Implementation of CRM Strategies to Increase Customer Loyalty, Case of Kazakhstan Companies

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In the conditions of growing dynamics and complexity of the competitive world, the formation of loyalty is not an easy task, thus underscoring the need for companies to consider various strategic options and programs to survive and flourish. One such program is customer relationship management (CRM). Each organization seeks to maintain and use critical information about the needs and choices of customers to make them satisfied and loyal. This study suggests that customer relationship management generally affects customer satisfaction and its impact on customer loyalty. The research population was a customer of the company "Business Event Network". The SPSS program was used for the analysis. The results of testing the study showed that 102 respondents were able to explain the relationship between customer relationship management (CRM), customer satisfaction and customer loyalty "Business Event Network" company. The result shows that customer relationship management has a significant impact on customer satisfaction; customer satisfaction significantly impact on customer loyalty.

Key words: Social Media, SMM, Facebook, Instagram, Customer Relationship Management CRM, customers, social networks

INTRODUCTION

Because of recent changes in a business environment, that is; increases in customer turnover and decrease in profitability, the company in all branches have come to understanding that the relations with customer are one of the most important assets which they possess. As a result they pass from focused on a product and a brand - the focused marketing approaches to the approach focused on the client (Tetteh, A. V. 2008). Really, retention of customers and restorative of their loyalty is very effective, but difficult method for increase in success of the company. Also, in medium-term competitive fight it is necessary to support and increase customer loyalty. Loyalty as a behavioral fact arises due to the fact that the customer perceives all the benefits that the product provides him.

On the road to profitability, companies are looking for a better marketing strategy. There are many marketing strategies. Some companies have transactional relations with consumers: they
are focused on single purchases, don't keep in contact with the clients and try to reach a big flow of consumers. Other companies argue that the grade of the attitude between buyers and sellers is much more important than the net number of contacts. This strategic route relates to the concept of customer relationship management (CRM). Basically, CRM is an "integrated approach to relationship management, focusing on customer retention and relationship development" (Chen, I.J. & Popovich, K. 2003). As a business strategy, it began to emerge in 1999. Customer relationship management (CRM) is the process of contraction and maintains of the favorable relations with customers, by affording products which are valuable to customer and build satisfied customers. CRM is the way that companies create relationships with customers in order to maintain customer loyalty (Schiffman, L. S., & Kanuk, L. L. 2007). CRM emphasizes the significance of long-term relations with customers and increasing their loyalty and allegiance to a company. It offers various storage strategies and recommendations for creating customer loyalty.

The correlation between customer satisfaction and CRM is not from simple. Enlarged customer satisfaction is one of the CRM's faiths. Customer satisfaction has become the declared goal of all business areas. In the settings of the service, customer satisfaction reports desirable result of the service encounters, which includes an assessment of whether the service meets customer needs and expectations (Ryals, L. 2005). The importance of the concept of satisfaction is manifested in its alignment with customer loyalty, retention and profitability of the company. Increased customer satisfaction can lead to increased consumer loyalty and lead to an increase in the company's market share (Bitner, M. J. 1990) and (Oliver, R.L. 1980).

**Significance of the study**

In the conditions of growing dynamics and complexity of the surrounding world, the formation of loyalty becomes an instrument of income generation, an instrument of victory in the competitive struggle (Eakuru N. 2009). One optimization of production no longer solves the problem of survival. This is especially noticeable in the service sector, where companies depend not only from quality of the products or services themselves, as on the perfection of the mechanisms of interaction between the company and its customers. The results of a study by Reichheld F. showed that a 5 percent increase in loyal consumer companies is accompanied by an increase in profits in the range of 25 to 85 percent depending on the scope of activity (Reichheld F.F. 1990).

Each organization seeks to maintain and use critical information about the needs and choices of customers to make them satisfied and loyal. Customer loyalty is such a valuable situation when the organization ultimately receives profitability. Building positive relationships with the client, satisfying the needs and desires of the client are the main goals of the organization. (Rasheed F.A., Abadi M.F. 2014).

The modern market is saturated with various offers for customers and this leads to the fact that achieving or increasing loyalty is not an easy task. This situation raised a problem on how organizations could increase customer loyalty. One of the proposed solutions is the implementation of CRM (Adele M., Edhi J. 2015). Famous American experts in the field of marketing J. Sheth and A. Parvatiyar note that the purpose of the CRM strategy is to create groups of loyal consumers by satisfying (Sheth, J. and Parvatiyar, A. 1995). In this regard, it is
necessary to consider in more detail whether this strategy of the CMR affects on the customer loyalty through the customer satisfaction.

The concept of the CRM and implementation of CRM strategy

CRM concept is an answer to the need of the market for receiving means for deduction of the existing customer and attraction new. CRM system is access in business which set the customer in the core of business activity. CRM demands the strategy of the company focused on the client, directed to performance of sales and service (Li, Y., Xu Xu & Songram, P. 2009). The term “Customer Relationship Management” came in the mid-1990s. There are a lot of CRM definitions. It is more proper to examine the CRM concept in two contexts as a business strategy and as a control system of the automated relations with customer (CRM-system) (Bubentsova, A. 2006). Two concepts - CRM and CRM system, the tangle between which frequently produce misunderstandings.

