

**Survey relationship between service quality and customer relationship management
(case study Mellat bank of iran)**

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ABSTRACT: Nowadays, the role of organizations has been changed by business processes such as economic liberalization, globalization and the rapid evolution of internet. Also, the market environment has been changed due to increasing awareness of customers, their easy access to abundant information and unexampled right to choose. In such conditions, organizations could remain that do the operations, marketing, sales and services better than competitors; and increase their income and profits with obtain customer satisfaction and maintain their loyalty. According to above in this study, the customer relationship management in the Mellat bank in the Tehran city has been investigated. Results showed the research hypotheses at 95% confidence level were confirmed. Results of hypothesis test showed a significant and linear relationship have been between customer relationship management and Service quality. Besides, after comparing the customer attitudes towards Mellat bank about tow variables (customer relationship management and service quality) and customer expectations in this field, observed that there is a difference (gap) between the two conditions is approximately%27.84. And it can be concluded to increase service quality; it needs to upgrade level of customer relationship management.

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1. INTRODUCTION

In recent years customer relationship management (CRM) has been raised as a serious and widespread phenomenon to the extent that present companies are heading to it more than before. Increase of competition among companies for marketing their products and services and also accretion of customers' power in world of today have caused companies not only search for new customers but also try to preserve their former customers. Within the past decades, many of organizations of each size and kind have reached to the importance providing the satisfaction of their customers and perceived that preserving the customers is cheaper than attracting new ones. In addition, the powerful relationship between customer satisfaction and profit-making has been accepted, so; customer satisfaction and its growth has become an operational goal for most of the companies. With accretion of customer will-power in the game between buyer and seller, companies are facing with more knowledgeable customers having more freedom for choice and decision making and the more their understanding increase, the more their expectations soar. This issue augments the importance of a close and continuous relation with clienteles (Parhizi Gashti, 2001)

It must be mentioned that a CRM system is more complicated than automation of traditional operations of sale, marketing and chain of providing or

representing services through technology. A CRM system is also more than the issue of quality of services. CRM systems are systems for change of all the organization and its mentality about the customers (Galbreath, Rogers, 1999). This means that what is said to customers about the products should be inclusive and exact. In communication with customers, what is promised should be valid not of accidental occurrence (Nguyen et al, 2007). A key factor in CRM strategy is how to communicate with customers. This issue emphasizes the fact that for enjoying this relationship, there must be two involved sides at least (King, Burgess, 2007).

2. STATEMENT OF PROBLEM

Banks, utility companies are the biggest symbol that due to the nature of services that are intangible, increases the risk of customers in the use of services Therefore customers are always looking for ways to reduce your risk. The most important way to reduce this risk and confidence customers is setup deep and intimate relationship with their that from one side to be sure that they would gain in lieu use of services not suffered and on the other hand familiar with their expectations to improve services and also with good relationships can make more satisfied their customers and if there is dissatisfaction fix it to. In here we still saw a spirit of force and command in public banks

while private banks with using methods of communication with customers looking to improve their service quality, Created satisfaction in customer and finally keep their customers and attract customers from other banks. Therefore in this study, we are looking for this question that can with utilize correct customer relationship management achieve to service quality, satisfaction and customer loyalty in the public banks? In this study are looking for that how can with use technology of customer relationship management, improve service quality and also how we can satisfy customers and build customer loyalty in the final. This study was performed in the Mellat bank and at the end design proposals to improve this matter in the Mellat bank.

1. LITERATURE REVIEW

CRM

According to (Buttle, 2004) Customer relationship management, or CRM, means different things to different people. Even the meaning of the three-letter abbreviation CRM is contested. Most people use CRM to refer to customer relationship management. Others use CRM to mean customer relationship marketing. Another group, in the belief that not all customers want a relationship with a supplier, omits the word relationship, preferring the term customer management. Still others opt for the expression relationship marketing. Whatever it is called, CRM is clearly a business practice focused on customers. The goal of customer relationship management is to reach out to the customers who are spread across the length and breadth of the world and provide them satisfactory services in order to boost the economic status of the banks and other organisations. All modern organizations including banks have realized that customers should be won.

