Psychological explanation of the importance of Customer Relationship Management (CRM), applications and challenges facing to it

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Abstract— Customer relationship management is one of the important matters today, and much of the organizations' foundations underpinned by this method. In addition, in order to be developed and involved in economic competence, organizations should pay a special attention to customers and maintain their relationships with good's purchasers more than ever. Therefore, it is required to design a system for attracting and maintain the customers in organizations, a system that significantly manage the relationship between organization and customers. These systems have been known as customer relationship management today. In this article, this issue is going to be considered and its dimensions will be explored.

Index Terms— Customer Relationship Management (CRM), identifying the customer types, Customer consideration, Psychology.

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1 INTRODUCTION

THE world of commerce today recognizes this principle that customers have the main role in commerce, and the organization's success depends on the improved relationship management [1].

In 1990s, transactions management was changed into relationship management in many organizational strategies. By relationship paradigm, it means that all the activities be oriented towards establishment, development and stabilization of successful relationship exchanges [2].

This paradigm is called customers relationship management, which can increase the organization's capabilities to reach the final goal, that is maintain the customers if used appropriately. Therefore, a strategic benefit will be attained against the competitors [2].

The customer relationship management systems help the organizations maximize their capabilities in mutual performance with customers. Not only do this process lead to improved quality, but responding to customer's needs will be increased [3].

The merchants and sellers should have a comprehensive knowledge about their customer's types. For example, how the products should be sold to angry and irritable customers. How should behave to the customers who are capricious in dealings and change easily their moods from cold to warm. The seller required to have much pa-

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tience as well as be aware the selling techniques to these types of people. He must be aware that the basis of the personality traits of these peoples is fear. However, a successful seller and merchant should equip him/herself to behavior science. What had been efficient for the seller so far will no longer be successful in improving the selling in the future [4].

The reason for success of Japan's industries after World War Two was its awareness of the fact that the organization which give services or products to people permanently should ask their customer's opinions as a feedback all the time in order the defects of that organization be recognized and the necessary procedures for revisions be developed based on these opinion [5].

The organizations which are competing for gaining power in the market are permanently seeking the ways to overcome their competitors. A successful customer relationship management is one of the main benefits in competition that organizations can make use in avoiding the transferring of customers to other organizations [6].

Customer relationship management is able to decrease the distance between customers and organization, and bring the organizational success by being faithful to customer, seeking the better ways to gather data, and organizational training. [1].

In this article, the effects and requirement of using the models of customer relationship management (CRM) in industry will be figured out, and the above-mentioned changes and innovations in that concept will be considered. Concerning the research methodology, it can be said that this research in terms of the objective is an applied one. Generally speaking, the aim of applied research is to explore a new knowledge in order to provide a defined application about a specific issue. Concerning the methods, this article is descriptive-exploratory that is performed in laboratory style.

2 THE PRINCIPLES AND CONCEPTS OF CUSTOMER RELATIONSHIP MANAGEMENT

The necessity to develop the information technology, and especially World Wide Web and electronic commerce created an opportunity for improving the relationship with customers compared with the former facilities in today's competitive markets. The aim of changing this communications and interactions is to getting more benefits through increasing repetitive buying and decreasing customer's costs. In fact, this evolved customer relationship management is a new theory in marketing. Customer relationship management is a set of processes and strategies related to customer that is supported by specific software to increase the customer faithfulness, and eventually organization profitability. Of its requirements can be suitable customer attraction, creating a suitable value proposition, better internalizing of the processes, maximizing the employee's motives and learning the customer maintenance [7].

Customer relationship management (CRM) is composed of three main parts: customer, relationship and management. By customer, it means the final consumer that plays the supportive role in valuable relationships. By relationship, it means making more faithful and useful customers through learner relationship, and by management, it is creativity and direction of a customer business process and placing the customer in the center of processes and organization's business.

The term CRM with its present concept was emerged from 1990s, and is devised in business strategy for choosing and managing the most valuable relationships with customers. CRM required customer-oriented process and support from effective marketing processes, selling and services after selling in organization. In a simple sense, Customer-oriented culture is based on mutual relationship between customers and sellers. This orientation considers every customer with their own needs, buying and demands. By getting benefits from CRM, the relationship between customer and organization and their demands will be evaluated. In fact, CRM is a process for gathering and integrating data in order to be utilized effectively and objectively. This data can be about customers, selling, effective marketing and the sensitivities and demands of market [8].

3 THE CHALLENGES FOR EXECUTING CRM

Before applying the CRM strategy, the organization should be fully aware of potential and probable problems. The main challenges an organization may come across in applying CRM are as follows:

3.1 The cost of initial launching

The cost of initial launching is one of the challenges facing CRM. It is possible that organizations invest highly on practical tools of customer management. Because of the fact that some tools may have specialized usage, they may hardly be shared in other parts.

3.2 Integrated practical tools

The organizations need practical tools that are made based on customer living circle and the performed interactions. The organizations that need the performed interaction management with customer in different languages and currencies are not able to apply through traditional technologies and this process is so difficult for them.

3.3 Cooperation between different parts

CRM is an integrated orientation and required to be cooperated with business parts that were independent before. The data that gathered in a part should be shared in all other parts. It is possible that some parts be reluctant to share their data to others [9].

