

Determining the Customer Relationship Management Performance Characteristic: An Authentic Study among Logistic Operators SME's

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Key words

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Abstract: Customer loyalty can be monitored for the future and its challenge for enterprises in an organization. Democracy enterprises in an organization mostly embark customer satisfaction in term of their perception. This conclusive and empirical study is to investigate customer relationship management performance characteristic. Objective of this study is to investigate relationship between customer satisfaction and loyalty in delivery industries. This is a study to describe the characteristic of customer and to determine the degree to which marketing variables associated and significant relationship. The dimensions for customer relationship management performance factors are customer intention. This study was conducted in Pulau Pinang, Selangor and Johor Bharu. Furthermore individual customers that use logistic service are sampled. In addition, the total respondents of the questionnaires are three hundred and ninety one. The method of this study is applied research and respondents are individual customers from three logistic companies. For this study, questionnaire on likert scale is applied on this survey. According to findings, the result showed that, customer intention is significant to the study. Lastly this study also conducted using SEM analysis. Further study is important to customer effects study in organization. This is because the findings will support management of SMEs to know the relationship progress and highly varied Customer Relationship Management practices. In addition, future trend is indulgent contextual factors value added that will embark Customer Relationship Management as well as innovation and new product development sustainability.

Introduction

Customer loyalty can be said to have occurred if people choose to use a particular company or buy one particular product or service, rather than use other service company or buy products made by other companies. Customers might also develop a sense of loyalty to a certain person working for a company. According to Shah *et al.*, (2019) people can build up a good relationship with an organization advisor they have known for several years and who has always fulfilled their expectations. The fact that people develop a sense of loyalty can be described as a psychological reason to stick to a specific product and service. True loyalty requires both share-of-wallet and share-of-heart so that customers continue buying even when transitional factors may make a repeat purchase difficult, such as stock outage or alternative providers trying to persuade customers to switch using promotional offers (Wang 2017). However, attitudinal loyalty in itself is not a guarantee of profitability and firms need to be efficient in translating these attitudes and loyalty intentions into actual loyalty behaviour. Besides that, the online marketplaces of the twenty-first century, together with fundamental changes to consumer lifestyles, have compelled organizations to transform the way they conduct business. In particular, increasing consumer demand for superior service, together with the acceptance and widespread use of information technology, mobile devices, the internet and social media, require that firms rethink their business environment. Profound changes in consumer lifestyles and buying behavior highlight the need for firms to adapt to their customers' new mind-sets to sustain their effective market dominance (Jamaluddin *et al.*, 2017).

Literature Review

Customer intention is one of the most important parts of marketing for a product or service. According to Shah *et al.*, (2018) high quality customer service can help build customer loyalty and build trust in new customers. It will also create customer chains when loyal customers themselves promote products or services to their peers. Customers today are not only interested in the products or services offered but all the additional elements of service they receive from the service they receive when entering the service until after-sale service. Additionally Shah *et al.*, (2017) mentioned that customers will be satisfied that the service provided is fast, error-free, easy acquired, not burdening the customers and accompanied by friendly and courteous service. Friendly relationships between customers and organizations are essential in providing improved input to provide the quality of the desired product or service.

For the first part, managing customer relationships of every organization in the government as well as the private sector is always focused on improving the efficiency and effectiveness of the service delivery system by focusing on customer intention. Improvements in service delivery systems not only focus on system improvements and work processes, but also attention should be given to improving the customer intention between the organization and its customers. Customer intention was introduced to enhance organizational and customer relationships and thus meet the increasing demands and expectations of customers (Wang, 2017). Furthermore, Customer Relationship Management is a holistic approach to service delivery through effective management of interactions and relationships between organizations and customers. This approach focuses on service delivery that is based on customer needs where customers are treated as individuals rather than as a component of the service delivery process. Customer engagement is also taken into account in designing the services so that the services offered can meet their needs and satisfy them. Customer relationship management is a holistic approach to offering services that meet customer needs and expectations through managing effective interactions and relationships between organizations and customers (Shah *et al.*, 2018., 2019).

