
Information Technology as a Tool for Effective Customer Relationship

PETER Fred Ojochide (Corresponding Author),
peter.fred@lmu.edu.ng

PETER Adeshola Oluwaseyi
peter.adeshola@lmu.edu.ng

ABSTRACT

The effective utilization of information technology within enterprises plays a pivotal role in enhancing interactions between companies and customers across various contexts. Companies can engage with their customer base through digital channels by offering their products on technological platforms. The previous research on how firms employ Customer Relationship Management (CRM) to sustain their global competitiveness has predominantly centered on qualitative methodologies, particularly within the Nigerian landscape. This study aimed to explore the connection between CRM strategies and customer satisfaction, employing a quantitative approach that involved surveys for data collection. A total of 400 questionnaires were distributed to customers, and statistical software for social sciences was used for regression analysis to examine the stated hypotheses. The study's findings indicate a positive impact of customer relationship management on customer satisfaction. Based on the results, it is concluded that beyond relying on social media to drive repeat patronage, managers should understand that while social media plays a role, it may not be the sole driver. Combining social media efforts with other strategies to enhance customer loyalty may yield more effective results.

Keywords: Information technology, SMEs, Customer Satisfaction, CRM.

Introduction

Customer Relationship Management (CRM) is viewed as a cardinal and strategic tool for managing and enhancing the relationship between organisation and its customers digitally. This owe to the fact that the proper implementation of CRM is necessary to facilitate proper delivery of customer value and retaining existing customers. According to Yunja (2004), the cost of attracting new customers is five times more than maintaining already existing customers. Therefore, organizations need CRM systems in order to manage their customer and gain maximum reliance from customers. Over time, CRM has proven to be an effective business strategy to increase competitive advantage and create long term relationship (Alireza, 2011).

In many contemporary organisations, information technology provides variety of advantages particularly in operation, marketing, and collection of market data about customers for effective management and control. Effective use of information technology will allow firms to retain their customers by making them feel valued and appreciated. Information technology facilitates and strengthens quality service delivery (Luftman, and Lyytinen, 2017). CRM involves exploring buyers' interest and making goods and services to satisfy them. This suggests that the major goal of CRM is to focus on the retention of customers through the collection of data of people in their contact by mobile phone, electronic-mail, Internet. (Raman, 2015) affirmed businesses are able to deploy this information for definite purposes such as sales, marketing, and after-sales activities. This suggests that CRM drives sustainable competitive advantage for the firm and enhances organizational digital capabilities to achieve superior performance. At the moment, the online business in Nigeria is booming and offers enormous growth potential thus it is important to ensure the delivery of quality customer value and maintain good relationships with customers. Previous studies (Ali & Ndubusi, 2009; Bankole, 2014; Adegbuyi, 2015) have affirmed that CRM generates many new opportunities for firms to accelerate the growth of their business. However, an aspect of keen interest specifically regarding CRM among SMEs is the dearth of literature as regards the extent to which the different elements of CRM enhance the performance of SMEs (Worlu, 2011; Bankole, 2014; Adegbuyi, 2015). It is premise on this fact that the study seeks to investigate the impact of CRM on Customer satisfaction.

Methodology

This study employed a descriptive research methodology, chosen for its suitability in assessing the extent to which Customer Relationship Management (CRM) can influence customer satisfaction. The data for this study was sourced from various primary and secondary sources. Primary data collection in this research involved the administration of questionnaires. The questionnaire data was meticulously analyzed using the "Statistical Package for Social Sciences" (SPSS), version 22.

Respondents were selected using a snowballing technique, with convenience being a key consideration, ensuring accessibility and availability of participants. The sample was deliberately diverse, encompassing both genders to maintain a balanced representation in the study. This approach aimed to foster inclusivity and representativeness in the research, enhancing the validity and reliability of the findings.

Literature Review

2.0 Relationship Development.

The concept of relationship development is mainly concerned with researching structures and managing relationships between suppliers and buyers (Ford 1980). Hakansson and Snehota (1995) argued that the relationship-building procedure must be performed with the involvement and interaction of two parties. Therefore, the most fundamental action that must be performed to accelerate relationship building is to examine the relationship management process of dealing with buyers' complaints (Brown & Gulycz, 2002). This suggests that relationship management procedures comprise the processes, methods, plans, and actions in which goods are supplied to customers (Christopher et al., 1991). Hence, major performance measures, such as customer retention rate, how well a customer is valued, and customer satisfaction, must be established by the firm (Brown & Gulycz, 2002). By contrast, Hanley (2008) and Lindgreen et al. (2006) opined that developing an agile relationship with customers requires a strong commitment to persuade them that their feedback is paramount. Establishing and facilitating relationships involves four stages (Peppers & Rogers, 2004). In the first stage, customers are recognized, data about them are collected, and the relationship is nurtured. Stage two involves recognition segmentation. The last two stages comprise interaction with customers and customization of the way they are treated, thus creating more value for both parties. Hence, creating and maintaining relationships is one of the main goals of CRM. The consumer and company may have different views on what constitutes a relationship. This makes it a social construct, meaning that a relationship exists only if one or both parties believe it does (Buttle 2009).

