

The Relationship between CRM Strategies Stage on Competitive Advantage: An Analytical Perspective

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Abstract

Due to the fast growth of the Customer Relationship Management (CRM) strategies revolution, the organizations begin thinking of how to develop their process. In this way, CRM is a business strategy, which aims at attraction, acquiring, withholding and expanding the relationship with the customers. In this present business situation, the Jordanian telecommunication organizations have become highly competitive environment. For this reason, CRM strategies stage and competitive advantage is widely used in this competitive environment. The purpose of this paper is to suggest a model defines how the CRM strategies stage would achieve the competitive advantage. This paper adapts the quantitative research approach by using the survey strategy, which is conducted by a questionnaire collected from 170 people working in the operational position of Jordanian telecommunication organizations. The main emphasis was focused on the concept of CRM strategies stage (attraction, acquiring, withholding and expanding), and the competitive advantage.

Keywords: customer attraction, customer acquisition, customer withholding, customer expansion, and competitive advantage

1. Introduction

Organizations recognize the shift of the customer from uneducated to educated customer. These shifts move the company from a product-centric to a customer-centric. Currently, organizations have come to understand that customers are the basis of conducting business and effective relationship management is essential for the success of an organization (Yadav and Singh, 2014). Furthermore, Kushwaha, and Agrawal (2014) describe that expectations of customers have led organizations to develop customer motivated, which has resulted in the introduction of customer care initiatives with value added facilities in order to increase the value of services. Additionally, Alipour and Mohammadi (2011) noted that CRM is a planned process of support, against the competitors, providing value for the customer and achievement excellent expectations. From this idea, Organizations need to understand their customers' preferences in better ways, requirements and expectations (Jukic et al. 2003). Understanding customers' attributes requires the organizations to have personalized, one-to-one relationship which gives the customer the feeling of being important and cared for. According to Fayerman (2002) CRM is a business strategy focusing on customers in order to increase their loyalty and satisfaction through offering personalized and approachable services to each individual customer. The purpose of this paper is to examine the different CRM strategies produced by scholars, and to analyze the stages, which could help the organizations to understand the value of CRM in better ways. The objectives of this paper are to review the objective of CRM, describe the architecture of CRM, illustrate different CRM strategy, and provide an analysis of all CRM strategies. CRM is a combination processes that seek to understand customers behavior. It is an integrated approach to manage the relationships needed to focus on customer attraction, acquisition, retention and expansion. At this point, Celep et al. (2013) pointed that the CRM process and collecting information about the customers and using them in order to produce differentiate products has become one of the key conditions of an effective and sustainable for competition.

The rest of this paper is organized as follows; literature reviews are presented in section 2. Section 3, suggests the research model and hypotheses. In section 4, research methodology is described. Section 5, the hypotheses analysis and results interpretation are discussed, and finally, conclusions are presented in section 6.

2. Literature Review

2.1 CRM Review

In accordance with the advances in competitive advantage, the CRM strategies includes the factors of human, process and technology to maximize the relationship with all customers exist in the organization to improve the competitive advantage (Celep et al., 2013). Additionally, The CRM recognizes that the customers are the heart of organization and the success of organization's business will depend on how effective the company can manage the relationship with their customers (Greenberg, 2002). Additionally, the main goal of CRM is to build up long-term and sustainable relationship with the customer in order to add a value for both the company and the customer (Romano et al., 2001). There are no universal definitions of CRM because it is new and still under advancement. There are different definitions of CRM. In addition, Bose (2003) avers that CRM is about managing customer knowledge to gain a better understanding and service. It views customers in the center of the organization. In addition, CRM is concerned with managing the relationship of the customer throughout business units. In addition, Greenberg (2001) defines CRM as enterprise approach, tune and a set of processes and procedures used to obtain, preserve and provide services to customers. CRM is not a technology, but technology although it consider as a CRM enabler. Another definition by Dyche (2001) who stated that CRM is an infrastructure that enable describing and rising customer importance, and provide the means to stimulate the precious customers to maintain their loyalty to the organization. It is clear from the above definition that a CRM strategy is a business strategy with a goal to build a long-term relationship with selected profitable customers. In order to succeed the organization must change their business philosophy to customer-centric and require changing the organization's culture to customer focused. In addition, the company must build a solid strategy supported by the top management in order for CRM initiatives to succeed.