Customer Relationship Management Performance

Quality service is an essential part of any organization's success. Its function to maintain customer loyalty and trust in the services provided, high quality products are essential as well as to ensure that an organization is able to maintain its competitiveness and lead the way, quality and survival factors are crucial to moving forward. The product or service provided will reflect the quality of an organization, the higher the quality of the product or service provided, the more trustworthy it will be. Consumers or customers that already have knowledge about the value of the service or product they will receive will usually compare products or services with the best quality and value. This is because they have a wide range of alternatives to make choices such as online searches, search results, individual opinions, ads and more. This was stated by Shah *et al.*, (2016) and Jamaluddin *et al.*, (2017) where consumer satisfaction is an important element in determining the quality of products and services provided by an organization. Customer satisfaction is usually measured by the services or products offered and manufactured by an organization that can meet the characteristics as well as expectations of customers' needs and wants. Quality of service is an important element in assessing an institution's ability to meet its goals. Customer Relationship

Management was introduced to enhance organizational and customer relationships and thus meet the increasing demands and expectations of customer (Shah *et al.*, 2016, 2017, 2018, 2019). Moreover, Customer Relationship Management is a holistic approach to service delivery through effective management of interactions and relationships between organizations and customers. This approach focuses on service delivery that is based on customer intention where customers are treated as individuals rather than as a component of the service delivery process.

Customer Intention

Customer-focus strategies need to be formulated in the organization's strategic plan so that efforts toward customer-based services can be implemented effectively (Fishbein & Ajzen, 1975). The top management of an organization need to define customer service mission in the form of a specific statement and publicize it so that it becomes a commitment that all employees and customer will be appreciated in the organization's in customer service excellence. At the same time, Shah *et al.*, (2019) and Wang (2017) added that organizations need to strengthen their own Customer Relationship Management in order to deliver services that meet their customers' needs. Enhancing this effort can be achieved through a holistic approach that involves the cooperation of all parties in the organization and good customer interaction. Last but not least in order to make efficient and effective Customer Relationship Management is customer intention approach with customer. (Rizwan *et al.*, 2014).

Customer Relationship Management Performance and Customer Intention

Customer Relationship Management emphasizes responsive, friendly, ethical and ready-to-use front-end services to enhance the quality of interactions with their customers. In addition, customers' emotions need to be understood and handled well and prudently. Front-line staff need to be empathetic and emotional when dealing with a variety of clients. According to Shah *et al.*, (2019) and Wang (2017) to strengthen Customer Relationship Management, a permanent unit of Customer Relationship Management such as the Customer Service Office must be established to handle customer affairs. This permanent unit consists of officers and staffs who are skilled in customer management and knowledge of their respective organizations. In addition, Jamaluddin *et al.*, (2017) give another characteristic customer satisfaction is critical to managing, developing and improving the market and business environment. Customer service should be customer focused where the agency is

open to customer ideas and expectations. This can be accomplished through dialogues and meetings with clients. All opinions and suggestion are important as the services being performed are based on customer needs and not solely on administrative needs. It is hoped that customers will be able to help organizations provide the feedback and they need to provide the best service and product to their customers. Last but not least this can also provide a benchmark for the services that the organization offers and thus provide ideas on how to improve the quality of services provided to meet the needs of users (Wahab *et al.*, 2017 and Singh., 2015).

Objectives of the study

The objectives of this study are as follow:

1. To investigate the effect of customer intention in Customer Relationship Management Performance of SME's logistic provider.
2. To investigate the relationship between customer intention and Customer Relationship Management Performance of SME's logistic provider.

Methodology

This research is an empirical test as well as correlational research in nature. According to Hair *et al.* (2010), the number of respondents in pilot test should be more than thirty as well as appropriate and acceptable for analyses which are greater than 100 samples. Survey was carried out for this research and questionnaires were distributed to the respondents that consume logistic service provider as well as likert scale were applied in this study. Population is a target groups whichever the individual person or the customer on the logistic service provider. The target population of this study were three hundred and ninety one respondents from Selangor, Johor Bharu and Pulau Pinang which are individual customer using their service on R, S and T in SME's organization company. Last but not least the data were analysed using SEM.

