



The Effect of Applying Customer Relationship Management in the Higher Educational Sector

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Abstract

The purpose of this paper is to explore the effect of applying customer relationship management (CRM) in the higher education sector. From the literature, four dimensions for measuring customer relationship management were suggested, which are: Knowledge Management, Interaction, Communication, and Feedback. The paper makes a recommendation for policymakers in the higher education sector to embrace investment in CRM.

Subject Areas

Business and Economics Education, Education, Sociology

Keywords

Customer Relationship Management, Knowledge Management, Interaction, Communication, Feedback

1. Introduction

CRM has recently become one of the most controversial issues and a focal point in the business field [1]. It is worth mentioning that CRM is mainly based on the belief that establishing a sustainable relationship with customers is the cornerstone for obtaining loyal customers who are much more profitable than non-loyal ones [2]. In this regard, the successful implementation of CRM strategy will be of great benefit to the organization, adopting it, as such organizations can reap the benefit of increasing sales through better market segmentation, customizing products and services, obtaining higher quality products, gaining access to information and employee satisfaction, and above all, ensuring long-lasting customer-retention and loyalty [3].

This paper explains and defines customer relationship development, specifically in the higher education field as an important sector of study nowadays. With the high competition in the educational sector, student's enrollment becomes challenging to private universities. Thus, this paper introduces the CRM models and dimensions through which the private universities could achieve student's retention and enrollment.

2. Literature Review

This section will introduce the definition of customer relationship development according to previous contributions and studies, and the relations between CRM models and dimensions through which the private universities could achieve student's retention and enrollment.

2.1. Customer Relationship Management

Customer relationship management definition is investigated according to two theories which are the relationship marketing theory and resource-based theory which split the resources into categories as these elements which are controlled by the organization to apply strategies that would assist in operational efficiencies. During applying best efforts in marketing, a transformation has happened from the traditional marketing approach to the customer-oriented approach through promoting customer relations and being aware of customer expectation. This can be measured by to what extent the organization can gain the acquisition and retention of customers, and here the concept of customer relationship management concept has appeared and defined as a way to manage customer relationships, make those relations in a strong way, and also help to satisfy customers [4].

[5] stated that efforts that were made by managers to understand their customers' requirements and create efficient strategies to keep a long relationship with the customers in the same time of making a profit have investigated the necessity and the need of understanding the concept of customer relationship management (CRM).

In 1980, there was a definition of contacts management which referred to make a documentation of all information about companies and customers, and that is to manage the relationship between them and find the most valuable customers. Then this concept was developed to be called customer relationship management. CRM is involving customer acquisition, selection, retention, and collaboration to manage the relationship between organizations and customers to gain customers' loyalty and increase profitability. CRM was also developed into analytical CRM in which organization analyzes information and obtain valuable knowledge as a result of the interactions with customers, and to turn that information into strategies to promote customers loyalty [6].

It was claimed that relationship management is an old approach which ensured that attracting and maintaining customers is the main function of any or-

ganization. As well as, CRM has an important role as it positively affects customer satisfaction, loyalty, and increases the profit level of any organization. While CRM is assessed by [7] through four resources, namely, CRM technology, CRM processes, customer orientation, and CRM organization, [8] defined the importance of CRM and the electronic CRM and classified into five categories: E-CRM markets, E-CRM business models, knowledge management using E-CRM, E-CRM technology, and E-CRM human factors.

Customer relationship management is considered as a new concept of customers' relationship and it is now considered as an important component in the organization in the global market. The CRM is now known in the all business world as it is now adopted as marketing philosophy. On the other hand, CRM is related to the technologies, as the development of customer relationship is affected by the development of new technologies in information technology. It also claimed that CRM is processed through the operating functions of the organization. The applying process of customer relationship management is a hard issue and requires a commitment at all levels of the organization. There is a set of factors that leads to the succession of the CRM; one of those factors is the training of staff on all stage that is responsible for applying the CRM process [9].

Organizations are trying to reach the strategic implementation for customers' database especially in business to business (B2B), and there are many organizations that have this strategy. So, it was used as a tool to encourage the working teams to suggest a business strategy, dealing with customer and their objections, and give support to customers. On the other hand, CRM is one of the considerations of management decisions.

Customer relationship management is defined through five perspectives as follows: CRM as a strategy, as a philosophy, as a process, as an information technology application, and as an organizational capability. CRM as a philosophy is the way to reach customer loyalty which helps to increase profitability. CRM as a strategy is processed to maximize the use of the resources towards a favorable market position. CRM process is a collection of steps that were used to achieve the outcomes. CRM is information technologies that build profitable customer relationships [7].

