

The Relationship between Customer Relationship Management and Market Oriented Approach and Market Performance (Case Study: Internet companies in Tehran)

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Abstract

Customer relationship management includes a group of steps that are taken in order to create, develop, keep and optimize long term and valuable relationships with customers and the organization. The finding showed that this component has great influence on market performance of internet companies. market-oriented approach and customer relationship management has significant and positive effect on market performance. In the present study market performance includes four components: customer commitment, customer confidence, customer loyalty and customer satisfaction. All these components have positive relationship with market-oriented approach and customer relationship management.

Key words: Customer relationship management, market oriented, Internet companies

Introduction

Nowadays the key of business development is hidden in the successful relationship with customers; this fact includes identification and detection of needs, behaviors and life cycle of customers and also it requires administration of this information in order to create value for customers. One the most important processes that leads to the formation of value creating connection with customers is using comprehensive marketing links and its operationalizing tools like management of customer relationship management. The companies that have market oriented and customer oriented approach and are trying to keep stable and long term relations with their customers, have better understanding of customers and can fulfill their needs in a best way and attain high financial and non-financial performance. Most of the companies have included this concept in their strategies and express that their aims are designing and improving personal and value-creating relationships with customers through providing special and personalized products. In addition to this matter, considering financial and non-

financial interests resulted from customer relationship management system can be regarded as one of the most important motives of different institutions in order to enter to this field. Nowadays, in order to survive in modern competitive environment a company needs to be customer-oriented. Customer relationship management has been regarded as a strategy with the aim of better understanding of customers, responding their needs and eventually increasing the profitability of the company.

Customer relationship management: this system can be regarded as a strategy for gathering commercial needs and behaviors of customers in order to create stronger relationship with them.

Cutler [8] believed that in customer relationship management creating relationships with every customer is valuable; this is possible through effective use of information related to customer accounts.

Morgan [7] mentioned that customer relationship management refers to all processes and technologies that a company administers

for identifying, selecting, encouraging, developing, keeping and serving customers.

Market-oriented: this notion refers to admission of marketing concept as a commercial philosophy that leads competition strategies of the organization. Also, Rukurt(2011) believed that market-oriented business is a kind of business that achieve the information from customers and use it, establish a strategy for satisfying the needs of customers and use that strategy in responding the needs and requests of customers.

Market performance:

Market performance includes different aspects; however in this study four variables are considered as market performance variables:

Commitment: it means that one of the parties of the relationship realizes the motivation for establishing a commercial process with the other party.

Customer confidence: when the organizations prioritizes their employees and customers, they trust the organization and they become loyal, therefore, the profitability will get increased and the success will be continuous.

Customer loyalty: loyalty refers to the deep commitment of the customer in repurchasing and reselecting of a product or services related to a certain brand and continue doing the same in the future.

Customer satisfaction: reviewing the related literature revealed that the concept of customer satisfaction and its measurement was first developed by Oliver in 1977. He mentioned that customer loyalty is related to pleasant and desirable experiences of purchasing goods and services. Customer loyalty is resulted from the difference between customers' expectations and their inferences about the quality of goods and services.

Methodology

Considering the research purpose, this study is a practical research; one of the descriptive research methods is related to correlational research. A research is called correlational when the researcher uses one sample group to gather information about two variables without changing or controlling them (khaki, 2004).

Statistical population

Statistical population includes all elements and people which have a shared attribute within a certain geographical (global or local) scale [3]. Generally, statistical population is related to the main society that is used in a research. In fact, research society includes all real and hypothetical members that we are interested to generalize the research outcomes and findings in relation to them [2]. The research population of this study is the employees of internet companies.

Sample group and method of sampling

The sampling method of this study is related to accessible sampling method. In this method the accessibility, feasibility, practicality and frugality of the sampling are considered [1]. Three internet companies have been selected for this study that are identified with A, B, and C letters as they did not want to be exposed. The employees are 800 (200 employees in company A, 400 employees in company B and 200 employees in company C); the participants for this research are 300 employees that have been determined based on Morgan table.

Instrument

In order to gather information about the related literature, different books, article and internet have been used. However, in order to collect data to be analyzed in this research a questionnaire is used.

Reliability and validity

The reliability of this study is examined through Cronbach's Alpha; to this end, before conducting the actual investigation, a pilot

study was completed and the sample group was selected randomly to fill out the questionnaires. The collected data was analyzed by SPSS software. The validity of this study is face

validity that was obtained through consulting with professors and experts; after gathering their ideas, the questionnaires were revised and reexamined in order to have high validity.

Research findings

Secondary hypothesis 1: there is a positive relationship between market-oriented approach and customers' loyalty.