CRM - ideology, strategy which kernel is the business client's focus. This model of interrelation with customer, in which all methods and remedy of connection with them - includes work of the sales manager, advertisement, delivery, maintenance, information technologies. The basic purpose of CRM is “to maximize the lifetime value of a customer to the organization” (Peppard, J. 2000). Due to the fact that for the company customer are the most valuable asset, management of relations with them is the central task of the company, whose efforts should be aimed at increasing the value of the customer base, to increase its capitalization. The company should work so that not only meet the needs of customers, but also antedate their expectations, requirements and preferences. A main goal of this approach is increase in loyalty of clients of the company and its products that finally helps to hold old clients and to attract new. Essentially CRM determined as “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer” (Parvatiyar, J.N. 2001). The concept of CRM is frequently utilized identical with the term "relationship marketing". Nevertheless, the concept of CRM is claimed to be the development of relationship marketing, producing a explicitly strategy for customer retention (Winer, R. S. 2001). CRM - strategy of business attraction (choice) and client control, directed to optimization of their value in the long term (Li, Y., Xu Xu & Songram, P. 2009). CRM involves a presence in the company, philosophy and culture, focused on the client, directed to efficiency of marketing, sales and maintain (Kotler, P. 2003). CRM-applications allow to effectively using CRM, condition that the organization has special objective, strategy and culture (Figure 1).

CRM strategy should ensure coordination of the activities of all structural divisions of the company in order to provide the guaranteed (expected) quality of customers, determining which indicators should be monitored and what the range of acceptable values for each client group should be.

According to Zolotova S.I. (2009) CRM consists of five processes:

1. Customer selection:
1.1 Ordering of the customer base. Collecting the missing information and monitoring the customer base is the starting point of the technology. The data received by the organization ensures the effectiveness of the analysis of attributive features and attributes of customer behavior. The main blocks of information are:

- contact (personal) information, which is a set of necessary customer attributes for its identification and organization of interaction;
- commercial information - a set of client attributes that reflects the features of his business, as well as the result of cooperation with company. This type of information is used for segmentation customer and forecasting his behavior;
- chronology of transactions and sales - a list of all prisoners and failed transactions with the client, representing a detailed information on the needs of the client, their changes, and characteristics of the terms of the acquisition;
- the history of interaction, which is a list of contacts of the organization with customers in the process of cooperation with them; allows to estimate the spent resources for work with the client, identify the most preferred means of interaction with the client, determine its needs and requirements, plan future activity and estimate the approximate level of costs.

1.2 Determination the group of people most profitable for company. The received data during the ordering of the customer base are used to conduct customer segmentation. Since, as a rule, the company is interested in the most profitable customer groups, it is advisable to use a two-dimensional segmentation model, classifying customers according to two criteria:

- profitability (the amount of concluded transactions with the client);
- cost intensity (consequence of loyalty in the long term).

Using the segmentation matrix, the company can choose for each segment the most justified strategy for further work with the customer.

1.3 Developing customer value propositions for these groups and creating an image of the brand of products and services of the company that will attract new, and retain old customers. The company, knowing the specifics of customer behavior and based on the conducted
segmentation, for each segment designs its own service and product packages. The product component of individual offers is based both on the modification of existing products and on the development of new solutions (Korneeva S.S. 2006).

2. Attracting customers:

Creation and maintenance of permanent connections of the enterprise with the market in order to activate the sale of the service and the formation of a positive image (image) of the enterprise on the market. The promotion is aimed at ensuring that potential consumers are aware of the benefits and benefits they receive when using the service, taking into account all elements of the marketing mix (prices, terms of sale, discounts, etc.).

3. Maintaining the customer base:

3.1 Development of individual offers. The service element of individual proposals implies differentiation according to the following principles:

- level of service quality, qualification personnel, means of interaction, responsiveness and speed of resolution of problems;
- individuality and variety of service packages, accounting specificity of clients, personal approach, the range of options;
- exclusiveness of the service, giving signs of attention, availability special services for important customers (Kincaid, J.W. 2003).

If the product component directly influences the profitability of the customer, then the service component is the basis for forming its loyalty, therefore, it is important for the company to use a different set of methods when working with different groups of customers.

3.2 Turning buyers into supporters and partners company and its services (reengineering of business processes aimed at customer). Reengineering (redesigning) of business processes aimed at the client. The company, defining the most cost-effective packages of products and services, creates requirements for business processes that ensure their implementation at a guaranteed level of quality. In fact, the company is updating the processes taking into account their interaction with different client groups, forming CRM, which ensure the interaction of various structural divisions of the company and their orientation to the fulfillment of a given level of client requirements. CRM for each customer segment determines the required level of service and personnel qualification. They contribute to the allocation of responsibility areas of different units, the evaluation of the effectiveness of processes, focusing on their measurement of the quality of work with customers, and the establishment, depending on the client segment, the values of evaluation criteria (Korneeva S.S. 2006).

Forecasting the resources necessary to implement each of the client strategies is the main goal of the CRM, and in a consequence - the competent distribution of personnel and financial investments to improve the result of the company's activities, as well as control the quality of interaction with customers and prompt response to changing client preferences.

4. Development of relationships with customer:
4.1 Developing a contact strategy. The company, having formed individual offers and conditions for their implementation, develops systems of interaction with customers. When scheduling in product and service policy, the planned schedule of changes, the company develops a calendar plan for communications with various client segments by working out a contact matrix: a list of contact persons, a list of information reasons, preferred means of communication, as well as their time and frequency, the structural and content part of the messages. Formation of the strategy of contacts takes place taking into account the features of the product and service offers of various segments. The company can use various ways of interaction for different client groups (from a personal meeting to an electronic message), which ensures the rational use of corporate resources. To estimate the total costs for each type of contact, its cost is determined by multiplying the number of customers by the average number of contacts with each of them in the same action, adding the cost of the costs associated with the preparation of the event to the value obtained. The total cost of all activities is the budget of all CRM-actions, and the presence of a matrix of contacts allows to make the necessary amendments to it (Kincaid, J.W. 2003).

