Effect of CRM on customer satisfaction

[Customer satisfaction](https://en.wikipedia.org/wiki/Customer_satisfaction) has important implications for the economic performance of firms because it has the ability to increase customer loyalty and usage behavior and reduce customer complaints and the likelihood of customer defection. The implementation of a CRM approach is likely to have an effect on customer satisfaction and customer knowledge for a variety of different reasons.

Firstly, firms are able to customize their offerings for each customer. By accumulating information across customer interactions and processing this information to discover hidden patterns, CRM applications help firms customize their offerings to suit the individual tastes of their customers. This customization enhances the perceived quality of products and services from a customer's viewpoint, and because perceived quality is a determinant of customer satisfaction, it follows that CRM applications indirectly affect customer satisfaction. CRM applications also enable firms to provide timely, accurate processing of customer orders and requests and the ongoing management of customer accounts. For example, Piccoli and Applegate discuss how Wyndham uses IT tools to deliver a consistent service [experience](https://en.wikipedia.org/wiki/Customer_experience) across its various properties to a customer. Both an improved ability to customize and a reduced variability of the consumption experience enhance perceived quality, which in turn positively affects customer satisfaction.[[24]](https://en.wikipedia.org/wiki/Customer_relationship_management#cite_note-24) Furthermore, CRM applications also help firms manage customer relationships more effectively across the stages of relationship initiation, maintenance, and termination.

**Customer benefits**

With Customer relationship management systems customers are served better on day to day process and with more reliable information their demand of [self service](https://en.wikipedia.org/wiki/Self_service) from companies will decrease. If there is less need to interact with the company for different problems, [customer satisfaction](https://en.wikipedia.org/wiki/Customer_satisfaction) level increases. These central benefits of CRM will be connected hypothetically to the three kinds of equity that are relationship, value and brand, and in the end to [customer equity](https://en.wikipedia.org/wiki/Customer_equity). Eight benefits were recognized to provide value drivers.

1. Enhanced ability to [target](https://en.wiktionary.org/wiki/targeting) profitable customers.
2. Integrated assistance across channels
3. Enhanced [sales force](https://en.wikipedia.org/wiki/Sales) efficiency and effectiveness
4. Improved [pricing](https://en.wikipedia.org/wiki/Pricing)
5. Customized products and services
6. Improved customer service efficiency and effectiveness
7. Individualized marketing messages also called campaigns
8. Connect customers and all channels on a single platform.

In 2012, after reviewing the previous studies, someone selected some of those benefits which are more significant in customer's satisfaction and summarized them into the following cases:

1. Improve customer services: In general, customers would have some questions, concerns or requests. CRM services provide the ability to a company for producing, allocating and managing requests or something made by customers. For example, [call center](https://en.wikipedia.org/wiki/Call_center) software, which helps to connect a customer to the manager or person who can best assist them with their existing problem, is one of the CRM abilities that can be implemented to increase efficiency.
2. Increased personalized service or one-to-one service: [Personalizing](https://en.wikipedia.org/wiki/Personalization) customer service or one-to-one service provides companies to improve understanding and gaining knowledge of the customers and also to have better knowledge about their customers' preferences, requirements and demands.
3. Responsive to customer's needs: Customers' situations and needs can be understood by the firms focusing on customer needs and requirements.
4. Customer segmentation: In CRM, [segmentation](https://en.wikipedia.org/wiki/Market_segmentation) is used to [categorize](https://en.wikipedia.org/wiki/Categorize) customers, according to some similarity, such as industry, job or some other characteristics, into similar groups. Although these characteristics, can be one or more attributes. It can be defined as a subdividing the customers based on already known good discriminator.
5. Improve customization of marketing: Meaning of customization of marketing is that, the firm or organization adapt and change its services or products based on presenting a different and unique product or services for each customer. With the purpose of ensuring that customer needs and requirements are met Customization is used by the organization. Companies can put investment in information from customers and then customize their products or services to maintain customer interests.
6. Multichannel integration: [Multichannel](https://en.wikipedia.org/wiki/Multichannel_marketing) integration shows the point of co creation of customer value in CRM. On the other hand, a company's skill to perform multichannel integration successfully, is heavily dependent on the organization's ability getting together customer information from all channels and incorporate it with other related information.
7. Time saving: CRM will let companies to interact with customers more frequently, by personalized message and communication way which can be produced rapidly and matched on a timely basis, and finally they can better understand their customers and therefore look forward to their needs.
8. Improve customer knowledge: Firms can make and improve products and services through the information from tracking (e.g. via [website tracking](https://en.wikipedia.org/wiki/Website_tracking)) [customer behaviour](https://en.wikipedia.org/wiki/Customer_behaviour) to customer tastes and needs. CRM could contribute to a competitive advantage in improving firm's ability of customer information collecting to customize products and services according to customer needs.

**Examples**

Research has found a 5% increase in customer retention boosts lifetime customer profits by 50% on average across multiple industries, as well as a boost of up to 90% within specific industries such as insurance.[[35]](https://en.wikipedia.org/wiki/Customer_relationship_management#cite_note-:8-35)Companies that have mastered customer relationship strategies have the most successful CRM programs. For example, [MBNA](https://en.wikipedia.org/wiki/MBNA) Europe has had a 75% annual profit growth since 1995. The firm heavily invests in screening potential cardholders. Once proper clients are identified, the firm retains 97% of its profitable customers. They implement CRM by marketing the right products to the right customers. The firm's customers' card usage is 52% above industry norm, and the average expenditure is 30% more per transaction. Also 10% of their account holders ask for more information on cross-sale products.

[Amazon](https://en.wikipedia.org/wiki/Amazon.com) has also seen great success through its customer proposition. The firm implemented personal greetings, collaborative filtering, and more for the customer. They also used CRM training for the employees to see up to 80% of customers repeat.