

CUSTOMER RELATIONSHIP MANAGEMENT ASSOCIATION ON FINANCIAL STRATEGY LOGISTIC SERVICE

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ABSTRACT

Every business faces a threat or challenge at any part of life cycle in the business. These threats can be external or internal. This shows the importance of a business plan, because most threats or challenges are to be anticipated and plans put in place to cushion what effect they might bring to the business. In personal relationship is characterized by the human touch. Customer have the opportunity to interact while they are making their purchase decision sales. On the other hand retentive relationship refer to a long term relationship between the company and the customer. The more repeated customers the more it is assured and benefit for industries itself. The objective of this study to investigate the relationship financial strategy between customer relationship and management performance. A total of 391 respondent that answered the questionnaires as well as structural equation modelling as a method for this study. This study found that there is a significant relationship between variable and further study is recommended to investigate other factors. Last but not least, the implication of this study is that there are a lot of strategies that can be used for a retentive relationship and by giving customers a discount, even if it is a small one, or some add-ons unexpectedly, this will make customers come back for more.

Keyword: CRM, financial strategy, SEM.

1.0 INTRODUCTION

Payment incentive can attract customers. This is because, a customer will be satisfied if they are able to make payments to the company easily. This can also help a customer to manage an outstanding amount that will paid to the company without hassle. Hence, the more systematic the company is, the more customers that will buy their products and services because of the payment incentive that they do (Shah et al., 2016). According to Shah et al. (2017), to remain competitive in today business, firms should take customer relationship management as an important matter. The right customer relationship management strategies practiced is able to create a strong relationship with customers and will create loyal customers. The relationship is favorable for organizations to flourish in any economic condition. On the other hand, this may increase the company's profitability and at the same time, winning the heart of the customer (Shah et al., 2017).

As a marketer, it is crucial for the firms to create good customer relationship because they

need to create trust between the customers and the company first before the customers can really commit and be loyal to the company. Therefore, the study was conducted to understand customer needs in order to retain their loyalty to the firm and make profit in the long run. It was specifically designed to examine the most influenced customer relationship management strategies in retaining customer loyalty.

In the retailing industry, competition is one of the major concerns that should be considered by the firms, because it will give extra impact on their profit margin. Nowadays, customers have lots of options and choices that may fulfill their spending habits. According to Shah et al., (2018) managers and businessperson in retailing industry should be aware about this current trend, because customers nowadays are looking forward to close relationship, discounts, vouchers, and are willing to take part in the marketing and Customer Relationship Management (CRM) strategy conducted by businesses if they could get the benefits from them.

2.0 LITERATURE REVIEW

As discussed above, Customer Relationship Management (CRM) is management of philosophy that focuses on the nurturing of customer relationships. It emerged as a response to decreasing customer loyalty and increasing competition. Shah et al., (2018) holds the view that implementing Customer Relationship Management (CRM) is expensive, as it demands high investment in organizational change activities and information technology (IT) and companies thus expect visible and measurable results. But companies not only have trouble assessing the results of their CRM initiatives but also with managing the performance of their CRM initiatives. Referring to Shah et al., (2017) Customer Relationship Management (CRM) technology include all computer technologies that are used by organizations to build long term and strong relationship with their customers. The computer technologies required in CRM include front-office applications supporting sales, marketing and service. Furthermore, it also includes back-office applications facilitating the integration and analysis of data.

Shah et al., (2018) holds the view that organizations have to measure their performance in order to determine the effectiveness of organizational strategies. Financial management alone is not sufficient in assessing an organization's competitive position. The performance need to be measured including both financial and three other non-financial measures which are customers, internal process (Shah et al.,2016).

Logistic industry is seen as a good context to implement CRM model because it possesses enough information regarding customers and their various needs and this important resource can be utilized to build an effective customer relationship learning and growth. Some of studies reveal non-significant relationship between financial and CRM performance and contrarily, some studies revealed positive role of CRM technology on organization performance (Singh 2015).