4.2 Relationship Management. CRM, along with the launch of the product and service policy, are the programs of long-term cooperation of the company with customers. Within the framework of the organization, the fulfillment of this task includes the elaboration of two components: "external" and "internal". Within the external component, the company develops loyalty programs and sales promotion. Under the loyalty program, it is necessary to understand the long-term client project, which is aimed at increasing the client's attachment to the company for account tangible material and emotional values, as well as to increase the profitability of the company. It is proposed to distinguish two groups’ loyalty programs:

- bonus programs: rewarding customers for profitable behavior for the company (use of additional services, intensity of treatment, recommendations, etc.);
- additional services: a set of services focused on individual customers or specific segments (Kincaid, J.W. 2003).

5. Customer retention:

5.1 Motivation for mutually beneficial relationships. The motivation of customer consists in the presentation of informing the customer on them so that the last had had a desire in transaction on maintenance in his receiving. Motivation helps the customer to feel the difference between the present and the desired state to realize the need to complete the transaction. Particularly relevant is the time to make a positive impression on the customer, to inspire confidence and to place him to himself (Kincaid, J.W. 2003).

5.2 Stimulating mutually beneficial relationships. For each subsequent request for assistance in obtaining a service to the company, the client may be provided with various types of additional services, or provision of services for obtaining a product at a discount, or granting other privileges to such a customer (Kotler, P. & Keller, K.L. (2006).

Obviously, in order to successfully implement a strategy that is aimed at the customer, it is necessary for the company to carry out interrelated organizational transformations that include
changes in the structure of the company, a review of its business processes, service and the transformation of the corporate culture. All this activity must be subject to a single goal of the company.

The basic concept of Customer Loyalty and the mechanisms of its formation

The development of economic relations not only led to a change in the relationship between consumers and sellers, but also became the main reason for the emergence of competitiveness factors of organizations. A significant part of profit, many companies began to receive due to repeated calls from customers. It became important for companies to build strong and long-term relationships with customers. Customer loyalty is an important asset for the company nowadays, because competitive market is very high (Srivastava, R.K., Sherwani, T.A. & Fahey, L. 2000). In the 1990s, the concept of loyalty became a subject of great attention in the scientific literature. It is assumed that loyalty makes it possible to increase sales and prices, decrease marketing costs and positively affects profitability (Griffin, J. 1995).

Compared to Liljander and Roos (2002), in their work they found that loyalty can be determined as re-patronage, rather than a long-term commitment, as mentioned by Javalgi (2006). Other researchers evaluate loyalty from several sides, adding a behavioral or connecting component to the behavioral concept of loyalty (Chaudhuri, A. & Holbrook, M. 2001).

The differences between “true” and “spurious” loyalty are committed by marketing specialists. The concept of "true" loyalty is defined as the preferred behavioral and behavioral recognition by customers of one or more brands in the product category manifested during the period (Engel, J.F. & Blackwell, R.D. (1982). Really loyal customers are those “who feel so strongly that you (the company) can best meet his or her relevant needs that your (the company’s) competition is virtually excluded from the consideration set; these customers buy almost exclusively from you (the company)” (Shoemaker, S. & Lewis, R. C. 1999). Conversely "spurious" loyalty is determined as “purchases that are guided not by a concomitant strong attitude but merely by situational exigencies” (Dick, A.S. & Basu, K. 1994).

Classification of types of loyalty based on various basic aspects that influence the behavior of clients is offered (Tsyras A.V. 2002):

Transactional loyalty- investigating changes in the behavior of buyers are (for example, a share of a certain product in joint costs of the consumer for category of goods), but the factors influencing these changes aren't specified. It is the most popular point of view of loyalty as it’s "the behavioral aspect" is closely connected with economic results of the company. Transactional loyalty has different names in the scientific literature though its value remains invariable. For example, Pritchard (1992), Kumar & Shah (2004) call this “behavioral loyalty” and watch it “from the customer’s purchase behavior”.

Perceptual loyalty- the main side it is subjective opinions and estimates of customer. It has another name called attitudinal loyalty. Attitude is determined as ‘a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor’ (Eagly, A.H. & Chaiken, S. 1993). Generally it belongs to affective and cognitive aspects of loyalty to a
brand, such as preference of a brand and commitment is explained as a customer's long-term obligations to the company which can’t be output in the way only of observation of behavior of buyers with a return purchase (Gremler, D. D. & Brown, S. W. 1998).

Attitudinal loyalty points out tendency to a certain behavior, for example probability of future use (Liddy, A. 2000). Also specifies probability that clients will recommend the company to the relatives / friends (Reichheld, F.F. 2003).

Perceptual indicators are examined more important than transactional indicators, since they have some specific diagnostic and prognostic information, that is, answers to questions about the reasons for loyalty and ways to create it.

**General activity of the “Business Event Network”**

During its existence the organization of the “Association of Family Business of Kazakhstan” formulated the needs of the target audience when using the tools of business networking: what entrepreneurs need and how to get rid of intermediaries, what contacts are needed and what we expect from business events. Later, on the basis of these conclusions, a project was established, which is now a currently the separate company "Business Event Network". The organization has been operating since January 2016.

The company is engaged in the mobile application Business Event Network (BEN). The mobile application Business Event Network (BEN) is an ideal option for people engaged in business, and simply for everyone who is interested in the business life of Kazakhstan and foreign countries. The audience of the application is those who are involved in the creation and management of business, investing and solving production problems.

