customer Relationship Management is a comprehensive strategy of business and marketing that unifies technology, processes, and business activities about

customer. This strategy according to acquisition and retention customers, resulting profit. (Kamalian et al. 2009) . In fact, it is a strategy for collecting needs and commercial behaviors of customers that lead to create of stronger relationships with them. Finally, a strong relationship with customers is the most important key to success in any business (Papenhausen 2006)

Customer Relationship Management is comprised of three parts:

Customer : The final consumer has a supporting role in relationships of value creation

Relationship : Create loyal and profitable customers through learners communication

Management : Creativity and conducting a processes of customer-oriented business

(AghaDavodian 2006)

Outcomes and Quality of Customer Relationship Management

1. Increase the overall quality of services providing
2. Increase trust of customers
3. Increase customer satisfaction of the services provided
4. Increased customers commitment to organizations
5. keep customers
6. Increase customers loyalty
7. Customers encouraged to proposals submit

(Papenhausen 2006)

Relationship Marketing : Philip Kotler defines relationship marketing : Relationship marketing include create, maintain and strengthen a strong relationship with customers and other stakeholders. (kotler 1999)

Communications requires two sides that are in contact with each other. For example, basis of marketing communications is between the service provider and a customer. (Rashid 2003)

Relationship marketing involves both defensive and offensive strategies. Offensive marketing is to attract new customers that includes attract potential customers or encourage and attract competitor customers. Versus defensive marketing is defend of market share and protect of valuable customer. (Meryl 1999)

Components and Factors of Relationship Marketing

Trust : Trust is a key component of the business relationship and defines that each side of the relationship, to what extent can trust on promise of other relationship party.

Link : To be created between the parties of relationship (purchaser and seller) and the role in a integrated condition to achieve the desired goal

Communications : Consists of formal and informal exchanges that leads to exchange of meaningful and timely informations between purchaser and seller.

Common values : Include common beliefs of related parties about behaviors, objectives and policies as important or less important, appropriate or inappropriate, and right or wrong.

Empathy : Include understanding demands and objectives of other side relationship. Empathy is a necessary condition for strengthen of relations between transaction parties.

Mutual Relationship : That will be each side toward attention or benefits received from other side provide special features for him at the next times.

(Sin et al. 2005)

Relationship Marketing Strategies

These strategies are not independent of each other. Include :

Determine main services : An ideal main service will attract customers by unique characteristics in order to customers' needs

Establishing relations of each customer favorites : Service companies can provide their services consistent and compatible with customers desired positions through awareness of features, characteristics and expectations of each customer and collect this information and use them in dealing with customer. (Goudarzi 2003)

Provision of ancillary services : Ancillary services, including additional service provision with the original service, so that makes distinct from other competitors.

Relationship pricing : Service prices must be determined so that strengthen and encourage creating and maintain relationships between purchaser and seller.

Emphasis on internal marketing : Its purpose is to improve of employee performance that are in direct contact with the customer. As a result of this, quality of services goes high. (Payne 1998)

Relationship Marketing Model of Morgan and Hunt

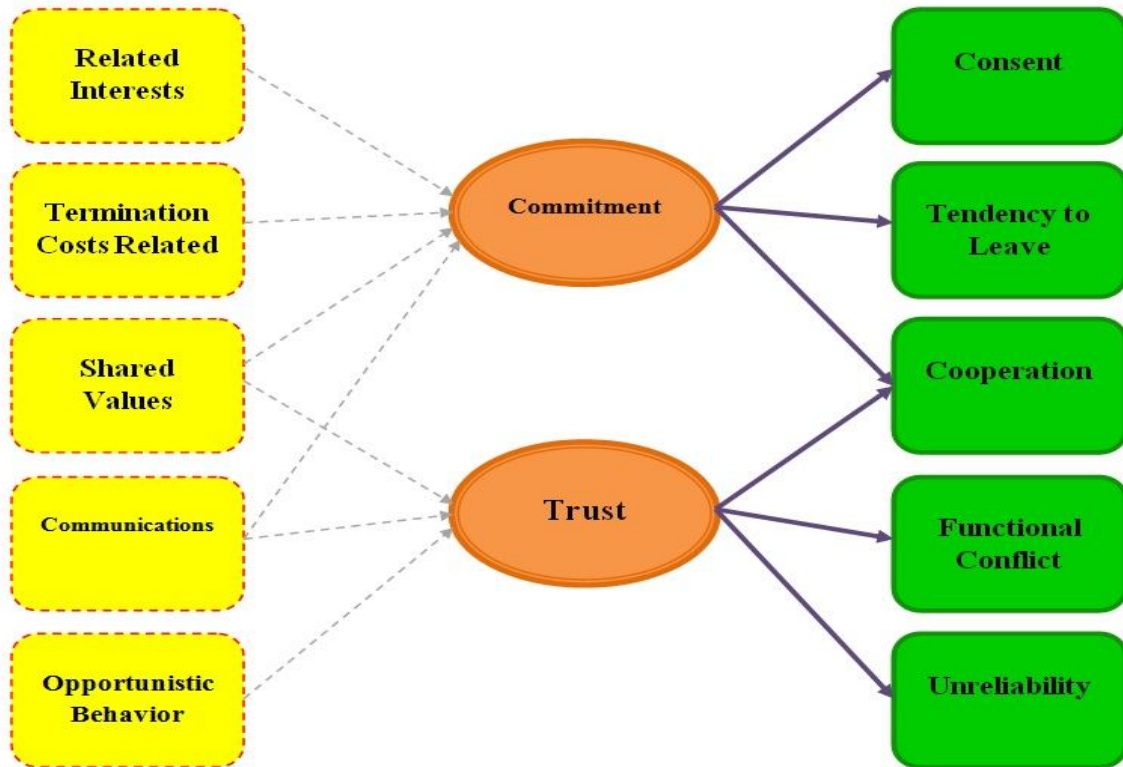


Figure 2 : Model of Relationship Marketing

(Morgan & Hunt 1994)

Benefits of Relationship Marketing

This benefits include :

Trust : Reduce of worry, increase of trust the product and the service provider.

Social benefits : recognition by employee, introduction and developing of friendships with staff

Specific behavior : More services, special prices, higher priority than other customers

(Clogate 1998)

Organizational Performance

Each organization is established to conduct one or more missions. Organizations to ensure the continued success must will monitoring Their performance to prospects with respect to the formulation of strategic objectives. In practice, will be assessed effectiveness of an organization in Framework of it performance indicators assess. (Sharma 2001)

Performance Evaluation

Performance appraisal is a process to progress assess toward achieving the objectives set, including information about performance of products conversion and provided services and customers satisfaction, outcomes and effectiveness of activities in order their the determined goals. (IranZadeh 2009)

In performance evaluation is necessary 3 phase :

Phase I : Understanding the organization

Phase II : Designing a model for performance evaluation

Phase III : planning of performance evaluation indexes

(Shahraki 2009)

Conclusions

Customer relationship management is a strategy often focuses on customer of acquisition and retention and make profit. That is composed of three parts : customer, relationship, management. Relationship marketing is create, maintain, and strengthen of the strong relationships with customers that encompasses both the offensive and defensive strategies. Includ determine main services, establishing relations of each customer favorites, provision of ancillary services, relationship pricing, emphasis on internal marketing. Customer relationship management and relationship marketing are important in each organization and can greatly influence the organization performance.

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