In order to examine the relationship between market-oriented approach and customer loyalty, Pearson Coefficient Correlation test was used and the results are illustrated in Table 1. The results show that there is a significant relationship between market-oriented approach and customer loyalty in internet companies and the secondary hypothesis 1 is accepted with the confidence of 95%. In addition, the correlation is 0.424, so, it can be concluded that there is a positive and direct relationship between market-oriented approach and customer loyalty.

Table 1: results of Pearson coefficient correlation of market-oriented approach and customers' loyalty

Customer Loyalty			
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.424	Market-oriented Approach

Secondary hypothesis 2: there is a positive relationship between market-oriented approach and customers' commitment.

In order to examine the relationship between market-oriented approach and customers' commitment, Pearson Coefficient Correlation test was used and the results are illustrated in Table 2. The results show that there is a significant relationship between market-oriented approach and customers' commitment in internet companies and the secondary hypothesis 2 is accepted with the confidence of 95%. In addition, the correlation is 0.250, so, it can be concluded that there is a positive and direct relationship between market-oriented approach and customer commitment.

Table 2: results of Pearson coefficient correlation of market-oriented approach and customers 'commitment

Customer Commitment			
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.250	Market-oriented Approach

Secondary hypothesis 3: there is a positive relationship between market-oriented approach and customers' confidence.

In order to examine the relationship between market-oriented approach and customers' confidence, Pearson Coefficient Correlation test was used and the results are illustrated in Table 3. The results show that there is a significant relationship between market-oriented approach and customers' confidence in internet companies and the secondary hypothesis 3 is accepted with the confidence of 95%. In addition, the correlation is 0.291, so, it can be concluded that there is a positive and direct relationship between market-oriented approach and customers' confidence.

Table 3: results of Pearson coefficient correlation of market-oriented approach and customers' confidence

Customer Confidence			
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.291	Market-oriented Approach

Secondary hypothesis 4: there is a positive relationship between market-oriented approach and customers' satisfaction.

In order to examine the relationship between market-oriented approach and customers' satisfaction, Pearson Coefficient Correlation test was used and the results are illustrated in Table 4. The results show that there is a significant relationship between market-oriented approach and customers' satisfaction in internet companies and the secondary hypothesis 4 is accepted with the confidence of 95%. In addition, the correlation is 0.160, so, it can be concluded that there is a positive and direct relationship between market-oriented approach and customers' satisfaction.

Table 4: results of Pearson coefficient correlation of market-oriented approach and customers' satisfaction

Customer Satisfaction			
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.160	Market-oriented Approach

Secondary hypothesis 5: there is a positive relationship between customer relationship management and customers' loyalty.

In order to examine the relationship between customer relationship management and customers' loyalty, Pearson Coefficient Correlation test was used and the results are illustrated in Table 5. The results show that there is a significant relationship between customer relationship

management and customers' loyalty and the secondary hypothesis 5 is accepted with the confidence of 95%. In addition, the correlation is 0.341, so, it can be concluded that there is a positive and direct relationship between customer relationship management and customers' loyalty.

Table 5: results of Pearson coefficient correlation of customer relationship management and customers' loyalty

Customer Loyalty			Customer Relationship Management
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.341	

Secondary hypothesis 6: there is a positive relationship between customer relationship management and customers' commitment.

In order to examine the relationship between customer relationship management and customers' commitment, Pearson Coefficient Correlation test was used and the results are illustrated in Table 6. The results show that there is a significant relationship between customer relationship management and customers' commitment and the secondary hypothesis 6 is accepted with the confidence of 95%. In addition, the correlation is 0.169, so, it can be concluded that there is a positive and direct relationship between customer relationship management and customers' commitment.

Table 6: results of Pearson coefficient correlation of customer relationship management and customers' commitment

Customer Commitment			Customer Relationship Management
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.169	

Secondary hypothesis 7: there is a positive relationship between customer relationship management and customers' confidence.

In order to examine the relationship between customer relationship management and customers' confidence, Pearson Coefficient Correlation test was used and the results are illustrated in Table 7. The results show that there is a significant relationship between customer relationship management and customers' confidence and the secondary hypothesis 7 is accepted with the confidence of 95%. In addition, the correlation is 0.242, so, it can be concluded that there is a positive and direct relationship between customer relationship management and customers' confidence.

Table 7: results of Pearson coefficient correlation of customer relationship management and customers' confidence

Customer Confidence			Customer Relationship Management
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.242	

Secondary hypothesis 8: there is a positive relationship between customer relationship management and customers' satisfaction.

