The Impact of Customer Relationship Management on Customer Loyalty

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ABSTRACT

The general objective of this study is to examine the effect of CRM on customer loyalty in commercial bank of Egypt. To achieve the objective of the study necessary data were collected through the five points Likert Scale of questionnaires through convenient random sampling method. To achieve the intended objective explanatory and descriptive research design, a quantitative research approach was implemented. In the descriptive analysis tools such as frequency, percentage, mean and standard deviation were used while for the inferential analysis correlation and multiple liner regression was adopted by using SPSS V.21. The questionnaire’s reliability was estimated by calculating Cronbach’s Alpha using Python programming language descriptive statistical libraries (include NumPy, SciPy, and Pandas). The findings confirm that all the independent
variables (trust, commitment, and communication have a positive and significant relationship with customer loyalty as well as the variables have a positive and significant influence on customer loyalty. Among the variables Communication has the highest influence on customer loyalty. Therefore, commercial bank of Egypt is better to implement CRM appropriately and continuously, so as to get competitive advantage through building long-term profitable relationship with their customers and in order to achieve customer loyalty.

**Key words:** Customer relationship management (CRM), Trust, Commitment, Communication, Customer Loyalty.
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1. Introduction

It is the desire of every business organization to achieve its stated objectives. These objectives may incorporate profit maximization, increase in sales, expansion, growth, product accessibility, product awareness, customer satisfaction etc. However, profit maximization serves as the back bone of business objectives. In a similar view, the degree of maximization of profit depends on the level of customer satisfaction which has direct link with customer loyalty. (Bolanle O 2015) Customer loyalty is one of the most important indicators of good performing organizations. Since customer loyalty is directly linked to customer satisfaction, it is evident that measuring customer relation management must incorporate customer loyalty. customer relation management is the foundation for any organization to achieve its objective. In other words, the degree of customer satisfaction reflects the rate of achievement of organizational objectives. Customers that are satisfied tend to create favorable and friendly relationship with the organization.
According to Mithas, et al. (2005), the loyalty and retention of both current and potential new customers are challenges facing the banking industry worldwide, including Ethiopia. According to Payne, A., & Frow, P. (2005), loyalty broadly refers to customer actions that show a desire to strengthen an ongoing relationship with a business. Customers' willingness to make additional purchases from a business, their preference for the business, or their recommendation of the business to others may be evidence that they want to continue doing business with that business (Burns & Grove, 2005). Customer relationship management (CRM) is a business concept for managing contacts with customers, clients, and sales prospects. It involves utilizing technology to organize, automate, and synchronize business activities in order to increase profitability, revenue, customer pleasure, and ultimately brand loyalty. Due to the profit benefit of retaining a loyal customer base, customer loyalty is one of the most important customer metrics in marketing (Oliver, Rust, & Varki, 1997). When a consumer develops loyalty towards a brand, they create a favorable opinion about the company, resulting in commitment. When a buyer becomes emotionally invested in a brand rather than just intellectually, loyalty to the brand is solidified. According to (Winter & Strauch, 2003), the benefits of Customer Relationship Management from the perspective of the company include those with practical biases such as data integration and automation of marketing or sales...
processes, as well as those with a business bias such as the extension and consolidation of profitable customer relationships. Customer Relationship Management allows prospective new customers to be targeted with personalized and attractive offers, hence enhancing the sales development effect (Sauers, 2008).

Statistics and Data Visualization with Python aims to build statistical knowledge from the ground up by enabling the reader to understand the ideas behind inferential statistics and begin to formulate hypotheses that form the foundations for the applications and algorithms in statistical analysis, business analytics, machine learning, and applied machine learning.

Satisfaction is a critical scale of how well a customer’s needs and demands are met while customer loyalty is a measure of how likely a customer is to repeat the purchase and engage in relationship activities. They were of the opinion that customer relationship management customer satisfaction has a positive significant relationship with customer loyalty. They also included that it is impossible to have loyalty without satisfaction. (Faizan et al 2011). The most important goal that companies follow up is to maintain customer loyal to the firm so they more focus on customer centric approach in their organizational and marketing strategies (Jain and Singh, 2002).
2. Statement of the problem

Customer relationship management has gained wide attention in both business and service literatures recently and become of pivotal importance to many organizations as the key to profitability, through building and maintaining sustainable relationships with profitable customers. Zakaria (2014) stated that it is very important in our intensity changing competitive environment in the banking industry to be in direct contact with the customers to build up good relationship so that satisfaction can be attained.