2.1 Social Customer Relationship Management

Many organizations today are investing in social media management and relationship management as a way of building trust among consumers. Organizations are developing social media plans to help determine how to build trust among their target audiences. As corporations are investing time and money into building their reputation, a customer will base any interaction and sales off of information about a particular brand found on social media or online settings.

Social CRM enhances collaborative social experiences and conversational commerce that customers value and appreciate. Social media in the context of customer relationship management suggests the use of various social media platforms like WhatsApp, YouTube Facebook, blogs and other online platforms to enable business interaction with customers. Social media presents abundance potential for both big and small firms to get closer and interact digitally, hence, boost revenue, reduce cost and minimise inefficiencies.

The major goal of social media is to improve social engagement. The organization would be able to understand the needs of their customers better especially when they give answers to their customers' complaints and issues concerning their product via social media.

2.2 Customer Satisfaction

Customer satisfaction is referred to as satisfying the need and expectations of consumers (Oliver, 1980). Customer satisfaction is the emotional and physical state of a customer towards a product or service after usage. Loveluck (2003) put forward that the satisfaction of an individual of perceived service is based on expected service. Customer satisfaction

measures how needs and responses are blended and provided to excel buyers expectation. Customer satisfaction is about measuring client attitudes about merchandises, services and trade names. While it's ever been smart to maintain clients happy (Kotler 2003), the term "client satisfaction" became popularized in the 1980s with the entire quality motion. Customer satisfaction is a vital part of successful customer relationship management. This owes to the high competitiveness of market and availability of similar products. Hence, the integration of CRM into business is to achieve customer satisfaction and loyalty, thereby accelerating firm performance (Buttle, 2009).

Customer satisfaction involves the evaluation of buyers' attitudes towards a particular good or brand, hence, it is a fundamental requirement for any firm to establish a robust digital interaction platform in order to expand customer satisfaction. During this interactions and communications, the goal is to gain valuable information and determine all individual client wishes and reply appropriately. This suggests that firms must constantly mine valuable information in respect to customer needs and expectations in order to maintain high level of satisfaction (Buttle, 2009).

2.3 Role of Information and Information Technology

Investment in Information technology (IT) dominates discussions in many organizations. This is because investment in IT department has helped many firms to cut cost and save money. IT constitutes a major component of firm's resources and foundation for achieving competitive advantage. To make this a reality, firms require the right blend of information technology, efficient data management system, robust business procedures, and a dynamic workforce [Nguyen, 2007].

The cardinal role played by IT in every segment of an organization's operations and corporate strategies cannot be ignored. In fact, many scholars and professionals have alluded to the fact that investment in IT produces many benefits such as profits and productivity [Rahimifard, 2002].

2.4 Relationship Management Theory.

Relationship management encompasses the strategic process of handling interactions between an organization and both its internal and external stakeholders. Previous research has frequently explored the intricate interplay between Customer Relationship Management (CRM), client retention, and value creation. It is important to recognize that CRM is a multifaceted concept, and its interpretation varies among individuals and across different operational settings. Notably, CRM stands out as a pivotal approach for fostering customer base growth, subsequently bolstering profitability and fostering customer loyalty.

Customer Relationship Management (CRM) represents a managerial philosophy aimed at establishing enduring and mutually beneficial relationships with customers. As per the insights of Richards & Jones, CRM takes on the form of a strategic initiative. This initiative is driven by the alignment of technology and processes, guided by a well-defined strategy, and tailored to enhance the efficiency of customer management. Consequently, effective customer relationship management revolves around comprehending customer needs and desires. It achieves this through the harmonious integration of these customer insights with organizational strategy, technology, human resources, and operational processes.

Testing of Hypothesis One

H₀: Relationship development does not influence Customer Perceived value.

H₁: Relationship development influences Customer Perceived value.

TABLE 1: Model Summary

a. Predictors: (Constant),

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.266 ^a	.071	.068	.45410

Relationship_Devpt Source: Field survey, 2018.

Interpretation of result: Table 1 shows the correlation coefficient (R) in the model summary for the relationship between relationship development and customer perceived value. The table shows a correlation coefficient (R) of 0.266 which indicates a weak relationship between customer relationship development and customer perceived value. The table shows how much the variance in the independent variable (relationship development) is explained by the dependent variable (perceived value). The R-square value here is 0.071, which translates to 7.1% when expressed as a percentage. This indicates that 7.1% of the variability in the outcome variable can be accounted for by the development of the relationship.