The mobile application "Business Event Network" is a universal platform for obtaining information about exhibitions, conferences, forums and other business events. The application is the environment of constantly updated exhibitions and events, a tool for planning business leisure and business meetings. In turn, participating companies, event organizers through this application can expand the information coverage and create an additional service within each specific event. And also the application can be used as an effective analytical and statistical tool.

"Business Event Network" is a unified environment for organizers, exhibitors and visitors of exhibitions, designed to combine such functionality as viewing information about exhibitions and event programs, organizing meetings with potential partners, reminders of various events, downloading plans for exhibition pavilions or territories, as well as creating a custom tape.

Being both a social and business application, the "Business Event Network" was created with the aim of increasing the awareness and interaction of users on a wide range of issues relevant to a particular event.

Users of the application are all interested groups of people regardless of gender, age and territory of residence. The mobile application runs on Android and iOS operating systems.
METHODOLOGY

Strategic stability of enterprises is possible in the case of its competitiveness and the ability to adapt to changes in the market environment. To be competitive, an enterprise must have advantages that would affect customer loyalty. Customer loyalty is the basis of a stable sales volume. Loyal customers include those who for a long time in relation to the term of functioning of the goods continue to contact the company, while making subsequent purchases (Porter, M.E. 1980). In their main article, Day and Wensley (1988) proposed the concept presented in Figure 2. The main concepts that uncover the essence of research are interpreted as follows:

- Sources of advantages - are the position when the firm has superior skills or resources in relation to the competitors. Superior skills are differential abilities of systems which allow firm to react quicker to changes. Superior resources are more notable requirements, such as production which allow firm to use the opportunities.
- Positional advantages of the client's superior value in relation to competitors are obtained when unique skills and resources are used capably - and as stated by to Day and Wensley this results in higher average performance outcomes, such as loyalty. Acquired profits are invested in skills and resources to maintain benefits.
- Performance outcomes- are the growth of competitive advantage that demands management to determine the skills and resources that allow the greatest possible detection of performance outcomes.

Figure 2: Theoretical framework schema. The Elements of Competitive Advantage (Day, G.S. & Wensley, R. 1988).

Sources of advantages are revealed when the company takes possession of certain skills and opportunities due to submission based on resources. Above all, resources “are the firm-specific assets useful for creating a cost or differentiation advantage” (Giese, J. L. & Cote, J. A. 2000). These resources must be higher than those of competitors, differently they will be easily eliminated. Customer connected capabilities are defined as “a complex bundle of skills and accumulated knowledge, combined with systems and databases” (Day, G. S. & Van den Bulte, C. 2002). Thereby, in a study by Shvydenko (2001), the source of advantages is explained by the concept of CRM strategy and has three interrelated elements:

1. Information about customers- this element grasps different customer databases and information systems;
2. Relationship orientation- it depict the company's advantage in the organization of relations with customers and the test for decision-making;
In this paper, consider the first two elements of the CRM strategy. Information about customers is the strategy element providing the database.

Databases the most important principles of CRM are “Users need to be held accountable” (BOOMER 2008). In this way the companies are trying to enter “data warehousing, knowledge management and portals on the web” (Mano, H. & Oliver, R. L. 1993). Building a database of consumers is the first step in the way of the CRM realization. Making customer database means finding customer contact information from internal sources.

The benefit of using the database is obvious. The database is a useful tool for staff, as it allows quick approach to customer intelligence and provides timely and efficient service delivery. Because of the resemblance between buyers and their buying behavior, marketers can section consumers and forecast their needs and demand. As well, using the database, companies can suggest customers to determine what type of service and delivery they prefer. This “customer self-selection of service” will extend the knowledge of customers and enable firms to conform to the changing needs of consumers (Mithas, S., Krishnan, M.S., & Fornell, C. 2005). Likewise, the database is the basis for the realization tuning strategy and communication strategy. Gathering customer data is not effortless. Some generator use data from guarantee cards, though the answer rate from cardholders is low. Besides, the large retail companies meet difficulties during creation of opportunities for interaction with clients and collection of data on them. Service suppliers because of the essence of their services receive more contact with customers and have the opportunity to get more data. Making interactive websites is considered the most convenient way to collect customer data. With the help of various stimulus and impetus (discounts, gifts, profitable offers), marketers motivate consumers to index on websites and share their personal information.

Relationship orientation is strategy element providing the loyalty program.

Loyalty programs are defined as “coordinated, membership-based marketing activities designed to enhance the building of continued marketing exchanges among pre-identified customers toward a sponsoring brand or firm” (Lacey, R. & Sneath, J. Z. 2006). The purpose of the loyalty program is to strengthen the relationship between the business and the client. They are destined in such a way as to encourage customers to buy out product / service. They involve tactics as: individual recognition, emotional prize awards and individual proposals or messages. The result of programs of loyalty consists in the following: part of a group of these programs buy in the company than non-members more often and demonstrate loyal behavior that is shown in reduction of transition to other brands which don't use the program of the relations. As a participant of the loyalty program, it has a similar prerequisite as the associate of brands. There are distinct mind about the influence of loyalty programs on customer loyalty. For example, some authors have emphasized the positive impact of loyalty programs on reinforce customer loyalty and retention (Bolton, R., Lemon, K. & Verhoef, P. 2004). In opposition of this, Izquierdo (2005) persuade that loyalty programs have little action on loyalty and determined the positive action of loyalty programs. From a practical point of view, the task of CRM is to increase the duration of cooperation between the best (most profitable) customers with the company and the growth of their spending from one supplier (which is achieved through the
formation of loyalty in this group of customers). Thus, between the CRM as a strategy of doing business and marketing relationships can put equal sign.