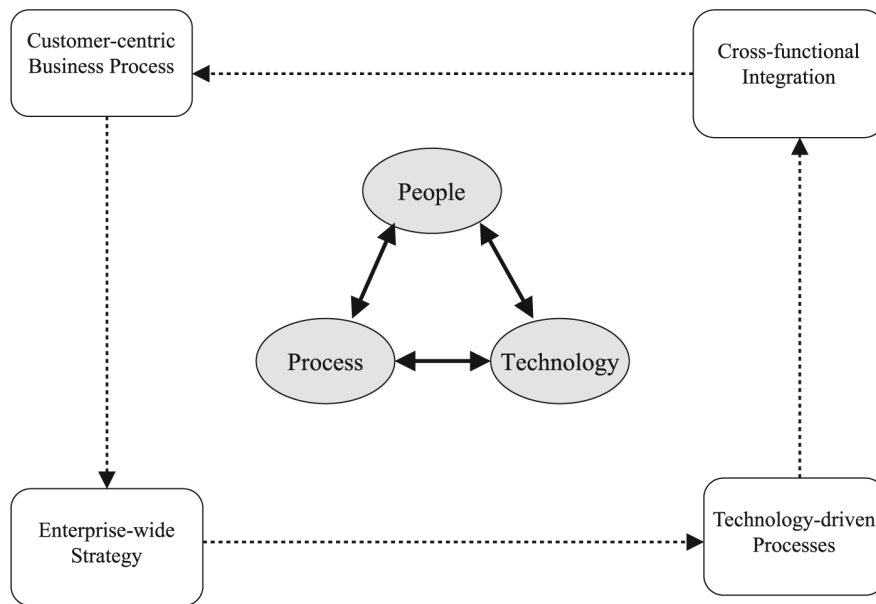
Theoretical Background for the Models

Customer intention can actually be defined as encompassing actions within the broader scope that need to be implemented by the dealer or the organization's body. In general, customer intention is an organization's ability in delivering its products to customers. Most formal organizations have their own client charter, which promises commitment in terms of quality of service for the scope of products offered. In the business context, customer intention needs to be viewed from a more critical angle.

Here, customer intention is the ability and commitment of merchants to complete the delivery of their products by meeting their customers' needs and requirements beyond their expectations, as well as being consistently performed.

Logistic service provider in SMEs are progressively looking for instrument of Customer Relationship Management in order to discover a good benefit on which to base business prospects for long life. In this modest world market, Logistic service provider in SME's 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 (Jamaluddin *et al.*, 2017., Muslimin *et al.*, 2015), So, Chen and Popovich (2003) proposed the perfect model of framework underneath beneficiary to present and support the impression of numerous authors on the significant of business process strategy in realizing Customer Relationship Management Performance in the organization. (refer figure 1).

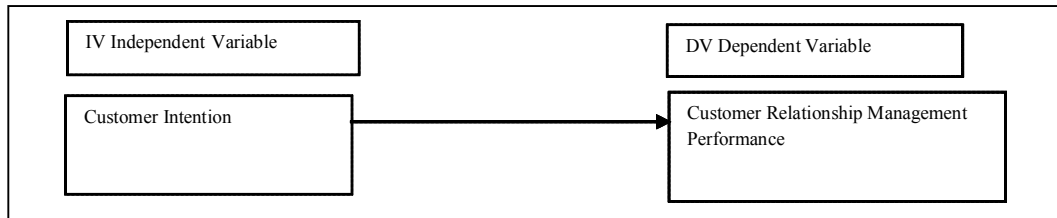
Figure 1: A CRM implementation model Chen and Popovich, (2003)



Theoretical Framework

The prototypical proposed present research are customer intention as the determinacy of Customer Relationship Management Performance as a models for SMEs in Malaysia. The complete models proposed are as follows.

Figure 2: Theoretical Framework



Hypotheses Development

According to Shah *et al.*, (2019, 2018, 2017, 2016,) Bavarsad *et al.*, (2013), Zakaria *et al.*, (2014), Shafique *et al.*, (2015), Richard *et al.*, (2015) and Muslimin *et al.*, (2015), past researches investigated the character of provider value in customer intention. Their studies found that there is a positive significant relationship between customer intention and customer relationship management performance. Therefore, we hypothesized that:

Hypothesis

In this study it was found that there is a significant relationship between Customer Intention factor and Customer Relationship Management Performance.