2.2 CRM Objectives

There are several objectives for implementing CRM in the organization range from turning organization to customer centric instead of product-centric, by focusing on customer needs and desires. This allows the company to differentiate between the non-profit customers from profitable customers. From here, the organization can identify the dissatisfaction and churn factors that affect every individual customer in order to keep him or her a profitable one (Chue & Karen, 2003). Additionally, the study by Alipour and Mohammadi (2011) describe that the organization has a competitive advantage when it has a enhanced performance than that of its competitors and it satisfies customers' needs as soon as possible. Another objective is customer intimacy, which turns the customer to committed customer attached emotionally to the organization. This committed customer is viewed as an essential asset, more resistant to competitor's offers and a source of word-of-mouth marketing (Fournier, 1998). In addition, CRM supports cross-selling products or services more effectively to existing customer can result in increased the revenue more than acquiring customer (Greenberg, 2001). Dyche (2001) who claims that the cost of selling a product to new customer is six times the cost of selling to existing customer supports this objective. Moreover, Wilson et al. (2002) describes the CRM objectives by providing the individual customer with the right offer, use the right channel to provide the right offer for every individual customer and to provide the right offer at the right time for each customer.

2.3 CRM Architecture

Recently, Yadav and Singh (2014) explain that the CRM is used in a tactical sense, which is tactical, managerial method, builds relationship with key customers. Additionally, Greenberg (2002) noted that CRM could be divided into three types: operational, analytical and collaborative. Firstly, Operational CRM is used for regular business function applications in order to integrate all different functional areas where customer directly interaction happens. For example customer service, invoice/billing, order management, sales, and marketing management. Secondly, Analytical CRM, known as strategic CRM, which involve capturing, storing, interpreting and understanding all customers' activities, which occurred on the operational CRM. This type provides the company with data needed to analyze customer behavior and pattern. The technology used in this type can help compiling and processing a large amount of data to facilitate analysis in order to redesign the practices used with the customers to increase their loyalty (Adebanjo, 2003). Example: the personalization of one-to-one advertisement. Finally, Collaborative CRM deals with coordinating and communicating between the customers and the suppliers. According to Fayerman (2002) this type represents a web or email or voice applications.

2.4 Existing Theories on CRM Strategies

A CRM strategy proposed by Buttle (2001) describes the CRM strategy as two parts a primary and supporting process. The primary processes are portfolio analysis of customer, customer understanding, network

development, development of value proposition and relationship management. The support processes are leadership and culture, procurement, human resources administration, IT management and organization design.

In another study by Winer (2001) argues that CRM strategy contains a customer activity database, analysis of the database, targeting customer, tools used for targeting customers, method for building a relationship with targeted customers, privacy issue and finally define a metric for accessing the CRM strategy.

A CRM strategy proposed by Dwyer and Tanner (2002) which divide the strategy into discover customers, building customer knowledge, establishing a customer relationship and influential their perception of the company. In addition, Goodhue (2002) represents CRM strategy as an approach for aiming, tracking, communicating, and converting applicable customer data into actionable information.

A framework proposed by Ganapathy (2004) suggested three stages of CRM strategy: start with customer attraction, then customer gaining and finally customer examination.

Newly Alhawari (2014) pointed that the purpose of each organization is to acquire customers and keep customers involved in organization and prominently retention of existing customer. The improvement of existing relationships is significant to organizations, since attracting new customers is known to be more expensive.