In the study of Kolody (2004), customer satisfaction provides a hypothetical variable used to explain the cause-effect relationships between the CRM and customer loyalty, the so-called a mediating. In this thesis, satisfaction concept is considered also as an intervening variable. Customer satisfaction is measured using two indicators, which is:

Customization- the nature of the process personalization (also called "personalization" and "individualization" in the literature) is manifest in the device “Treat each customer uniquely” of the CRM process. This means that the adjustment is not just marketing 1 to 1, it involves creating products for individual consumers based on their preferences and features (Winer, R. S. 2001).

Customer service- customer service is determined as “all interactions between a customer and a product provider at the time of sale, and thereafter (Winer, R. S. 2001). The purpose of customer service is to satisfy customers' values and to decide their problems promptly and quickly.

The companies eventually are interested in their performance outcomes. If the client is satisfied with products / company services, he becomes loyal (Oliver, R. L. 1999). The communication of many buyers leading to constant purchases can increase a market share of the company and increase profitability of the company. For this reason performance outcomes investigated as concepts of customer loyalty. In measuring, customer loyalty is divided into two indicators, which is:

Emotional benefit- According Griffin, the emotional constituent element of satisfaction is a good predictor of loyalty (Tsysar A.V. 2002). Mittal, V, Ross, W. T. Jr & Baldasare, P. M. (1998) addressed this emotional benefit as dynamic quality which can do the magic in a gain of loyalty of customer. Customers who receive positive emotions in their experience with a distinct company will be glad to share their trial with others.

Perceived value- Customers often measure the company's attitude to the original data by comparing it with the offers of other competitors in the market. Howard (1969) states that customer value is the fundamental basis for loyalty. The higher the customer value, the higher the likelihood that the customer will again apply to this company.

This study examines three variables: CRM variables (X), customer loyalty variables (Y), and customer satisfaction variable (Z). While the conceptual research model can be described as shown in Figure 3.

The research variables are determined and classified in accordance with the studies that have been formulated. CRM variable (X) is used as an independent variable, and customer loyalty variable (Y) as a dependent variable, while the variable customer satisfaction (Z) acts as a mediating variable.
RESEARCH METHODS AND DESIGN

The aim of my thesis work is studying of impact CRM strategy within customer satisfaction for increasing in customer loyalty, the most important and interesting part in this topic will be theoretical and practical sides. In this regard, it is necessary to consider in more detail whether this strategy of the CMR affects on the customer loyalty through the customer satisfaction.

As a method of research, a quantitative method was chosen - a formalized customer survey of the company "BEN", where the tool for collecting data was a questionnaire, as well as a CRM company database containing information about customers. Study approach was felt to be appropriate given the exploratory nature of many of the issues under study. After data collection, a regression analysis of the impact of the "CRM" strategy indicators on customer satisfaction metrics was carried out, after the impact of customer satisfaction on loyalty. SPSS was used to process the data and determine statistical indicators.

The practical advantage is the convenient format of the questionnaire: a relatively small number of questions and a simple scale for choosing the answer. The survey involved the company's customers. For the analysis of customer loyalty, several criteria were identified, which in turn were singled out on the basis of expert assessments of company executives, as well as the theoretical aspects outlined in the first chapter. The total population is the customers of “BEN”. The method of sampling is a random sample of the company's database. For the analysis, the following parameters will be investigated:

- The clarification is a customer by an individual or a legal entity. This variable we included in the regression in order to understand is a person a representative of an organization or a person working for himself;
- The gender of the customer. This variable was included in the regression in order to exclude the additional influence of the gender component in the study. This variable takes 2 values: female / male;
- Awareness of the company. This variable was included in the regression in order to find out where the recognizability of the company is correlated more. This variable takes 4 values: facebook, instagram, website, recommendation of friends and acquaintances;
- Cooperation with the company. This variable was included in the regression in order to determine whether the customer active with respect to the company or not. If so, to

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<table>
<thead>
<tr>
<th>CRM</th>
<th>Customer Satisfaction</th>
<th>Customer loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 Databases</td>
<td>Z1 Customization</td>
<td>Y1 Emotional benefit</td>
</tr>
<tr>
<td>X2 Loyalty programs</td>
<td>Z2 Customer service</td>
<td>Y2 Perceived value</td>
</tr>
</tbody>
</table>

Figure 3: Research framework
determine whether the factors of the CMR affect its loyalty. This variable takes 2 values: constantly active/ already over.

Tables 10 and 11: Item Total Statistics for CRM and CS

**Item-Total Statistics**

<table>
<thead>
<tr>
<th>Item</th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>I / we prefer when the company uses phone calls and messages to maintain regular contact with me / us:</td>
<td>30.6176</td>
<td>7.347</td>
<td>.703</td>
<td>.785</td>
</tr>
<tr>
<td>I / we like when the company uses feedback forms and a comment card to get data about my / our perception and preferences:</td>
<td>30.6176</td>
<td>7.347</td>
<td>.703</td>
<td>.785</td>
</tr>
<tr>
<td>I / we like when the company offers novelties in view of my recent requests and searches:</td>
<td>30.6176</td>
<td>7.347</td>
<td>.703</td>
<td>.785</td>
</tr>
<tr>
<td>It is nice to receive attention signs in honor of the holiday or birthday in the form of different kinds of dispatches:</td>
<td>30.6275</td>
<td>7.385</td>
<td>.677</td>
<td>.788</td>
</tr>
<tr>
<td>I satisfied that with the cooperation company &quot;BEN&quot; offers me such programs as &quot;special offers&quot;, &quot;promotions&quot;, &quot;gift cards&quot;, &quot;certificates&quot; or &quot;bonus programs&quot;: Correct use of loyalty programs in the company is for me a measure of satisfaction:</td>
<td>31.2157</td>
<td>6.567</td>
<td>.653</td>
<td>.784</td>
</tr>
<tr>
<td>In cooperation with the company, I receive special offers (certificates, discount cards, bonus programs) and I use it:</td>
<td>30.9118</td>
<td>7.626</td>
<td>.454</td>
<td>.812</td>
</tr>
<tr>
<td>I use the loyalty program in my areas of activity:</td>
<td>31.2059</td>
<td>7.373</td>
<td>.535</td>
<td>.802</td>
</tr>
</tbody>
</table>