4 THE KEY FACTORS IN SUCCEEDING IMPLEMENTING CRM STRATEGY

Implementing the CRM strategy successfully in strategic management of internal market for having the above-mentioned benefits depends on the three key factors:

4.1 Training the organization's employees

The organization's employees should pass the specialized and applied courses in the field of interaction and contact with customers to contact with customers effectively as well as obtain the ability to use new technologies.

4.2 Revising the new processes and designs

The organizations can't achieve to their aims without a rational and good design and improve the processes related to CRM to attain the development and improvement requirements. Business Process Re-engineering or BPR is one of the efficient tools in this field.

4.3 Employing New Technologies

Employing CRM needs some changes to be made in organization's foundation and employing new technologies, such as new work rules, data banks, information technologies, etc. This changes lead to useful and effective evolutions in organization [10].

5 Reviewing emotional-cognitive perspectives in dealing with customers and colleagues

In most job interactions, the employees or workers must control their behavior and showing their emotions and desires. For example, the nurses must be patient with their sick people, or the teachers who reiterate the contents repeatedly for their students in a patiently and compassionately, or a customer who must be patient, cool and polite with the angry customers.

Emotional work which is the need for showing special emotions against customers, patients or students, etc. deals with the management and control of the emotions

of a required behavior [11]. Although emotional work is required for organizations because of its positive effects, many researchers reported long undesirable outcomes [12].

The evidences show that the repeated repression of emotions is dangerous for human beings. For example, this repression can have negative role in the diseases like cancer, peptic ulcer and heart diseases. Expressing emotions and not repressing them can mutually indicate adaptive and active style in dealing with problems and decrease the danger of sickness and leads to overcoming a disease [13]. Frants Alexander found out that not-discharged hostile impulses create a state chronic emotion which is the factor for stressful conditions. These persons who clearly repress their feelings have less efficiency in their own work activities, and thereby are less successful in competing with others [14].

The necessities of emotional work deals with the existence of showing rules and emotions disclosure (which must be shown in a hypothetical interaction). The requirements of emotional work can be expressed in emotional coordination or origin, emotional inconsistency and emotional deviation. The emotional coordination or origin means that the person shows the emotions that he/she must show. In fact, the emotion that a person shows is his/her real emotions [15].Although this is not always the case, because sometimes individuals show pseudo-emotions which is not compatible with norms and rules. Emotional inconsistency is a described situation that an employee or a worker must show an emotion that is not real and frank in that specific condition [16]. For example, let's consider a seller who is dealing with an irritated or agitated customer. In such a situation, it is possible that the seller gets angered, but he must behave friendly. The seller suppresses his/her negative emotions, that is adjusts his emotion expression actively [17]. Emotional inconsistency is not limited into expressing a positive emotion, though it must be its typical one. Emotional inconsistency maybe due to the suppression of negative or positive emotions, while disclosing neutral emotion are necessary (for example, when a doctor makes aware his/her patient about a serious illness); or it may be expressing negative optional emotions, though that person has not felt those negative emotions (such as reproaching a child who made a dangerous work). Emotional deviations means violation of rules with outpouring and catharsis of emotions, that is, avoiding from showing rule and not expressing felt emotions (and not required emotions) [18], as the time when a waiter has a mocking smile about doing his recommended duties [19]. Emotional deviations can be due to lack of continence in a supposed situation.

6 RESULTS AND DISCUSSION

Creating and maintain customer relationship is neither a new concept nor necessarily dependable on information technology. However, in order to the value of the cus-

tomer living be improved, using customer relationship management is highly important [20]. In the past few years, customer relationship management has highly been emphasized in the field of marketing, information technology, etc. Especially, university students, software sellers, consultants and business owners are highly dealt with it, and developed this concept namely organization's efforts in creating and presenting higher value to customers [21].

Organizations recognized that customers are their esteemed property; therefore, they consider the relationship with customers as a useful interaction which requires an appropriate management [22]. The world's current competition market has forced the organizations pay more attention to customers and consider the customer and his/her agreement regarding the services instead of massive and efficient production to customer. Customer relationship management helps the organizations recognize important and key customers and maintain them in future interaction; and consequently, decrease the customer attraction costs and also increasing organization's incomes through customers. Despite the mentioned benefits and many other ones, this system is not capable to meet organization's needs, and these projects are frequently collapsed. As the studies and experiments show, one of the reasons for this project's failure is the limited view and the technology related to it neglecting the procedural and organizational facets of these systems [23].

7 SUGGESTIONS

1. Devising a comprehensive and strategic management is necessary for initiating and fulfilling the performing the CRM strategy project in its appropriate time. This process avoids the teams of project to be marginalized and causes the coordination among the substructures and avoiding additional costs in the future.

2. By considering the items of strategic implementing model of CRM (intellectual, societal and information technology), it is possible that the fields of improvement be achieved by identifying the organization's weaknesses about each items.

3. The basics and foundation of every strategy is information and technology. Therefore, organizations must be sure individuals achieved the essential and suitable information for effective and efficient planning and decision making. For doing so, organizations can create a standard for attracting customers.

4. Implementing the CRM strategy can be affected by organizational structure, human and cultural factors. The types of individuals and their motives provide the necessary skill areas for supporting the stable competitive benefits. The organizational culture which includes shared

values, behavioral norms and symbolic activities should be consistent with organizational structure and human factors.

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