2.5 CRM and Competitive Advantage

Recently At this time any organization need for retaining customer base and identifying of what the factors to achieve customer satisfaction and loyalty (Yan Vun et al., 2013). In addition, CRM must focus on a systematically lifecycle matching management of activities to expand customer relationship across the customer lifecycle with the most profitable customers (Greve & Albers, 2006). Additionally, various organizations need to know their customers well by capturing the available assets of internal and external data. Analyzing that data to better understanding of the customer needs to succeed in the customer satisfaction process, need the process of collecting and analyzing organizations information regarding customer interactions in order to enhance the customers' values to the organization to achieve competitive advantage. This process enhances customer attraction, acquisition, retention and expansion to get competitive advantage. Park and Kim (2003) state that committed customers are profitable to an organization for the long term. Customer Commitment forms when a customer's expectation is satisfied and the customer realize fair value from relationship with the organization.

3. Research Model and Hypothesis

Conceptually, the analysis of different CRM strategies stages can help to reveal the common elements between all CRM strategy models. This analysis can produce a general steps in defining a strategy model which contains four major steps the (attraction, acquisition, withholding and expansion the relationship with the customers) and on competitive advantage. Figure 1 illustrates the research model.

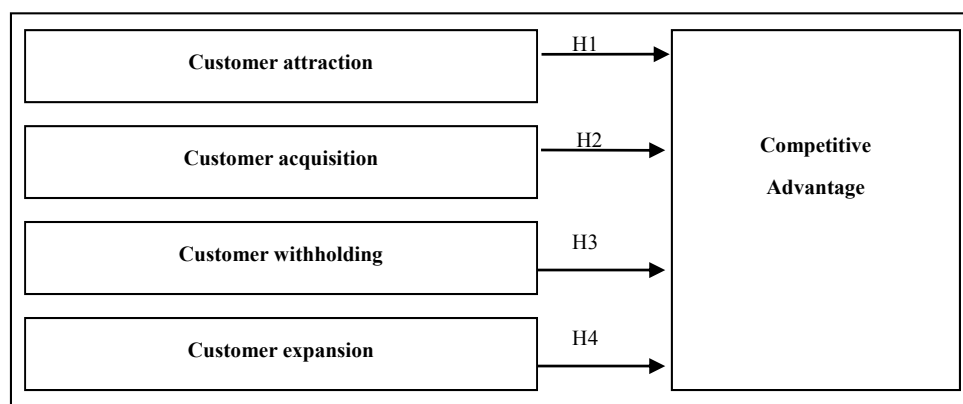


Figure 1. Model of CRM Strategy stages and competitive advantage

Four hypotheses address relation between CRM Strategy stages and competitive advantage.

H0.1: There is no relation between customer attraction and competitive advantage.

H0.2: There is no relation between customer acquisition and competitive advantage.

H0.3: There is no relation between customer withholding and competitive advantage.

H0.4: There is no relation between customer expansion and competitive advantage.

4. Research Methodology

The quantitative research technique is applied in this paper due to the quantitative method enabling the gathering of a large amount of data. Additionally, the survey strategy will be used in the research to collect all data need related to researching model. The purpose of this paper is to answer the question based on the CRM Strategy stages and competitive advantage. Therefore, this paper mainly chooses a Questionnaire as its main method for collecting data. Additionally, in this paper, the scholars adapted the questionnaire tools to gather all data related to proposing a model to investigate how the Jordanian telecommunication organization deals with CRM Strategy stages (attraction, acquiring, withholding and expanding) and competitive advantage. The questionnaire is divided into two sections. The first section includes personal information of the respondents such as gender, age, Area of Specialization, and years of experience. The second section includes twenty items related to variables that affect the integrated between CRM Strategy stages (attraction, acquiring, withholding and expanding) and competitive advantage, four items for each variable. Additionally, stratified random sampling is selected in this paper from management level of the three Jordanian telecommunication organizations.

4.1 Sample Size

The sample size of the survey was collected from three telecommunication organizations in Jordan. The paper adapts survey based on analyses of 170 questionnaires a 188 questionnaires were sent. A total of 170 of which were Returned. A total of 18 questionnaires were not returned, meaning that there was 90.4 percent participation rate. Table 1 illustrates the summary of the sample size.