Source: IBM SPSS software.
For me, when choosing cooperation with a company, good customer service received from manager is of great importance: Sales managers in the company "BEN" are quite well informed about all types of programs and database: I am always aware from manager of the company "BEN" about all the events taking place: I like when my manager automatically answers to my call, with whom I worked earlier: I prefer individual selection of the service to each customer: I like when a company addresses me via personalized email, even if I've never had business with them before: I prefer when the company addresses me using a personalized phone, reporting the latest news and suggestions: For me it is an indicator of satisfaction when the company systematically tries to set up services based on my values:

<table>
<thead>
<tr>
<th>Item</th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>I intend to use the services of &quot;BEN&quot; company in the future:</td>
<td>27,9118</td>
<td>4,834</td>
<td>.484</td>
<td>.882</td>
</tr>
<tr>
<td>Over the past six months, my loyalty to the company &quot;BEN&quot; has become stronger:</td>
<td>28,0588</td>
<td>4,373</td>
<td>.734</td>
<td>.855</td>
</tr>
<tr>
<td>I would recommend the company &quot;BEN&quot; to other people:</td>
<td>28,0784</td>
<td>4,370</td>
<td>.919</td>
<td>.839</td>
</tr>
<tr>
<td>I believe that the company &quot;BEN&quot; deserves my loyalty:</td>
<td>28,0784</td>
<td>4,390</td>
<td>.904</td>
<td>.840</td>
</tr>
</tbody>
</table>

Source: IBM SPSS software.

Table 12: Item Total Statistics for CL
"BEN" company values
people and relationships for short-term goals:
Please rate the general impression of cooperation with "BEN":
I am satisfied when the company fulfills my special needs:
I called on other people to do business with "BEN" company:
<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28,0882</td>
<td>4,418</td>
<td>.926</td>
<td>.839</td>
</tr>
<tr>
<td></td>
<td>28,0882</td>
<td>4,497</td>
<td>.865</td>
<td>.845</td>
</tr>
<tr>
<td></td>
<td>27,8627</td>
<td>5,842</td>
<td>-.033</td>
<td>.925</td>
</tr>
<tr>
<td></td>
<td>28,2451</td>
<td>4,266</td>
<td>.618</td>
<td>.873</td>
</tr>
</tbody>
</table>

Source: IBM SPSS software.

In order to solve the set objectives, hypotheses have been put forward that will be proved or disproved during the research:

H1: CRM impact on Customer Satisfaction
H2: Customer Satisfaction impact on Customer Loyalty

Interpretation of concepts: consumer loyalty is the tendency to a positive emotional, evaluative and/or behavioral reaction to the company; customer satisfaction is the result of the consumer's comparison of his experience of consuming services with some standard like CRM database, loyalty program; readiness of the recommendation is the willingness of the consumer to convey information to other consumers regarding the consumed service.

Operationalization of concepts: to assess the relationship between CRM strategy and customer satisfaction, an aggregate indicator for each of them should be calculated: for CRM, the average value of the database estimates and loyalty program affecting overall satisfaction, and for customer satisfaction, the average value of factors affecting the overall level of satisfaction with the customers’ service and customization. Then a regression model should be constructed to find out which criteria are significant, i.e. determine the effect of CRM on customer satisfaction; to determine the direct relationship between customer satisfaction and loyalty, we took the aggregated customer loyalty indicator, as well as the average value of customer satisfaction ratings, after which we perform a correlation analysis.

Two methods of analysis were chosen in the SPSS. It was Reliability analysis and Regression analysis. Reliability analyses are the reactions of participants to the points of the instrument. The observed estimates can be divided into two components: a true estimate plus an erroneous estimate. An erroneous estimate, in turn, can be broken down into a systematic error and a random error. The smaller error component with respect to the component of the true estimate is the higher reliability of the item, which is the ratio of the true score to the overall score. The more points are added to the scale, the less important is the random error, since it will self-cancel and therefore some reliability factors also show a higher reliability of the scale when it contains more points. For the analyses the internal consistency was used. An estimate based on the correlation between the variables (as a rule, the alpha Cronbach). In the study of linear regression
analysis, a distinction will again be made between a simple analysis and multiple analyses. This type of regression is best suited to demonstrate the fundamental principles of regression analysis.

ANALYSIS OF RESEARCH RESULTS

In the analysis of the interviewed respondents there were 102 people. According to the results, 41.2% of respondents were male, 58.8% were female. 67.6% of respondents are representatives of the company (managers), 32.4% are an personal entity (speakers, or people who give their personal master classes). 44.1% of respondents learned about the company "BEN" from their friends / acquaintances, 42.2% found out about the company with the help of the official site, the rest 7.8% learned by applying facebook application. Respondents, who learned about the company through friends and acquaintances, show the highest percentage, this indicates that the company has a pretty good loyalty. 94.1% of the respondents out of 100 respondents are active customer at the moment. It is understood that in the company "BEN" a lot of people who can continue to do business with this company for a long time, if they are loyal.

