# A Theoretical Approach to Customer Relationship Managment and Communication

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*Abstract-* Nowadays customer relationship management process is a marketing approach used by various businesses. Management of customer relations provides businesses with great profits, especially in the case of gaining superiority in competition. This approach represents a process in the first place. It should be applied in an efficient and successful way by businesses. Moreover, ensuring customers' satisfaction while providing them with products and services plays a crucial role in increasing the profit rates. The efficiency level in communication among employees and customers forms one of the most important implementations enabling costumer satisfaction.

ATHEORETICALAPPROACHTOCUSTOMERRELATIONSHIPMANAGMENTANDCOMMUNICATION

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# A Theoretical Approach to Customer Relationship Managment and Communication

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*Abstract-* Nowadays customer relationship management process is a marketing approach used by various businesses. Management of customer relations provides businesses with great profits, especially in the case of gaining superiority in competition. This approach represents a process in the first place. It should be applied in an efficient and successful way by businesses. Moreover, ensuring customers' satisfaction while providing them with products and services plays a crucial role in increasing the profit rates. The efficiency level in communication among employees and customers forms one of the most important implementations enabling costumer satisfaction.

In this study, several concepts related to customer relationship management, including the management process and communiation in this process, will be explained.

*Keywords:* customer, process of customer relationsip management, communication.

## I. Introduction

In today's time, globalization removes boundaries among countries. This caused a furious competition environment with regards to all sectors (Farrell, vd, 2001; Bradyvd, 2002). All businesses are affected by this competition considerably. Therefore, in order to be able to survive in this competititonal environment, today's businesses need to improve the process of customer relations management along with the quality of the products and services they provide. (Fowdar, 2007; İkiz ve Masoudi, 2008). Recent developments around the world, forces businesses to use marketing strategies on customers in order to gain advantage in the competition by ensuring customer satisfaction. Given that we live in a information age, improving the process of customer relationship management, offering products and services by using various advanced methods and therefore inreasing customers' level of loyalty to businesses are the things which take place at the top of marketing strategies. (Eccless ve Durand, 1997; Akbaba, 2006; Hsiehvd, 2008; Kim vd, 2009).

Individuals have important role in presenting products and services produced by businesses according to wishes of customers (Özkul, 2007). The extent of communication between a customer and a staff member affects customer's perception of the quality of products or services (Olalı ve Korzay, 2004; Çıkmaz, 2013 ) Communication level of a staff member not only affects customer satisfaction, but it also helps to eliminate the possible service mistakes done by the staff member. As a result of this, communication level of staff members is crucial in terms of customer satisfaction and the profit rate of all businesses (Sigala, 2003; Heung ve Lam, 2003).

## II. General Concepts About Customer Relationship Management

### a) Customer

A customer is a person or a foundation who/which buys a specific product of a certain business for administrative or private purposes. A current customer is a customer whom a business sells frequently and who buys products or services constantly from a certain business. Prospect is a customer candidate with whom a business nagotitates about sales. An old customer is a customer who was a customer of a business, yet stopped being a customer for some reasons. A new cusotmer is a customer who buys products or services from a business fort he first time. Target customer is a customer who is targeted by a certain business as to sell specific products.

### b) Customer Lifetime Value

The value of a customer in a lifecycle determines the concept of customer life. In an undefined lifetime, value of a customer life can not be measured. Customer lifetime value is determined with regard to a lot of criteria including customer holding costs, rate of order in a year, total income, direct cost, customer acquisition costs, discount rate. Customer value differs according to businesses in the way that customers' expectations changes from business to business. Therefore customers are ranged by their value and differ in accordance with their needs. (Yıldızel,2002:65-69).

### c) Customer Loyalty

Modern marketing concept is a business management phlosophy including all units of a businesses to study coordinately in order to determine consumers' requests and needs and gain their satisfaction (Varinli, 2008: 2). Since modern marketing aims to gain a continuity in acquring customer satisfaction by meeting their needs, it helps businesses

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to make profit and gain customers' loyalty. (Durmaz, 2006:2).

Customer loyalty can be defined as customers' tendency of buying the same product or shopping from the same store to meet their needs.( WaltersandBergiel, 1989: 497).

A strong customer loyalty is one of the most important thing businesses could have. The strength of customers' loyalty and attitude towards a company makes it hard for its opponents to attract its customers. We can list some of the advantges of customer loyalty in terms of businesses as; easing the process of selling , maintaining marketing stability, gaining control over prices, customers visit relevant company more often, and they help companies with channel of distribution (Sharp,1997: 473).

## III. Customer Relationship Management Process

Customer reationship management process consists of four stages. These stages are; customer selection, customer acquisition, customer retention and customer deepening. (Anton, 1996: 15).

### a) Customer Selection

In this stage it is aimed to define and group the intended population. In CRM's philosophy customer selection is important since every customer and customer group carries different value and is integrated into different campaigns. Determining the target audiance, segmentation and positioning for the target audiance and developing campaigns in accordance with positioning data falls into this part also.