3. Literature Review

Customer Relationship Management (CRM) is a basic business strategy that combines internal processes and activities with external networks to generate and provide value to targeted customers profitably. It is based on high-quality client data and is supported by technology" (Ang & Buttle, 2006). CRM (customer relationship management) is a corporate technique for identifying, cultivating, and maintaining long-term lucrative client connections. It entails devising a system for identifying your most profitable client relationships (or those with the most potential) and aiming to exceed their expectations in terms of service quality (McDonald & Ho, 2002). The study found that most employees’ perceptions were low for all significant work-life balance initiatives (Seman et al., 2022). With the concept in mind, the word CRM is unclear. There is a lot of
misunderstanding about what it stands for and how to put it into practice. As a result, depending on who you ask, CRM has multiple meanings (Payne & Frow, 2005).

There are a variety of viewpoints on CRM and how it can be seen from diverse perspectives. The following are some of the more popular definitions of the many that have been produced thus far: 'Customer relationship management (CRM) is a basic business strategy that connects internal processes and functions with external networks to generate and deliver value to targeted customers at a profit.' It is based on high-quality client data and is made possible by technology (Iriana, Buttle, & Ang, 2013). 'Customer relationship management (CRM) is a technique for gathering data about customers, grasping their characteristics, and applying those characteristics to specific marketing actions,' Swift (2001, p. 33). The study focused on the determinants of employee engagement (Muzeyin et al., 2022). The study found out that labour, material, equipment, finance, design, and project management related factors had a positive and significant effect on the time overrun of the project. Whereas, external environment-related factors found were insignificant for time overrun (Ahmed et al., 2023). 'Customer relationship management (CRM) is an integration of technologies and business processes used to meet the demands of a customer at any given time' ((Bose, Freedman, & Steinberg, 2002).
The study indicates that, online technology used in performance appraisal system (Ahmed, 2016). "Customer relationship management (CRM) is a strategic method to improving shareholder value by building appropriate relationships with key customers and customer groups." CRM combines the power of relationship marketing with the power of information technology to create profitable, long-term relationships with customers and other key stakeholders.

3.1 CRM and Customer Loyalty

Client-centered procedures tailored to each customer's wants and values are the most critical thing to do today to address low customer satisfaction. Firms can develop customer loyalty by treating various clients in different ways (Cavas & Tarhan, 2004). Customer loyalty is defined as the long-term retention of a connection by providing service that satisfies and even exceeds the needs of the customer (Kirmaci, 2012). Customer loyalty is measured in terms of the amount of money spent on a certain brand. The frequency of purchases is used to determine the amount of loyalty (Javalgi & Moberg, 1997). Customers' awareness has steadily improved as the amount of readily available information has increased in recent years.

The study used questionnaires and was distributed to over 220 customers in Malaysia. The study used multiple regressions to assess the impact of marketing relationships on
customer loyalty; it was proved based on the results that there is a significant effect on customer loyalty and significantly related to one another (trust, commitment, communication, and conflict handling). According to Aiderous, S. (2017), the study the Effect of Marketing Strategy on Small and Medium Enterprises Performance this study focused on performance of employee activity in terms of organization profitability. The study used questionnaires and was distributed to 365 customers in Addis Ababa city.

**Variables description along with their effect on the dependent variable**

1. **trust**
   
   Trust is a willingness to rely on an exchange partner in whom one has confidence" A supplier's or service provider's betrayal of this trust could lead to defection (Ndubisi, 2005). A belief or conviction about the other party's intentions in the relationship is characterized as trust. In the context of relationship management, trust is described as a characteristic of a commercial relationship that defines how much each party believes they can trust the other's promise to be true (Chattananon & Trimetsoontorn, 2009). In addition to stoking the flames of trust, keeping promises made to customers is critical for achieving customer happiness, preserving customer loyalty, and ensuring long-term profitability.
2. Commitment:
Commitment is another significant predictor of the strength of customer relationship management, as well as a valuable construct for predicting future purchase frequency and evaluating customer loyalty. Buyers' commitment is based on assessments of switching risks as well as sentiments of loyalty, according to studies in calculative and emotional commitment, for example (Barry, Born, & Weszkalnys, 2008). In general, commitment refers to an attitude characterized by specific goals and activities with the goal of achieving long-term value for both parties (Vesel & Zabkar, 2010). The study of Ndubisi (2007) and (Van Vuuren, RobertsLombard, & van Tonder, 2012) commitment is a significant impact on customer loyalty based on the above discussion the following hypothesis is developed.
H2; commitment has positive significant effect on customer loyalty.