Reliability analysis

Coming to reliability, we checked reliability analysis and used the Cronbach’s alpha, as was mentioned in the methodology. We had to check the reliability for the company to actually identify an invalid variable that could cause problems. In this thesis checked reliability analysis of CRM, Customer Satisfaction (CS) and Customer Loyalty (CL). The table 1 shows reliability statistics of CRM.

As shown in the table below, reliability was noted as 821, which is above of .70. This ensures that the variables have been measured by the same construction creating internal consistency. Following the classifications of cronbach’s Alpha coefficient by George and Mallery, (2003) "BEN" company had a good reliability with Cronbach’s alpha coefficient of 0.821 (George, D., & Mallery, P. 2003).

Table 1: Reliability Statistics for CRM

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.821</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: IBM SPSS software.

In the table 2, reliability was noted as 843, which is above of .70. This ensures that the variables have been measured by the same construction creating internal consistency. Following the classifications of cronbach’s Alpha coefficient by George and Mallery, (2003) "BEN" company had had an good reliability with Cronbach’s alpha coefficient of 0.843.

Table2: Reliability Statistics for CS
Cronbach's Alpha  
\[
\begin{array}{|c|c|}
\hline
\text{N of} & 8 \\
\text{Items} & 843 \\
\hline
\end{array}
\]
Source: IBM SPSS software.

As shown in the table 3 below, reliability was noted as 880, which are above of .70. This ensures that the variables have been measured by the same construction creating internal consistency. Following the classifications of cronbach’s Alpha coefficient by George and Mallery, (2003) "BEN" company had a good reliability with Cronbach’s alpha coefficient of 0.821.

Table 3: Reliability statistics for CL

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.880</td>
<td>8</td>
</tr>
</tbody>
</table>
Source: IBM SPSS software.

Regression analysis

About regression analysis, I used regression analysis in order to identify the effect of independent variables on dependent variables. As a result of the linear regression analysis of SPSS, I used three tables: "Model Summary", "ANOVA" and "Coefficients".

Impact of CRM on Customer Satisfaction (CS):

R is the square root of R-Squared and is the correlation between the observed and predicted values of dependent variable. R-Square is the proportion of variance in the dependent variable which can be explained by the independent variables.

In our situation in the Table 4 shows that correlation value R is 0.423, which depicts that there is week relationship between CRM and Customer Satisfaction. The value of R Square is 0.179 i.e. the model explains only 17% of variables and there may be many other parameters of Customer Satisfaction.

In Table 5, the value of the indicator "Statistical significance" (Sig.) should be less than or equal to 0.05. In our example this figure is 0.000. This indicates that the regression model constructed on the basis of the data of the respondents who were in the sample is valid for the whole population as a whole. Furthermore, the table gives evidence of P< .05 with F-value of 21.740 and indicates that overall, the model applied is significantly good enough in predicting the independent variables.

Table 4: Model Summary of the CRM in relation to CS

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sig. F Change</td>
</tr>
</tbody>
</table>
Table 5: Anova

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>2,418</td>
<td>1</td>
<td>2,418</td>
<td>21,740</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>11,124</td>
<td>100</td>
<td>.111</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>13,542</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the table 6, we began with a review of the statistical indicator characterizing (Collinearity Statistics). The value of Tolerance should exceed 0.1 and the value of VIF should be less than 10. In our example, the value of Tolerance is 1,000 and VIF is 1,000, which indicates that an undesirable multicolinality effect cannot occur. The Beta coefficient shows us the effect of the independent variables on the dependent variable. In the example under consideration, the independent variable has significance (Beta = 0.407). It means that CRM has a great impact on Customer satisfaction. The more the company uses the services of the CRM system, the more customers are satisfied.

Table 6: Coefficients of the CRM in relation to CS

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1</td>
<td>CRM</td>
<td>2.65</td>
<td>.387</td>
<td>.423</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,047</td>
<td>.087</td>
<td>.423</td>
</tr>
</tbody>
</table>

H1: Customer relationship management (CRM) has positive and significantly impact on the customer satisfaction.

Impact of Customer Satisfaction (CS) on Customer Loyalty (CL):
R is the square root of R-Squared and is the correlation between the observed and predicted values of dependent variable. R-Square is the proportion of variance in the dependent variable which can be explained by the independent variables. In our situation in the table 7 shows that correlation value R is 0.249, which depicts that there is week relationship between Customer Satisfaction and Customer Loyalty. The value of R Square is 0.062 i.e. the model explains only 6% of variables and there may be many other parameters of Customer Loyalty.

Table 7: Model Summary of the CS in relation to CL

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.249a</td>
<td>.062</td>
<td>.053</td>
<td>.29646</td>
<td>R Square Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1, df2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sig. F Change</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CS  
b. Dependent Variable: CL  
Source: IBM SPSS software.

In Table 8, the value of the indicator "Statistical significance" (Sig.) should be less than or equal to 0.05. In our example this figure is 0.012. This indicates that the regression model constructed on the basis of the data of the respondents who were in the sample is valid for the whole population as a whole. Furthermore, the table gives evidence of P< .05 with F-value of 6.607 and indicates that overall, the model applied is significantly good enough in predicting the independent variables.

Table 8: Anova

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.581</td>
<td>1</td>
<td>.581</td>
<td>6.607</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>8.789</td>
<td>100</td>
<td>.088</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>9.369</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: CL  
b. Predictors: (Constant), CS  
Source: IBM SPSS software.