Consequently, CRM technology can help service organizations such as the logistic industry to plan and implement successful marketing action to retain customer and make them more profitable based on customer data base and other systems that capture information over time. In addition, Shah et al. (2016), stated that Customer Relationship Management (CRM) technology improves marketing capabilities by providing valuable customer information that help managers and employees to achieve specific marketing goals more effectively and efficiently. From this, it can be said that CRM technology has a positive influence on marketing capabilities planning and implementation (Martaleni, 2017).

2.1 CUSTOMER RELATIONSHIP MANAGEMENT PERFORMANCE

As explained in the introduction, it is clear that customer relationship management (CRM) is being viewed as a strategic, process-oriented, cross-functional, value-creating model for buyer, seller, and a means of achieving superior financial performance. However, there is a need for a more holistic view of cross-functional as it relates to customer relationship management (Shah et al., 2016).

At the same time Shah et al. (2017) added that marketing capabilities including planning and implementation are important because they give support to differentiation strategies by collecting relevant information from the market environment and developing marketing plans to act on the collected market related information. In this sense, building and management of customer relationships provides the essence of the marketing concept. Therefore, customer relationship management allows organizations to develop more suitable marketing strategies and to carry out specific marketing activities efficiently and in a timely manner through the provision of superior front-line support and access to integrated customer data. Thus, efficient and timely implementation of information technology can, no doubt, result to some benefits to logistic industry including enhanced service quality to meet customers' expectation, improved cost control, improved operational efficiency and effective marketing strategies (Shah et al., 2018; Chen & Popovich, 2003).

2.2 FINANCIAL STRATEGY

Financial strategies are the first competitive advantage businesses often attempt to gain. Furthermore, financial strategies as an advantage occurs when a business is able to offer the same quality product as its competitors. According to Shah et al., (2017) financial strategy can occur when a company finds ways to produce goods at a lower cost through the perfection of production methods or by the utilization of resources in a more efficient manner than competitors. Shah et al. (2016) adds that another characteristic is financial strategy which may be classified as an offensive strategy, whereby businesses attempt to drive competitors out of the market by consistently using price strategies designed to win over consumer's intention. Customer relationship management provides the structure for how relationships with customers are developed and maintained in a business to business setting, including the establishment of satisfaction between the firm and its consumers (Shafique et al.,2015). It is a key business process that, customer relationship management process able to forms the critical linkage that connects firms across the supply chain. Increasingly, an organization's success depends a lot on the individual relationships that are developed with customers and suppliers (Shah et al.,2017). Successful customer relationship requires trust and the willingness to share the necessary financial information to evaluate joint initiatives. The ultimate measure of success for each relationship is the impact that it is having on the financial performance of the firms involved. Consequently, it is necessary for each firm to have the capability to measure the performance of both customer relationship management and supplier relationship management in terms of their impact on incremental revenues and costs as well as incremental investment.

2.3 CUSTOMER RELATIONSHIP MANAGEMENT PERFORMANCE AND FINANCIAL STRATEGY

Referring to Shabir et al. (2016), one of the prime benefits of using a CRM is obtaining better customer satisfaction. By using this strategy, all dealings involving servicing, marketing, and selling of products to customers can be carried out in an organized and systematic way. According to Shah et al., (2018) providing better services to customers through improved understanding of their needs and wants can helps in increasing customer loyalty and decreasing customer agitation. In this way,CRM receives continuous feedback from customers regarding products and services. Finally Shah et al.(2016) mentioned that increasing customer relationship management (CRM) is being viewed as a strategic, process-oriented, cross-functional, value

creating for buyer and seller, and a means of achieving superior financial performance. However, there is a need for a more holistic view of cross-functional as it relates to CRM.

3.0 OBJECTIVES OF THE STUDY

The objectives of this study is as follow:

1. To investigate the effect of relationship financial strategy on Customer Relationship Management Performance SME's transport provider.

4.0 METHODOLOGY

This research is an empirical test as well as correlational research in nature. The data was analysed by using structural equation modelling and questionnaire survey was carried out for this research and distributed to the individual respondents that consume logistic service provider. In addition, the target groups for this study are individuals or the customers who are on the logistic service provider. The target population of this study were three hundred and ninety one respondent from Pulau Pinang, Selangor and Johor Bharu from A, B and C organization. The number of respondents in pilot test should be at more than thirty as well as appropriate and acceptable for analyses which are greater than 100 samples as suggested by Hair, Black, Babin and Anderson (2010).