In order to examine the relationship between customer relationship management and customers' satisfaction, Pearson Coefficient Correlation test was used and the results are illustrated in Table 8. The results show that there is a significant relationship between customer relationship management and customers' satisfaction and the secondary hypothesis 8 is accepted with the confidence of 95%. In addition, the correlation is 0.345, so, it can be concluded that there is a positive and direct relationship between customer relationship management and customers' satisfaction.

Table 8: results of Pearson coefficient correlation of customer relationship management and customers' satisfaction

Customer Satisfaction			Customer Relationship Management
Number	Significance level	Pearson coefficient correlation	
300	0.000	0.345	

Main hypotheses:

There is a significant relationship between market-oriented approach and market performance of the company.

There is a significant relationship between customer relationship management and market performance of the company.

Before, conducting regression test we must ensure lack of autocorrelation of errors. For this end, we use ANOVA table.

Table 9: ANOVA table of research variables

Model	Freedom degree	F	Significance level
Regression	2	35.860	0.000

As it is illustrated in the above table, the significance level is below 0.000 and it equals zero; that is to say, there is no autocorrelation among errors of the research variables. In addition, the high

amount of F shows the efficiency of data for conducting this study. Also, for examining regression test we need to calculate Durbin-Watson statistics. If Durbin-Watson amount is between 1.5-2.5, conduction of regression test will be possible.

Table 10: coefficient correlation, coefficient of correlation, Durbin-Watson statistics

Model	Coefficient Correlation	Coefficient of Determination	Corrected Coefficient of Determination	Estimated error of Determination Coefficient	Durbin-Watson statistics
2	0.441	0.195	0.189	11.67	1.781

In the above table Durbin-Watson statistics was used to examine the autocorrelation among sentences. As it is between 1.5-2.5 (1.781), so the lack of correlation hypothesis between error sentences is rejected and we can administer regression test.

Table 11: linear regression of market performance

Variables	No standardized coefficients		Standardized coefficients	t statistics	Significance level
	β	SD	β		
Fixed amount	42.86	5.47		7.825	0.000
Market-oriented approach	0.467	0.089	0.340	5.379	0.000
Customer relationship management	0.648	0.276	0.148	2.346	0.020

The above table is used to test main hypotheses; this table shows the significance level for market-oriented approach and customer relationship management variables. The significance level of market-oriented approach is 0.000 and customer relationship management is 0.020; as they are below 0.05, thus, it can be concluded that these variables have significant effect on market performance and due to beta coefficient (0.467 and 0.648)

Conclusion and suggestions for further studies

According to the obtained results it can be argued that market-oriented approach and

this is a positive amount. The fitted model of step by step regression that is used to estimate the effect of market-oriented approach and customer relationship management on market performance is illustrated here:

Market performance: -42.86, market-oriented approach: +0.467, customer relationship management: +0.648.

customer relationship management has significant and positive effect on market performance. In the present study market performance includes four components:

customer commitment, customer confidence, customer loyalty and customer satisfaction. All these components have positive relationship with market-oriented approach and customer relationship management.

Customer relationship management includes a group of steps that are taken in order to create, develop, keep and optimize long term and valuable relationships with customers and the organization. The finding showed that this component has great influence on market performance of internet companies; therefore, it is suggested that:

1. Internet companies can use customer relationship management and customers' viewpoint in order to increase sensitivity and improve quality and also reinforce value chain through focusing on control and reduction of expenses. These companies can also clarify the administrative strategies and policies of the company for the customers.

2. Internet companies can use customer relationship management in order to create and consolidate profitable relationships with the customers in the form of team works in order to ensure customers' satisfaction.

3. It is suggested that through holding in-service instructional courses managers can get familiar with customer relationship management concepts and components and use this knowledge for increasing their market performance.

4. Internet companies can use customer relationship management in order to shorten their sale cycle and increase income and customers' loyalty for closer relationships.

5. By using customer relationship management methods, we can facilitate and accelerate responding customers' needs and offering of services; in this case, customers' satisfaction, confidence and commitment will be obtained and eventually, market performance will increase.

6. Also, companies can use customer relationship management in order to decrease time and expenses of responding customers'

needs and reduce sale, distribution and marketing expenses to keep old customers, attract their satisfaction and attract new customers, increase sale level, interest and income of the organization.

7. By using appropriate management system, the companies can shorten the sale cycle through helping sale employees to prepare new contractions easily and facilitate marketing and selling processes.

8. Internet companies can use customer relationship management to predict their sale condition, market and future needs of customers; therefore, they can increase the company's work efficiency.

9. Considering business competition in present markets, companies need to pay special attention to the attitudes and actions of their competitors. They must also prioritize market-oriented approach in their strategies and create special groups for exploring and analyzing market conditions.

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