The value of Tolerance should exceed 0.1 and the value of VIF should be less than 10. In our example, the value of Tolerance is 1.000 and VIF is 1.000, which indicates that an undesirable multicollinearity effect cannot occur. The Beta coefficient shows us the effect of the independent variables on the dependent variable. In the example under consideration, the independent variable has significance (Beta = 0.207). It means that Customer Satisfaction has a great impact on Customer Loyalty.

The more satisfied the customer receives from the company, the more their loyalty grows. 
Table 9: Coefficients of the CS in relation to CL
H2: Customer satisfaction (CS) has positive and significantly impact on the Customer Loyalty (CL).

The study was conducted to study the impact of CRM on customer satisfaction and the impact of customer satisfaction on customer loyalty. The study examined in detail the influence of each factor.

The result showed the positive impact of the CRM on customer satisfaction and customer loyalty. Similar results were also demonstrated in Wetsch, Lyle R (2006) studies, which say that using CRM strategy can increase the potential consequences of customer satisfaction and customer loyalty. Felix and Panjitan (2012) also report about the existence of a significant effect between CRM and customer satisfaction. Also result showed positive impact of the Customer Satisfaction on Customer Loyalty. Similar results were also show by Panjaitan (2011) and Tjahjono (2009). They say that the consumer approach to loyalty is a significant influence on person’s satisfaction. To improve and maintain the value of loyalty in order to stay at a high level, "BEN" company management should constantly maintain these satisfaction ratings.

### IMPLEMENTATION AND RECOMMENDATIONS

The implementation of any applied research creates a limitation for the researcher because of influential internal and external variables that cannot be controlled. There are several limitations of this study:

- First, the research focuses only on one industry of the "BEN "company, and it is remains to be seen whether the results will be applied to other industries (for example, to banks and insurance).
- Secondly, there are limitations on the questionnaire used; in detail, the specification of the respondents. From some application, we learned that some of the respondents were individuals who did not represent any company, which did not always have a good knowledge about loyal programs.

Further research is necessary, as the market develops very quickly. For future research it is important to use an extensive theoretical part. Future research should also expand the range of

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.086</td>
<td>.360</td>
<td>.249</td>
<td>8.583</td>
</tr>
<tr>
<td>CS</td>
<td>.207</td>
<td>.081</td>
<td>.249</td>
<td>2.570</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CL
Source: IBM SPSS software.
the characteristic variables of the SCL strategy and examine their impact on the relationship between customer satisfaction and loyalty. Finally, further research may be to use the conceptual model used in this study for other industries, or to use a model to compare industries and companies of different sizes.

The results of this study will help companies to determine the importance of the CRM strategy, which they need to emphasize, what would be used to increase customer loyalty. At a minimum, CRM is introduced to increase customer loyalty, and should focus on the following factors: database, customer relationships and loyalty program, customer service and personalization. Customer relationship that lead to customer loyalty can be supported by some of the functions provided by the company, for example, the presentation of the partner's logo on the firm's website or links to the firm's website for partner products and services. Enterprises should initiate, maintain and develop relationships with loyal customers, using forums, chats, online conferences, newsgroups. Company tools, such as personalized by CRM service for each customer or files, should personalize or customize services for regular customers. The results of this study show that it is a mistake to believe that optimizing production can increase customer loyalty. Most likely, thanks to effective CRM and its correct use, customer loyalty will grow.

CONCLUSION

Loyalty of consumers provides the company with many advantages. First, the loyal consumer is less sensitive to the actions of competitors, so it is not so easy to entice. Secondly, a loyal consumer is inclined to recommend a company to which it is loyal or, at least, to speak positively about it when asked. Thirdly, such a consumer will always forgive the company some inaccuracies in the work and remain its client. Thus, it is really necessary to develop customer loyalty. Several years ago, marketing strategies were focused on attracting new customers, but recently the focus has shifted to preserving the existing ones, forming their loyalty and loyalty to the enterprise. The reason for these changes is the recognition that long-term relationships with customers are economically viable; because they guarantee regular purchases, they require less marketing costs for each customer and, because of the recommendations of loyal customers, their number increases. This document examines the impact of CRM on customer loyalty through mediating satisfaction customer factor. The concepts of satisfaction and loyalty and ways of their influence were studied, as well as its elements and sources. According to the research results, customer loyalty is determined by a high level of satisfaction. The customer perceives all the advantages provided by the company. The CMR significantly impact on the satisfaction and as we now satisfaction creates the loyalty of customers. When the companies have the stronger CRM strategy, it means that they have the higher satisfaction and loyalty. Creating satisfaction that after formulate loyalty has certain sources. These sources cover two main areas related to the CMR strategy:

- Information about clients (including Databases);
- Relationship orientation (customer loyalty).

It is worth noting that CRM is not a product or service that organizations should represent, but a commercial strategy of the same organization. Firms that use CRM have different purposes; they apply different success indices and see clients in different ways.
The study was conducted using the example of "BEN" company. For analysis, the customer database was taken from the CRM system in the company. About 102 respondents took part in the survey. As a method of investigation, regression analysis and reliability analysis was performed, this was done by the help of SPSS. So, in the course of the conducted research and analysis put hypotheses can be said that:

**H1:** Customer relationship management (CRM) has a positive and significant impact on customer satisfaction, and demonstrates that by implementing good CRM, it will help to increase customer satisfaction.

**H2:** Customer satisfaction has a positive and significantly impact on loyalty, this suggests that when customer satisfaction will help increase customer loyalty.

**REFERENCES**