4.1 THEORETICAL BACKGROUND FOR THE MODELS

Logistic service provider in SMEs are progressively looking for instrument Customer Relationship Management in order to discover benefit which is to base business prospects for long life. In this modest world market, logistic service provider in SMEs play a significant role in the national economies by providing job opportunities, enhancing exports of the country and also equipping goods to other manufacturing industries (Muslimin et al., 2015, Makafui Agboyi & David, 2015). Chen and Popovich (2003) proposed the perfect underneath to present and support the impression of numerous authors on the significant of financial strategy in realizing Customer Relationship Management Performance in the organization.

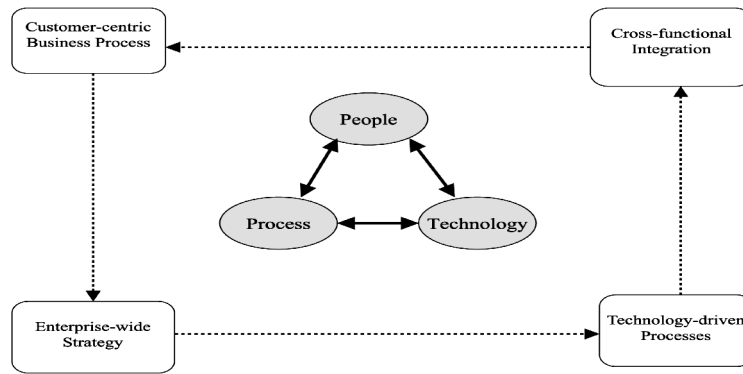


Figure 1: A CRM implementation model by Chen and Popovich, 2003

4.2 THEORETICAL FRAMEWORK

Prototypical proposed that the present research a financial strategy as the determinant of Customer Relationship Management Performance models for SMEs in Malaysia. The complete model proposed is as follows.



4.3 HYPOTHESES DEVELOPMENT

Shah et al. (2016), Shah et al. (2017) and Shah et al. (2018) at past researches investigated the character of provider value in financial strategy. There is a positive significant relationship between financial strategy and customer relationship management performance. Therefore, this study hypothesized that:

4.4 HYPOTHESIS

There is a significant relationship between financial strategy factor and customer relationship management performance.

5.0 RESULT RESEARCH FINDING

In this section All the variables meet SEM analysis score assumptions which are above 0.6 structure equation model values. This score ensures the consistent and stability of independent variable measurement.

