

Factorial Analysis of Customer Relationship Management In Bangladesh^{*}

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Abstract

The article is based on the employee perception of both the quality and the services in the CRM in Bangladesh. In the report, we have shown the various ways of the employee's perception through which we have known the difference and complex perception of the customers in the country. I have gone through the extensive survey to the employee of various levels.

The survey helped us to find out the answers of the questionnaires and to make it in a better way. The research has been developed in two stages which include the theoretical part and the practical part which includes the analysis of the report and find out the recommendations. We have given the marketing implementations of these things in order to make sure about the change to be brought in the CRM of country which are very important.

Keywords: Customer Relationship Management, CRM Definition, CRM Process, KM

1. Introduction

To become more innovative, responsive to customers and adaptable to change, leading organizations are trying how to learn from high numbers of knowledgeable people. When customers, suppliers and staff willingly share expertise and experience with one another, customers are loyal, everyone wins and business advantage is undeniable.

More and more companies are adopting Customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management. They are realizing the need for in-depth and integrated customer knowledge in order to build close cooperative and partnering relationships with their customers.

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The emergence of new channels and technologies is significantly altering how companies interface with their customers, a development bringing about a greater degree of integration between marketing, sales, and customer service functions in organizations. For practitioners, CRM represents an enterprise approach to developing full-knowledge about customer behavior and preferences and to developing programs and strategies that encourage customers to continually enhance their business relationship with the company.

For many organizations, up to date knowledge of what is relevant and important to customers distinguishes their offerings. Our challenge is to assimilate this rapidly-changing knowledge about markets and individual customers quickly and distribute it rapidly to be acted upon immediately in order to leverage it for improved performance. This means finding all of the knowledge which is embedded in and accessed through technologies and processes, stored in documents or embedded as enhanced staff capabilities and sharing it fast. In this light, technology and humans must interact in effective CRM processes that bring the latest knowledge from all stakeholders to the management of customer relationships.

It is clear that efficient workflows and responsive knowledge feedback mechanisms in a web of electronic and personal interactions can help enhance customer loyalty and raise retention rates. However, experience has also shown that CRM is more than a technology issue. It is not just about software for organizing customer data. It is about changing the processes, interactions and culture of all of the partners in order to satisfy the ever-changing needs of the customer relationship and to provide seamless service. As business cycles shrink and customer relationships become more personalized and one-to one, only knowledgeable staff, flexible processes and maneuverable technologies can support the swift transition required to continuously adapt, survive and thrive.

Before we began to examine the analysis, Defining CRM would be useful. In the marketing literature the terms customer relationship management and relationship marketing are used interchangeably. As nevin (1995) points out, these terms have been used to reflect a variety of themes and perspective. Some of these themes offer a narrow functional marketing perspective while others offer perspective that is broad and somewhat paradigmatic in approach and orientation. A narrow perspective of customer relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts (Bickert, 1992).

There are many aspects of CRM which were mistakenly thought to be capable of being implemented in isolation from each other.

From the outside of the organization, a customer experiences the business as one entity operating over extended periods of time. Thus piecemeal CRM implementation can come across to the customer as unsynchronized where employees and web sites and services are acting independently of one another, yet together represent a common entity.

CRM is a combination of philosophies, policies and strategies connecting different players within an organization so as to coordinate their efforts in creating an overall valuable series of experiences, products and services for the customer.

2. Objective of the study

2.1. Problem statement

2.1.1. Broad statement

To identify the customer relationship strategy of companies in Bangladesh

2.1.2. Specific statement

To identify the triggering factors like Relative Success of CRM, Implementation. In Strategic Brand Management, Customer service & after sales service, Customer loyalty & retention, Long term cost reduction, Channel Integration & Optimization, Important determinant in Sales program, Campaign Management Importance, outsourcing than internal, prod. Optimization & management, Developing New Product & Service imp, Encourage Low cost channel Media, Develop Brand Image, for customer dissatisfaction of the organization.

2.2. Objective

To identify the CRM initiative of Bangladeshi companies.

To identify the factors building the CRM of Bangladeshi companies.

To identify the effects of each factor.

2.3. Problem Variables Variables

Variables

1. Relative Success
2. Imp. in Strategic Brand Mgt
3. Customer service & after sales service
4. Customer loyalty & retention
5. Long term cost reduction
6. Channel Integration & Optimization
7. Important determinant in Sales program.
8. Campaign Management Importance
9. Outsourcing than internal
10. Prod. optimization & management
11. Developing New Product & Service imp.
12. Encourage Low cost channel Media
13. Develop Brand Image

3. Approaching the problem

A person realizes the need of company quality & service is going down these days so he/ she collect information of various variables. Satisfactions of consumer depend

on the Relative Success of CRM, Imp. In Strategic Brand Mgt, Customer service & after sales service, Customer loyalty & retention, Long term cost reduction, Channel Integration & Optimization, Important determinant in Sales program, Campaign Management Importance, outsourcing than internal, prod. optimization & management, Developing New Product & Service imp, Encourage Low cost channel Media, Develop Brand Image, availability of good package, interior / exterior environment, billing procedure , and affordability, internal and external environment; value added services, customer care, brand image. If the all the factors are met by the customers, they will be satisfied then sticks to the brand royal and enhance the CRM. On the other hand if the user is not satisfied then he/ she shift to another operator.