Table 1. Summary of the sample size

Organization \sample size	Questionnaire Distributed	Questionnaires Returned	Questionnaires Unreturned
organization 1	90	80	10
organization 2	60	55	5
organization 3	38	35	3

5. Data Analysis and Result

Of the 170 respondents to the survey on this paper, 48.2 percent (82) were male and 51.8 percent (88) were female. The largest set of respondents 56.5 percent (96) represented that their age ranged between (25 to30). Moreover, the smallest set 4.1 percent (7) of respondents were age between (more than 35). The largest set of respondents 38.2 percent (65) indicated that their area of specialization were Management Information System (MIS). The smallest set of respondents 5.3 percent (9) represented that their area of specialization were Information Technology (IT).

Respondents varied in the number of years of experience they had in telecommunication organization, although 60.2 percent (102) had 2-7 years of experience, 18.8 percent (32) had less than one years of experience, 14.1 percent (24) had 8-13 years of experience and finally 7.1 percent (12) had more than 13 years of experience. The demographic data are illustrated in Table 2.

Table 2. Demographic data

Description	Variable	Result	Percentage
Gender	Male	82	48.2
	Female	88	51.8
Age	Less than 25	22	12.9
	25 to30	96	56.5
	31 to 35	45	26.5
	more than 35	7	4.1
Area of Specialization	Business	13	7.7
	MIS	65	38.2
	CRM	50	29.4
	IT	9	5.3
	Other	33	19.4
Experience	less than 2	32	18.8
	2 to 7	102	60.0
	8 to 13	24	14.1
	more than 13	12	7.1

This paper applied the simple Regression Analysis. The following data in Table 3 represents the test of the hypotheses by using Analysis of simple Regression, based on the significant level of (0.05). The hypothesis is accepted if the significant level was more than (0.05).

Table 3. Simple regression analysis

Hypotheses	Independent variables	Dependent variables	R square	T	Sig
H01	Customer attraction	competitive advantage	0.08	10.8	0.00
H02	Customer acquisition	competitive advantage	0.16	16.2	0.00
H03	Customer withholding	competitive advantage	0.10	11.4	0.00
H04	Customer expansion	competitive advantage	0.11	11.8	0.00

5.1 Findings of the Study

Based on table 3, 8% of the variance in competitive advantage interpretations by Customer attraction, the t value is 10.8 with a significance equal (0.00), which is less than (0.05); therefore, we reject the null hypothesis. And accepted the alternative hypothesis indicates that there is an effect of Customer attraction on competitive advantage. The results are supported by previous studies: The first phase starts by attracting customers activities (Ganapathy, 2004), tracking customer activities such as their interest (Goodhue, 2002), which lead to determine new customers (Dwyer & Tanner, 2002). In order to build a customer activity database (Winer, 2001). There are different tactics used to discover and gain new customers used in this stage is such as customer profiling and e-mail marketing (Chaffey, 2004). Moreover, in testing the hypotheses relevant to the Customer attraction and competitive advantage, the phases suggested by (Goodhue, 2002) and more recently in (Ganapathy, 2004). Moreover, a previous study has recommended the main effect of Customer attraction process on customer process (e.g. Chaffey, 2004). The implication of this finding for telecommunication organization in Jordan is that they may need to follow a combined strategy aimed at managing Customer attraction to improve competitive advantage.

Additionally, based on table 3, 16% of the variance in competitive advantage interpretations by Customer acquisition, the t value is 12.2 with a significance equal (0.00), which is less than (0.05); therefore, we reject the null hypothesis. In addition, accepted the alternative hypothesis indicates that there is an effect of Customer acquisition on competitive advantage. The results are supported by previous studies: Which Buttle, (2001) need analyzing the database (Winer, 2001), which helps in building a knowledge of the customers (Dwyer and Tanner, 2002). This knowledge on the customer behavior and pattern can facilities the communication between the organization and the targeted customers (Goodhue, 2002). The knowledge of customers can aid in targeting the right customer (Winer, 2001) with the right content of information. Targeting the right customer with the right information can permit the organization to found an initial customer relationship (Dwyer & Tanner, 2002). Furthermore, in testing the hypotheses relevant to the Customer acquisition and competitive advantage, the phases suggested by (Goodhue, 2002) and more recently in (Dwyer & Tanner, 2002). Additionally, a previous study has recommended the main effect of Customer acquisition process on customer process (e.g. Goodhue, 2002). Our results confirm the expected positive effect of Customer acquisition and competitive advantage. The suggestion of this finding for telecommunication organization in Jordan is that they may need to follow a combined strategy aimed at managing Customer acquisition to improve competitive advantage.