### b) Customer Acquisition

The main purpose of this stage is ''selling''. It seeks the most efficient way of selling products or services to customers. Need analysis, developing offers and prerequests about buying and selling are also done in this stage.

### c) Customer Retention

One of the determining factors in CRM is customer loyalty. CRM gives importance to keeping the current customers as well as gaining new ones. Contrary to traditional belief, establishing relationships about sale with current customers is very important. Customer retention stage, seeks an answer to the question ''How long a customer can be retained?'' The purpose is to connect customers to institution and keep them by ensuring contunuity and loyalty in relations. For this stage some marketing efforts, such as; order management, demand organization and problem management, should be developed.

### d) Customer Deepening

This stage consists of steps for maintaining the loyalty and profitability of a current customer and raising customer expense share. ''Share of wallet'' is one of the concepts which is questioned in this stage. The purpose is to profit the continuity of customer relationship. Need anlysis for customers and cross-selling campaings are suggested for this stage.(Arslan, 2013: 80).

## IV. Communication in the Process of Customer Relationship Management

Since finding an employment has become very hard these days, a good education by itself is not enough for it. One should follow certain rules along with education. It is an undeniable truth that individuals who can work with customers in harmony and provide customers with motivating and constructive feedbacks to reach target-driven solutions are able to ensure customer relationship management successfully. (Çıkmaz, 2013: 33).

### a) Communication Process

A communication process may change depending on individuals' knowledge, purpose and their cultural and psychological aspects .Therefore, for an efficient communication process to happen, several factors need to come together. Key elements to a communication process are; source, message, channel, receiver and feedback. (Mısırlı, 2007: 2).

Source is the one who/which starts the communication process and sends the message. It can be a person or a device which has different qualities. Source turns a notion or a behavior into a message by using words, numbers, figures, signs and other symbols when we want to convey them to the receiver. Source is crucial for a successful communication process to happen. If the source can not gain the receiver's confidence for any reason, communication process won't be successful. Thus, source should choose topics in which receiver have interest, talk comprehensibly and dress according to the receiver's culture. (Fidan, 2009: 36).

Message enables the relationship between source and receiver. Therefore it is the central point in communication process.

Receiver is a person or a group who interpret the message of source and respond to it. (Zıllıoğlu, 2003: 98). Receiver deciphers the message and answers using new codes. All customers in a store are considered as receivers. However, not all receivers percieve the same thing from the same message since every individual has different background, value judgement, prejudice and thought system. (Sezgin ve Akgöz, 2009: 22).

A message is sent back to source from receiver through feedback. Feedback shows us the way receiver interpret the message. An efficient communication is formed by positive feedback. Positive feedback consists of several steps; (Tutar, 2009: 80-81):

1) Message is taken.
2) Message is perceived.
3) Message is interpreted correctly.
4) Receiver is ready for feedback.

*b) Effective Communication with Customers*

Communication means conveying ideas, feelings or information to others, using several methods including a message and feedback. It is not only information exchange, but also a comprehension activity. Communication starts within a staff member or a supplier and is reflected on customers with a smile, removing possible inconvenient situations. The next step for an individual who made the customer ready for the message is to develop a communication language in a harmony with the customer. Sharing the same language with customers does not mean that they ( salesperson and customers)  share the same language in communication. They could have different communication frequency. (Çelebi, 2013: 160).

Knowing customers names and addressing them with their names makes customers happy. This should not be considered as a deception, on the contrary, this kind of motivation makes customers feel good. This makes it easier for salesperson to do his/her job.  Bringing out the best sides of customers is considered as the begining of a good communication. Carefully watching customers and listening to them without prejudice makes people realize the reasons behind disagreements and false viewpoints. In this way, efficient communication comes into being. The best way to an efficient communication with costumers is to approach them in respect and without prejudice. (Dwight, 1996: 47).

In an efficient communication, mutual understanding is very important. In order to make understanding easier,  one should convey the message according to adresee's level and perception management and feedback should be operated as a process. (William,1981: 22).

## V. Conslusion

Customer relationship management (CRM)  will be important for future businesses as it is for today's businesses.   Future customers will have limited time for shopping and higher expectations. It is predicted that companies which will serve the future generations will have very wide data bases for customers and manage customer relations by reaching vast amount of customer information thanks to developed technology.

CRM in businesses which want to be successful in the future, represents a process in the first place. Listening to customers comes first in this process. Then it continues with determinig the customers expectations of businesses. Businesses need to understand their customers and listen to them carefully in order to keep their customers for a long time, since to be interested in customers is not solely enough. They need to serve customers with higher quality and different range of products and services at every turn. Businesses need to constract themselves taking CRM into the centre in order to have more profitable and loyal customers. In this construction, quality of service is directly proportional with personnels' attitude towards customers and their communication skills. Therefore, they need to have efficient communication skills to have a successful customer relationship.

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