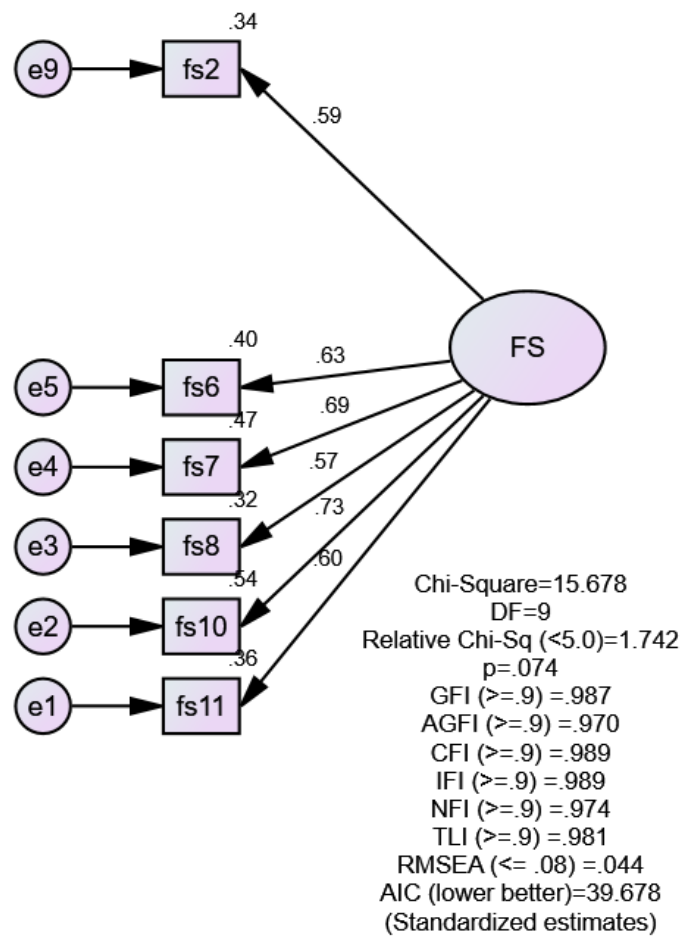


Table: 5.1: Structural equation model Analysis Financial Strategy

According to table 5.1 the outcomes shows that the financial strategy is a leading variable of improving performance straight in customer relationship management. The point of reference of the highest in reflecting customer relationship management are the payment. The Structural equation model analysis financial strategy path analysis resulted in a chi-square of 15.678, DF of 9 ($p \leq 0.000$) followed by relative chi-square of 1.742. $p = .074$. Furthermore, Good fit Index was .987 as well as AGFI was .970. The comparative fit index was .989 and the IFI was .989. Then, NFI was .974. TLI was .981 and last but not least, RMSEA was .044 with 80 percent confidence level. Therefore, Structural equation model Analysis Financial Strategy. The SEM-based path model supports the positive and meaningful correlation of CRMP and Financial Strategy.

6.0 DISCUSSION

In the present study, the results demonstrated that the Customer Relationship Management performance are integrated into payment, incentive, credit and discount in organization. This study found that there is a significant relationship between the independence variable and the

dependent variable. The result above shows that financial strategy is relevant to customer relationship management in logistic service provider itself. A CRM system allows dimension in financial strategy which is the practice of giving customers premium products and service that fall in the same category of their purchases. The strategy also facilitates cross selling which offers complementary products to customers, on the basis of their previous purchases. This is done by interacting with the customers and getting an idea about their wants, needs, and patterns of purchase. At the end of the day, customer will repurchase again the product and service due to loyalty and satisfaction.

The hardware and software of CRM technology can be assets to organizations to serve its customers in an effective manner and consequently improve customer's satisfaction, loyalty and retention, which can lead to improve financial performance of organization. In this respect, CRM technology can enable logistic service provider to incorporate the related information on each customer within the enterprise in order to ensure a smooth progress of more effective planning, marketing and services whereby to create a competitive advantage in the market through providing a unique product and service that satisfy special needs of their customer.

Additionally, the finding indicates that there is a positive and significant relationship between CRM technology and marketing planning capability and marketing implementation capability. The findings also contended that marketing planning capability and marketing implementation capability have a positive and significant relationship with various dimensions of hotel performance. These findings show that firms with better marketing capabilities generally have higher business performance. The positive and significant relationship between marketing capabilities structure planning and satisfaction implementation) is caused by an effective marketing planning and implementation including superior marketing skills, clear marketing goals, allocation of resources to implement marketing strategies, effectiveness of marketing implementation as well as monitoring of marketing strategies performance is expected to produce high service quality, increase customer satisfaction and retention and consequently higher sales and profits.

6.0 CONCLUSION

As the emphasis on relationships with customer's increases, managers feel that customer satisfaction should be an important objective of sales organizations. The efficient and timely

implementation of financial strategy does provide a lot of benefits to logistic service provider including improved cost control, improved operational efficiency, enhanced service quality to meet customers' expectation and effective marketing strategies. Moreover, this financial strategy enables organization to plan and implement successful marketing action to retain customer and make them more profitable based on customer database and improves marketing capabilities by providing valuable customer information that help managers and employees to accomplish specific marketing goals more effectively and efficiently.

A good payment incentive working relationship with customers is a must. It builds mutual trust and respect, and it also makes it a lot more fun to work with them. When that connection is in place, customer will also end up paying service provider more promptly. Since they value the relationship, they'll know that timely payments will help enhance it even more.

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