CRM is a holistic process of acquiring, retaining and growing customers. It includes all in-line and off-line relationship management. (Reimann et al. 2008). As Schneider (2004) expound; CRM is an abbreviation for customer relationship management, not customer relationship marketing. Management is a broader concept than marketing because it covers strategic management, human resources management, marketing management, service management, knowledge management, sales management and research management and development management. Thus CRM requires organizational and business level approaches, which are customer centric, to doing business rather than a simple marketing strategy. The banking industry is facing an ever-increasing level of competition around the world as the dynamics of the business change. Technology, commoditization, deregulation and globalization forever changed the face of banking (Joyner 2002).

Banks have understood the need to capitalize on the new technologies to gain advantage in the competition by exploiting their customer base, brand value and costly infrastructure investments in order to increase profits, as there's a direct link between the customer satisfaction and the profitability. CRM is the strategy which enables the banks to analyze the customer profiles, to detect their needs and potential profitability areas and establish the necessary actions the achieve customer satisfaction, competitive advantage and thus the profitability. From the customer's points of view, the competition brings them various choices and increases their bargaining power. Today, customers are looking for various benefits from a bank; better service, lower transaction fees, higher interest rates, a sign of prestige, new products access from different channel and etc. this scheme forces the banks to look for new ways a satisfy customers before any other bank or financial institution does.

Service quality

Acknowledged as a 'critical prerequisite for establishing and sustaining satisfying relationships with valued customers' (Lassar, Manolis et al., 2000, p. 244), service quality remains, in our opinion, a concept that further needs to be scanned in order to fully understand it and to gather all the meanings attributed to this phrase by customers. Moreover, for the management to provide services of a high quality level, it is necessary to 'identify the antecedents of what the consumer perceives as service "quality" (Petridou, Spathis et al., 2007, p. 569). Service quality is nevertheless 'subjective and hinges on the individual perceptions of customers' (Schneider and White, 2004, p. 10) which is an explanation for the high number of definitions attributed to service quality. Among them, the most cited or the one from which derive many other definitions is that offered by Zeithaml and Parasuraman. According to them, service quality is 'the difference between customers' expectations of service and their perceptions of actual service performance' (Zeithaml and Parasuraman, 2004, p. xi). In line with this definition, 'service quality is the difference between customers' expectation and performance of the service actually delivered' (Lenka, Suar et al., 2009, p. 48) or 'is determined by the differences between customers' expectations of service provider's performance and their evaluation of the services they received' (Mohammed and Mohammad, 2003, p. 1). These definitions have two key common words, namely expectation and performance which leads us to the conclusion that customers have certain expectations regarding their experience with a service provider, and based on these expectations evaluates the quality level of the services they receive. However, other authors point out that service quality definitions include

phrases such as ‘conformance to requirements’, ‘fitness of use’ and emphasize that customers evaluate the outcome and the manner in which a service is delivered (Eisingerich and Bell, 2008; Jain and Gupta, 2004) and that it is ‘the overall evaluation of a firm’s service delivery system’ (Lenka, Suar et al., 2009, p. 50). In the light of the above mentioned, bank service quality is a critical prerequisite for establishing and maintaining satisfying relationships with customers. Bank customers evaluate the services they are offered by comparing their functional quality) are key contributors to customers’ evaluations of the overall service offering’ (Eisingerich and Bell, 2008, p. 257) and thus, bank service quality (considering the customer-bank relation within territorial units) can be assessed in terms of direct contact with personnel, processes (expressed through convenience and efficiency) and physical evidence.

Firms with high service quality pose a challenge to other firms. Many scholars and service marketers have explored consumers’ cognitive and affective responses to the perception of service attributes in order to benefit by providing what consumers need in an effective and efficient manner. Organizations can business excellence through quality control in services (Shahin, 2010). There is general agreement that the aforementioned constructs are important aspects of service quality, but many scholars have been skeptical about whether these dimensions are applicable when evaluating service quality in other service industries (Cronin & Taylor, 1992). Again service quality considered as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al., 1985; Lewis and Mitchell, 1990).