3.1. Research Questions Research Question

1. Relative Success of CRM Initiatives
2. CRM is most important contributor in profit.
3. Customer service and after-sales support is most important for customer attraction and retention.
4. CRM increases dramatically customer Loyalty and retention programs
5. CRM can participate in long term cost reduction
6. Channel integration and optimization can be established through relationship program
7. CRM is most major important determinant in organization.
8. Campaign management is one of the important tools of CRM
9. CRM should not be outsourcing rather than internal
10. Product optimization and management can be established through CRM
11. Developing new products and services are not important for CRM.
12. Encourage customers to use low-cost channels and media.
13. developing a consistent brand image does not build around the strategic goals of the CRM initiative.

Answers of these questions construct the overall research design. Details of the research design are given in the following section.

3.2. Research Design

This section contains the details of the research design including- type of research, method of research, type of data, sampling process, scaling technique, fieldwork etc.

When the original research was started, the problem was already identified. Just the factors were needed to be studied to measure their contribution. Therefore, the research design needed for this case is descriptive.

As little previous research was carried out, there was a little published secondary data. Therefore, primary data is required for this research. The data required mainly was related to the corporate employee in Bangladesh.

We have used important techniques and methods in the survey of customers. Sampling sizes are more or less equal to the customer's gender so that the customers can give the various views in their own order of thinking process. That's why we have chosen the sampling size of 50 people which will also be used as the set of sample in the analysis of the data in the SPSS software Data collection method used for this research is survey method. A structured questionnaire was prepared.

The almost target population of this research was corporate employee of Bangladesh. The sample size was allocated as 50.

Researcher asked the questions following all the guidelines provided by the book. For example- no ambiguous words were used, researcher used ordinary words, researcher explained the intention of the survey clearly etc.

The questionnaire involved a set of response categories. These categories were used to identify the state of agreement of the respondents against each of the statement. For the preparation of questionnaire and data analysis purpose, 7 point Likert scale was used.

3.3. Methodology

The foundation of data analysis strategy is based on problem definition, approach to the problem and research design. Through problem definition, we shall specify the components of our problem through approach, we shall construct the theoretical framework for solving the problem, through research design, we will identify the type of research design, and in our case it is descriptive research design. Then we shall focus on the characteristics of data to apply appropriate statistical technique for factorial analysis.

3.4. Finding and interpretation

The data collected from the fieldwork were input in the SPSS. Before input, the variables were declared in the variable view window. After then, in the data window, the data were input. After inputting, analysis was made by clicking onto the analyze tab. For factorial analysis, analyze>data reduction>factor tab was used. After then, three output windows were found. Contents of these windows are analyzed and are given as results at the following sections.

3.4.1. Determination of Correlation matrix

KMO (Kaiser-Meyer-Olkin) index compares the magnitudes of the observed correlation coefficient to the magnitudes of the partial correlation coefficient. Small values of KMO statistics indicate that correlation between pairs of variables cannot be explained by other variables and that factor analysis may not be appropriate. Generally a value greater than 0.5 is desirable.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.576
Bartlett's Test of Sphericity	Approx. Chi-Square	157.399
	df	78
	Sig.	.000

By analyzing the KMO and Bartlett's Test presentation, we can say the following things.

- The appropriate chi-square statistics is 157.399 with 78 degrees freedom, which is significant at .000.
- The value of the KMO statistic (.58) is also larger (>0.05)

Thus the factor analysis may be considered an appropriate technique for the analyzing the correlation matrix.

3.4.2. Determination of based of eigenvalues

In this approaches, only factors with eigenvalues greater than 1 are retained, the other factors are not included. An eigenvalues represent the amount of variance associated with the factor. Factor with variances less than 1.00 are no better than single variables because due to standardization, each variable has a variance of 1.00.