TABLE 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.367	1	5.367	26.030	.000 ^b
	Residual	70.522	342	.206		
	Total	75.890	343			

a. Dependent Variable: Perceived_Value

b. Predictors: (Constant), Relationship_Devpt

Interpretation of Result: Table 2 shows the assessment of the statistical significance of the result. The ANOVA table test is statistically (sig = .000) in which the F- value is equals to 26.030 and the significance level is less than 0.05

TABLE 3: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.181	.133		23.886	.000
	Cust_Relatnship_Devpt	.192	.038	.266	5.102	.000

a. Dependent Variable:
 Perceived_Value Source:
 Field survey, 2018.

Interpretation of result: from table 3 above, the B unstandardized coefficient is 0.192 this indicated the contribution of the independent variable (relationship development) to the dependent variable (perceived value). This means one unit increase in relationship development will lead to 0.192 increase in perceived value. This effect is also significant at 0.000 which is less than 0.05.

Testing of Hypothesis TWO

H₀: Social media do not have significant positive effect on Customer repeat patronage.

H₁: Social media have a significant positive effect on Customer repeat patronage.

Regression

TABLE 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.284 ^a	.081	.078	.57909

a. Predictors: (Constant), Social_Media Source:
 Field survey, 2018.

Decision rule: when correlation coefficient (R) is between 0.0 and 0.20 is very weak, 0.20 to 0.40 is weak, 0.40 to 0.60 is moderate, 0.60 to 0.80 is strong, and greater than 0.80 is very strong.

Interpretation of result: Table 4 shows the correlation coefficient (R) in the model summary for the relationship between social media and repeat purchase. The table shows a correlation coefficient (R) of 0.284 which indicates a weak relationship between customer relationship development and customer perceived value. The table shows how much the variance in the independent variable (social media) is explained by the dependent variable (repeat purchase). In this instance, the R-square is 0.081, equivalent to 8.1% when presented

as a percentage. This implies that 8.1% of the variability in the outcome variable can be clarified by the influence of social media.

Decision: There is a weak effect of social media on repeat purchase.

TABLE 5: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.083	1	10.083	30.068	.000 ^b
	Residual	114.687	342	.335		
	Total	124.770	343			

a. Dependent Variable: Repeat_Purchase

b. Predictors: (Constant), Social_Media

Source: Field survey, 2018.

Interpretation of Result: Table 5 shows the assessment of the statistical significance of the result. The ANOVA table test is statistically (sig = .000) in which the F- value is equals to 30.068 and the significance level is less than 0.05

TABLE 6

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.088	.137		22.558	.000
	Social_Media	.215	.039	.284	5.483	.000

a. Dependent Variable: Repeat_Purchase

Source: Field survey, 2018.

Interpretation of result: from table 6 above, the B unstandardized coefficient is 0.215, this indicated the contribution of the independent variable (focus on customers) to the dependent variable (repeat purchase). This means one unit increase in social media will lead to 0.215 increase in repeat purchase.

This effect is also significant at 0.000 which is less than 0.05.

Conclusion

The findings indicate a weak relationship between relationship development and customer perceived value, with relationship development explaining only 7.1% of the variance in perceived value. This suggests that relationship development has a limited impact on shaping customer perceived value. In contrast, for social media and repeat patronage, a weak

relationship was also observed, with social media explaining just 8.1% of the variance in repeat patronage. Consequently, social media's effect on customer repeat patronage appears to be somewhat limited. This result supported the findings of previous studies (Badwan, Al Shobaki, Naser, & Amuna, 2017). The result of the study suggests that store representatives who have a suitable relationship with a customer will improve customer satisfaction. The conduct of the sales representatives also influences customer loyalty. This finding of the study is also validated by several previous studies (Chen & Popovich, 2003; Szczepańska & Gawron, 2011).

Managerial Implications

For organizations focusing on relationship development, it's important to recognize the limited impact on customer perceived value and explore complementary strategies to enhance customer value perception. Similarly, businesses relying on social media to drive repeat patronage should understand that while social media plays a role, it may not be the sole driver. Combining social media efforts with other strategies to enhance customer loyalty may yield more effective results.

Recommendations:

Diversify Customer Value Enhancement Strategies: Businesses should not rely solely on relationship development to enhance customer perceived value. Diversifying strategies, such as improving product quality or service offerings, may be necessary to achieve a more substantial impact on customer perceived value.

Combine Social Media with Other Loyalty Initiatives: While social media can contribute to customer repeat patronage, it should be integrated with other loyalty programs and initiatives. A holistic approach that considers various factors influencing customer loyalty can be more effective in driving repeat business.

Continuous Monitoring and Adaptation: Organizations should continuously monitor the effectiveness of relationship development and social media efforts and adapt their strategies based on customer feedback and changing market dynamics. This adaptability can help maximize the impact of these initiatives.

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