2. HYPOTHESIS

□1: There is significant relationship between Customer Relationship Management (CRM) and Service quality

3. METHODOLOGY

This study in view of the survey method is correlation, in view of the type is descriptive and in view of the purpose is applied. Statistical society of this study includes customers of Mellat bank in the Tehran city, the method of the sampling is categorisation. And a data collection tool is questionnaire. Reliability analysis of questionnaire was conducted using Cronbach’s alpha method that was equal to 0.913.

Table 1. Cronbach's alpha Reliability Statistics

Cronbach's Alpha	N of Items
.913	32

4. FINDINGS

Correlation coefficient test

□1: There is significant relationship between Customer Relationship Management (CRM) and Service quality. Because for both variable, CRM and Service quality, P □1 be accepted and also the correlation coefficient of 0.735 in the table4 shows at 95% confidence level, a strong and positive relationship exists between CRM and Service quality.

Table 2. Correlations CRM & Service quality Correlations

		CRM	QUALITY
CRM	Pearson Correlation	1	.735**
	Sig. (2-tailed)		.000
	N	250	250
QUALITY	Pearson Correlation	.735**	1
	Sig. (2-tailed)	.000	
	N	250	250

** . Correlation is significant at the 0.01 level (2-tailed).

Comparison variables in two positions

After do the t-test and compare average of variables following findings were obtained.

Because high and low level of both variable is negative the average difference between the two position is less than zero and for both variable the average of desirable positions (Second position, customer expectations) is more than available positions (First position, customer attitudes towards Mellat bank).

According t-test table the average difference between two positions for CRM is equal to - 1.228

According t-test table the average difference between two positions for Service quality is equal to - 1.406.

Priority indicators

For Priority indicators use from Friedman test and the indices Survey for each variable separately, until importance of each variable to be determined.

CRM variable:

Indicators in order of priority are as follows
I3, I2, I7, I9, I4, I5, I8, I6, I1

Table 3. Comparison variables of two positions

		Independent Samples Test								
		Levenes's Test for Equality of variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig.(2-tailed)	Mean difference	Std. Error difference	95% Confidence Interval of the difference	
									Lower	Upper
CRM	Equal variances assumed	263.357	.000	-18.355	498	.000	-1.22800	.06690	-1.35944	-1.09656
	Equal variances not assumed			-18.355	296.518		-1.22800	.06690	-1.35966	-1.09634
QUALITY	Equal variances assumed	221.130	.000	-21.081	498	.000	-1.40600	.06670	-1.53704	-1.27496
	Equal variances not assumed			-21.081	309.372		-1.40600	.06670	-1.53724	-1.27476

Table 4. Priority indicators CRM variable Ranks

	Mean Rank
i1	3.44
i2	5.45
i3	6.15
i4	5.10
i5	5.03
i6	4.57
i7	5.30
i8	4.68
i9	5.28

Service quality variable:
Indicators in order of priority are as follows
I16, I15, I10, I14, I17, I12, I13, I11.

Table 5. Priority indicators Service quality variable

Ranks	
	Mean Rank
i10	4.69
i11	3.82
i12	4.36
i13	3.90
i14	4.43
i15	5.16
i16	5.23
i17	4.41

5. RESULTS AND DISCUSSION

Data showed the research hypotheses at 95% confidence level were confirmed. Results of hypothesis

test showed a significant and linear relationship have been between customer relationship management and the Service quality. Besides, after comparing the customer attitudes towards Mellat bank about the tow variables (customer relationship management and Service quality) and customer expectations in this field, observed that there is a difference (gap) between the two conditions is approximatel%27.84. And it can be concluded to increase Service quality; it needs to upgrade level of customer relationship management. Also data showed the most important indicators in each variable as follows

CRM variable:
A - Classification of customers by banks
B - There are automated phone bank
C - connect to the Internet and providing services through this

Service quality variable:
A - Being a new and innovative banking services
B - more profit and pay less interest than other banks
C - interests of customer are most important in the bank

According to confirmed there are the relationship between Service quality and customer relationship management we suggest to the managers of the Mellat bank to satisfy customers and build loyalty in their customer improve their relationship management system, also suggest in this regard to Indicators that are important to terms of customer and mentioned above, have more attention.

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