Total Variance Explained

Componen	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.071	23.623	23.623	3.071	23.623	23.623	2.096	16.120	16.120
2	1.902	14.627	38.251	1.902	14.627	38.251	1.987	15.284	31.404
3	1.432	11.012	49.262	1.432	11.012	49.262	1.822	14.016	45.420
4	1.324	10.183	59.445	1.324	10.183	59.445	1.494	11.492	56.912
5	1.066	8.201	67.646	1.066	8.201	67.646	1.395	10.734	67.646
6	.899	6.919	74.564						
7	.806	6.201	80.766						
8	.706	5.428	86.194						
9	.500	3.849	90.043						
10	.467	3.594	93.637						
11	.342	2.631	96.268						
12	.284	2.185	98.453						
13	.201	1.547	100.000						

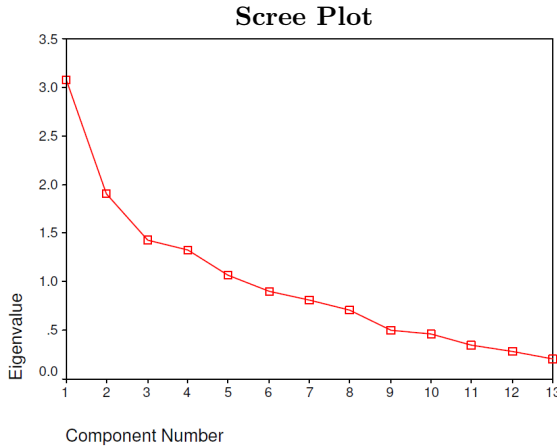
Extraction Method: Principal Component Analysis.

By analyzing the total variance explained presentation, we can say the following things

- The five component number has more than 1 Eigenvalue.
- Since the five components has more than 1 Eigenvalue, so there are five factor.

3.4.3. Determination based on scree plot

A scree plot is a plot of the eigenvalues against the number of factor in order of extraction. The shape of the plot is used to determine the factor.



By analyzing the Scree plot presentation, we can say the following things

- The five component number has more than 1 Eigenvalue.
- Since the five components has more than 1 Eigenvalue, so there are five factors.

3.4.4. Interpretation of result

Interpretation is facilitated by the identifying variables that have large loading on the same factor. That factor can then be interpreted in the terms of variables that load high on it. Another useful aid in interpretation is to plot the variables using the factor loading as coordinates.

By analyzing the Component matrix presentation, we can say the following things

- Factor 1 has high co-efficient for variable Campaign Management Importance, prod. Optimization & management, encourage low cost channel media and a negative coefficient developing a new product and service. Therefore, this factor may be labeled as protection CRM.
- Factor 2 has high co-efficient for variable Customer loyalty & retention, and a negative coefficient for Develop Brand Image. Therefore, this factor may be labeled as profit CRM.
- Factor 3 has high co-efficient for variable Relative Success of CRM. Therefore, this factor may be labeled as initiative CRM.

- Factor 4 has high co-efficient for variable imp. In strategic brand management, Channel integration and optimization, important determinant in Sales program and a negative coefficient outsourcing than internal. Therefore, this factor may be labeled as Strategy CRM.
- Factor 5 has high co-efficient for variable Customer service & after sales service. And Channel Integration & Optimization. Therefore, this factor may be labeled as Service CRM.

Component Matrix¹

	Component				
	1	2	3	4	5
Relative Success	.179	4.210E-02	.775	-7.38E-02	9.470E-02
Imp. in Strat Brnd Mgt	-.428	.581	-.105	-.218	-.105
Customer service & after sales service	.440	9.112E-02	-.294	.622	-.418
Customer loyalty & retention	.148	.710	-.281	-.119	7.539E-02
Long term cost reduction	.731	.288	-6.17E-03	3.666E-02	.387
Channel Intrgration & Optimization	-.138	.374	.530	.323	-.129
Important determinant in Sales prg.	-.449	-.226	-5.48E-03	.251	.716
Campaign Management Importance	.712	-.287	.399	9.414E-02	-7.34E-02
outsourcing than internal prod. optimization & management	-.423	-.389	-.132	-.185	9.932E-02
Developing New Product & Service imp.	.648	-.175	-.270	.394	.286
Encourage Low cost chennel_Media	-.618	-9.33E-02	-.153	.540	-4.08E-02
Develop Brand Image	.624	-9.35E-03	-.306	-.405	6.696E-02
	8.887E-02	-.710	-7.84E-02	-.216	-.289

Extraction Method: Principal Component Analysis.

4. Conclusion

We believe that the conclusion that processes must be thoroughly analyzed prior to jumping headlong into CRM is spot on. To take the idea a step further, it is imperative to understand how your business or a specific process within your business applies and organizes work to create value on an end-to-end basis before bringing any enterprise technology into the picture. To paraphrase something Bill Gates once said, technology that is applied to an efficient operation will magnify that efficiency; technology applied to an inefficient operation will magnify the inefficiency.

A large problem today us that we are so far into this we have got to find a way out, and fast. A rapid way to solve inefficient business problems, through integration and automation, around what we already have is needed to stay competitive.

¹5 components extracted.

Therefore, the article will lead us to know about the real perceptions of customers about the CRM in the country. That's why we need to make sure that the corporate organizations are also maintaining the quality in all perspectives.

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