Result

Mediator Model

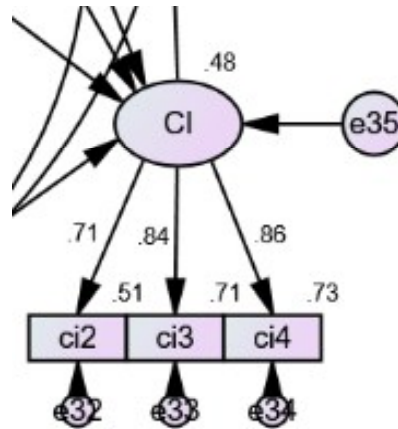
Table 1: Regression Weights

Table	Regression Weights		<i>Estimate</i>	<i>S.E.</i>	<i>C.R.</i>	<i>P</i>
ci2	<—	CI	1			
ci3	<—	CI	1.274	0.067	18.884	***
ci4	<—	CI	1.33	0.069	19.328	***

Table 2: Standardized Regression Weights

Standardized Regression Weights				<i>Estimate</i>
ci2	<—	CI		0.711
ci3	<—	CI		0.841
ci4	<—	CI		0.856

Table 3: Customer Intention SEM Analysis



Chi-Square=1156.378
 DF=485
 Relative Chi-Sq (<5.0)=2.384
 p=.000
 GFI (>=.9) =.845
 AGFI (>=.9) =.821
 CFI (>=.9) =.895
 IFI (>=.9) =.896
 NFI (>=.9) =.833
 TLI (>=.9) =.886
 RMSEA (<=.08) =.060
 AIC (lower better)=1308.378
 (Standardized estimates)

Research Finding

In this study, it shows relationship between customer intention and customer relationship management performance in logistic service industries. The findings showed that there was a positive and significant relationship between customer intention gratification and Customer Relationship Management. All the variables meet reliability score assumptions which are above 0.845 Good Fit Index ,AGFI 0.821,CFI 0.895, IFI 0.896, NFI .833, TLI .886, RMSEA .060 and last but not least AIC AT 1308.378 values. This score ensure the consistent and stability of independent variable measurement above in this study.

Discussion

Finally, an organization with high quality customer service relies on satisfied customers and thus provides support for the organization. It is not solely the responsibility of

one section to attract customers but the other part of the organization is also responsible for quality customer service. In logistic service provider, customers' intention of organizational productivity and services need to be constantly reviewed so that feedback on organizational performance can be obtained to enable institutions to find ways to improve their performance (Shah *et al.*, 2019 and Unidha 2017). Therefore area in logistic service is significantly important in customer intention and loyalty. The services or products provided should be as much as possible based on customers demand and requirements, and not solely on the part of the SME management. In essence, no organization can achieve success without building a good relationship with customers. Increasing customer satisfaction by understanding customer requirements is one way to gain customer loyalty and customer retention. The actions that can be taken to solve the issue is information system support and information sharing. Information systems are the combinations of hardware, software, and telecommunications networks that people build and use to collect, create, and distribute useful; data, typically in organizational settings and information sharing is describe the exchange of data between various organizations, people and technologies.

Conclusion

In conclusion, strong customer intention needs to be fully managed and integrated as a step towards meeting customer needs and requirements. This customer intention management guides to describes the quality of customer service and outlines the steps to be taken under the customer service management principles and to help organizations improve their customer service management. Therefore organization in SME's especially in logistic should response in this issue in order to make customer satisfied and loyal to the organization. This guide emphasizes that customer engagement as a receiving service is a key factor in shaping the organization's form, method and level of service delivery. In addition, customer service performance management is an important component of ensuring that the best service is delivered to the customer consistently and in line with the customer delighting approach. Last but not least, this study answered the objectives mentioned prior. Through this customer service guide, staff will be able to manage customer knowledge, manage customer relationships, and manage customer service based on strong customer knowledge and relationships. Last but not least, the limitation of this study are customer intention are different from expectation during consume the services or products beside cooperation circumstances during this study.

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