In addition, based on table 3, 10% of the variance in competitive advantage interpretations by Customer withholding, the t value is 11.4 with a significance equal (0.00), which is less than (0.05); therefore, we reject the null hypothesis. Moreover, accepted the alternative hypothesis indicates that there is an effect of Customer withholding on competitive advantage. The results are supported by previous studies: The third stage deals with customer withholding by this initial relationship can be developed to build a technique for building a long-term relationship (Winer, 2001), to influence their perception of the company (Dwyer & Tanner, 2002) and influence their purchase decision. This lead to gain the customer to the organization (Ganapathy, 2004) by delivering the right content to the right customer (Rosalie & Mudambi, 2002). This attraction can influence the customer perception of the organization by the customer (Dwyer and Tanner, 2002). There are several tactics used to withholding the customer such as personalization, mass customization (Chaffey, 2004). Additionally, in testing the hypotheses relevant to the Customer withholding and competitive advantage, the phases suggested by (Rosalie & Mudambi, 2002) and more recently in (Ganapathy, 2004). Moreover, a previous study has

recommended the main effect of Customer withholding process on customer process (e.g. Chaffey, 2004). Our results confirm the expected positive effect of Customer withholding and competitive advantage. The suggestion of this finding for telecommunication organization in Jordan is that they may need to follow a combined strategy aimed at managing Customer withholding to improve competitive advantage.

Finally, based on table 3, 11% of the variance in competitive advantage interpretations by Customer expansion, the t value is 11.8 with a significance equal (0.00), which is less than (0.05); therefore, we reject the null hypothesis. And accepted the alternative hypothesis indicates that there is an effect of Customer attraction on competitive advantage. The results are supported by previous studies: The final stage deals with expanding the relationship with the customer by adding a value to them. It is the process of extending the relationship with customers. It is concerned with developing a value proposition relationship with any customer (Buttle, 2001). Likewise, in testing the hypotheses relevant to the customer expansion and competitive advantage, the phases suggested by (Buttle, 2001). Moreover, a previous study has recommended the main effect of Customer expansion process on customer process (e.g. Chaffey, 2004). The suggestion of this finding for telecommunication organization in Jordan is that they may need to follow a combined strategy aimed at managing Customer expansion to improve competitive advantage.

6. Conclusion

The CRM strategy is a bridge between the mission of the organization and its vision. It contains four major steps: the attraction, acquisition, withholding and expansion the relationship with the customers. That has encouraged the authors to examine all available studies from all available sources. Therefore, this paper contributes to this field by providing a clear model for employing CRM strategy as a model to improve Competitive advantage. The results of this paper show that all the four factors of CRM strategies stage have a significant on Competitive advantage. Consequently, the paper represented the role CRM strategies stage (attraction, acquiring, withholding, and expanding) to achieve Competitive advantage. These processes help to enhance Competitive advantage by providing the participants of the organization with real information allowing correct reaction the making of the right decisions in order to gain the competitive advantage. The authors tried to address some voids in literature by proposing an empirically new conceptual model for the evolution of Competitive advantage. The proposed model is based on a set of processes to achieve Competitive advantage. Hopefully, these findings will shed some light for policy makers allowing them to integrate CRM strategies stage to improve competitive advantage in Jordanian telecommunication organizations. However, there are limitations of this study. Therefore, the results cannot be generalized. In order to get a better understanding of CRM strategies stage on competitive advantage, future research endeavors should focus on several other countries for comparative purposes.

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