3. Communication:
Communication is defined as "The amount to which a business connects with its regular consumers in a friendly and personal way," according to the definition. Feelings of familiarity and friendliness, personal knowledge, and the usage of the client's family name and/or first name on the sales spot all show such a relationship ((Naoui & Zaiem, 2010). Also, communication is described as the exchange and sharing of relevant and timely information between buyers and sellers, both
In a formal and informal manner (Sin et al, 2002). The ability to offer timely and reliable information is referred to as communication.

Today, communications is viewed as an interactive dialogue between a business and its customers that occurs during the pre-selling, selling, consuming, and post-consuming stages (Anderson & Narus, 1990).

4. Conceptual Framework

The conceptual framework of the study is based on the model presented in a previous study by (Ndubisi & Wah, 2005). It highlights the effect of Customer relationship management underpinnings on customer loyalty.

**Research Methodology**

The researcher utilized a questionnaire in order to gather data about the research topic is (Impact of Customer relationship management on customer Loyalty)
The questionnaire was composed of two sections. The first section consisted of demographic information, starting with asking of question about Gender. The second section of the survey questionnaire composed of twenty six questionnaire, regarding two Variable in the research topic for example Customer relationship management and Customer satisfaction, the questions asked about research topic is the customers.

The researcher gathered data for the study through distributing questionnaire as a primary data, 100 questionnaires was distributed of the members and (76) valid questionnaires were collected. The questionnaire is prepared and distributed to consumer in commercial bank of Egypt... Secondary data is needed for conducting research work, which is done by collecting it from recent academic articles, books and previous studies related to research topic.

A random sampling method was adopted to collect data, where all the departments, consumers will have equal chance of being selected from the sample group.

The questionnaire is structured in the form of multiple-choice questions (Likert scale). The members were asked to rate how strongly they agree on all item like order scale .The questionnaire designed and adopted from the resource as a seen in appendix (A).
Data Analysis
According to SPSS program for the answering the participants of survey questionnaire question of the second section of the survey questionnaire related to the research topic after analyzing by SPSS Program this question on the below have first highest value the mean was 3.76 and standard deviations is 1.42238.

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDA= strongly Disagree</td>
<td>10</td>
<td>13.2</td>
<td>13.2</td>
<td>13.2</td>
</tr>
<tr>
<td>DA= Disagree</td>
<td>8</td>
<td>10.5</td>
<td>10.5</td>
<td>23.7</td>
</tr>
<tr>
<td>N= Neutral</td>
<td>3</td>
<td>3.9</td>
<td>3.9</td>
<td>27.6</td>
</tr>
<tr>
<td>A= Agree</td>
<td>24</td>
<td>31.6</td>
<td>31.6</td>
<td>59.2</td>
</tr>
<tr>
<td>SA= strongly agree</td>
<td>31</td>
<td>40.8</td>
<td>40.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to SPSS program, only 10 participant responded a SDA= strongly Disagree in this question, 8 participant responded a DA= Disagree in this question, 3 participant responded a N= Neutral in this question, 24 participant responded a A= Agree in this question, 31 participant responded a SA= strongly agree in this question.

Second highest value of the mean was 3.75 according to the SPSS program of answering respondent on this question below after analysis by SPSS program.
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According to SPSS program, only 6 participant responded a SDA= strongly Disagree 10 participant responded a DA= Disagree 10 participant responded a SDA= strongly Disagree 3 participant responded a N= Neutral 35 participant responded a A= Agree, 22 participant responded a SA= strongly agree

The third highest value of the questionnaire was The employees feels reliable mean was 3.61 according to SPSS program after analysis of questionnaire of this question on the below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDA= strongly Disagree</td>
<td>6</td>
<td>7.9</td>
<td>7.9</td>
<td>7.9</td>
</tr>
<tr>
<td>DA= Disagree</td>
<td>10</td>
<td>13.2</td>
<td>13.2</td>
<td>21.1</td>
</tr>
<tr>
<td>N= Neutral</td>
<td>3</td>
<td>3.9</td>
<td>3.9</td>
<td>25.0</td>
</tr>
<tr>
<td>A= Agree</td>
<td>35</td>
<td>46.1</td>
<td>46.1</td>
<td>71.1</td>
</tr>
<tr>
<td>SA= strongly agree</td>
<td>22</td>
<td>28.9</td>
<td>28.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to SPSS program, only 15 participant answered a SDA= strongly Disagree The employees at, 9 participant replied a DA= Disagree The employees at N= Neutral The employees at
A= Agree The employees at, 37 participant answered a SA= strongly agree.

The last highest value is accurate when providing services to mean was 2.0526 according to the SPSS program after analysis of the respondent of this question of the questionnaire on the below:

**Correlation**

<table>
<thead>
<tr>
<th></th>
<th>CUSTOMER RELATIONSHIP MANAGEMENT</th>
<th>CUSTOMER SATISFACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMER RELATIONSHIP MANAGEMENT</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>76</td>
</tr>
<tr>
<td>CUSTOMER SATISFACTION</td>
<td>Pearson Correlation</td>
<td>.985**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>76</td>
</tr>
</tbody>
</table>

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

As seen in table above shows the Pearson analysis between two factors as important variable in this research (customer relationship management and Customer loyalty). In terms of the result value of R= .985 and it means that customer relationship management is positively high correlated with Customer loyalty.
Findings and Conclusions

Regarding of the answering research questions the impact of customer relationship management on customer satisfaction and comparing with the result of conclusion in this research, for sure the answer from participated people who join this research, and the most impact for customer relationship management is the activity of the sales size the company and when the employee in the customer relationship management have capacity for taking the perceive from customer and make realistic for all of the perceive from customer when they visit the showroom for purchase the product. By taking the important point that the employee and quality of customer relationship management department should be professional level and will be in the sales department for getting the different customer satisfaction.

About the second research question for sure having gait customer relationship management variables for submit the best quality of services to the customer as active department such as preparing the surprise in the customer birthday with sending some gift to the customer in the special a celebration affect positively of the purchasing by the customers because when the customer comes to the company and search for best quality and less price need to have all kind of the information regarding the production and services.
Recommendations

The current research was prepared by the researcher to shed the light on the importance of the impact of customer relationship management on customer satisfaction in private sector organization, below the points as researcher consideration and hope all of the people who read this research take a benefit from the points as recommendation in this research such as below:

- The private sector organization should have the active department of customer relationship management.
- The customer relationship management in private companies should send the information to their customer by perceived and credible way.
- The customer relationship management in private companies should offers products that are limited in time and/or edition (special edition products)
- The private sector organization should have offers to their customer rewards to products and sending frequent enough out information to customer about news and offers.
- The private sector companies should make the promotion for the production or service toward of getting customer satisfaction.
- Having the strategy for low price for production and service in any private sector companies affect of customer satisfaction.
Future Research CRM is an emerging discipline that requires significant research to help companies with insights on how to successfully implement their CRM strategies. We identify several areas that require additional research relating specifically to the strategic context of CRM. First, there is a poor understanding of the factors that impact on CRM strategy in different sectors. Studies such as that by McKinsey & Co. demonstrate that the success of CRM is related to a clear alignment between the CRM strategy and the goals of a business (Ebner et al. 2002), but the literature is notably silent on implications for different industry contexts. CRM requires more exhaustive study regarding the issues that are significant in developing CRM strategy in industry settings such as business-to-business markets, intermediated markets, the public sector and FMCG.

Second, this paper identifies that the level of sophistication of customer data capture and analysis is important when determining an appropriate approach to customer relationships. Although there are a considerable number of studies relating to implementation of CRM technology projects, most studies do not focus sufficiently on the information dimensions of CRM. More information-rich studies of CRM implementation would help identify the underlying factors important to the success of CRM strategies.
Third, the CRM strategy framework identities’ migratory paths that are possible for organizations wishing to develop more sophisticated relationships with their customers. Each migratory path requires further investigation as there are substantial challenges in moving to individualized customer relationships. Development of a validated CRM assessment tool would help companies identify how they need to change if they are to achieve more sophisticated relationships with their customers. Some developments have been undertaken in this area but further work remains to be done.

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