[10] noticed that the customer relationship management is a set of software then it became a way to satisfy customers' demands while making profit [3] claimed that customer relationship management has no common definition, as it was defined according to the different environment that it has been used in. it was defined as the tool that when an organization follow it and start to implement it, they would gain many benefits to the whole organization as it is depending on collecting a lot of information about customers. Then, the customer relationship management became a strategic approach. Organizations use this approach to organize the impact of using the internal resources on managing the relationship with its customers which would lead to gain a competitive advantage and enhance their performance.

It was clarified also that the dimensions of the customer relationship man-

agement are called the behavioral dimensions and included key customer focus, CRM organizations, knowledge management, and technology-based CRM then the customer orientation became one of those dimensions instead of key customer focus as customer orientation is more comprehensive and became one of the most critical dimensions of the CRM as it leads to a long relationship with customers and promotes customer loyalty.

Recently, it was investigated that customer orientation is related to marketing planning capabilities, this relationship affects the success of applying marketing actions and innovations [3]. On the other hand, [11] defined the customer orientation as the ability of the organizations to obtain information from customers and put strategies that will meet their requirements, it was also investigated that customer orientation is involving many factors such as customer satisfaction, after post services, personalized services to key customers, and commitment to deliver high value to customers. In addition, customer orientation was described as a culture that made the customer the center of all process. Finally, it was defined that organizations with a high level of customer orientation have the ability to be more responsive to customers' demand.

There is a positive relationship between customer management and marketing concept since 2000. By the increase of using networks and social media where customers interact easily, so the concept of customer engagement appeared as a new factor of development in customer management. The customer engagement is defined as a behavioral aspect that appears from customers and has a focus on the brand name (reputation) of the organization beyond services and those aspects are a result of the motivational drivers [12].

While [10] defined the CRM organization as a way that leads to achieving the fundamental changes to clarify how organizations can conduct their business process, [3] discussed that CRM organization may have an impact on future marketing decisions, such as brand differentiation, price, communication, and distribution.

The traditional view of the market orientation is customer oriented with a focus on the customers' needs and gain customer satisfaction while creating profit. It was also claimed that employees are included in the customer's concept as their role is not only to deliver the service as they are also responsible for adding value to customers and customer make their feedback on the service according to the employees' behavior [13].

Researchers always focus on customer satisfaction and how to improve the relationships with customers because all functions are depending on them. So, the organization won't lose its reputation and avoids risks; that's why a lot of organizations enhance the customers' relationship because satisfaction refers to customers' actions against the services and the difference between expected services and actual services [14].

In addition, recent development focuses on defining customers' needs and on the requirements to keep them to make customer retention, depth in service

usage and breadth in cross-buying. There are two important concepts relationship maintenance and development contributes. Relationship maintenance refers to keep customer forever and maintain customer retention to reach to customer lifetime. There is a model for customer retention called lost for good which refer to when the customer is loyal with one producer or service provider for a long term and if they leave the organizations cannot easily restore the relationship again. Another model for customer retention is called “always a share” refers to customers deal with several providers for a short time and manages those relations with each provider and it is hard to switch to another competitor. In all industry, there are two types of customers [15].

Marketing capabilities are involving customer-relating capabilities and considered as strong capabilities that help Educational organization to maintain a relationship with students and gain a competitive advantage in the market. CRM capabilities are merged to be a part of CRM activities in the educational organization processes. Those capabilities give a sight about the organization’s skills and knowledge such as which students are more attractive and maintain a relationship with them highlights those customers as customer level profits. On the other hand, customer relationship management capabilities are categorized into three sections as follows, customer interaction management capability, customer relationship upgrading capability, and customer win-back capability. First, customer interaction management capability is involving the skills that organizations depend on them to determine the most profitable customers and how to acquire them then keep them. Secondly, customer relationship upgrading capability refers to the skills that organizations use during Management. Finally, customer win-back capability is the abilities and skills that an organization uses to re-create a relationship with the non-active customers, but here the profitable customers will be affected negatively in the long run [16].

The practice of CRM is described also as one-to-one marketing, relationship marketing, and global account management. It is also defined as the way to maintain a continuous relationship with customers through making customization of treatments such as customers’ portion to the overall profitability of organizations. CRM is also the process that has an effect on all decisions of the management such as marketing plan and marketing communications, pricing, customization of services, resources allocation, and customer support services. According to a study, CRM has a great role because of the ongoing competition that should balance between the reasonable cost and reaching customer satisfaction which, in this study, refers to students’ satisfaction. In addition, the communication between the student and the educational service can be improved by using access to the educational organization information through the internet, and by increasing educational awareness among students. The relationship between the customer and the provider is transformed from adding value to customers to adding value to the organization with customers. So, the service will not be provided until the customer receives the required knowledge from suppliers, who use this knowledge to create the value [17].

2.2. Customer Relationship Management and Educational System

[18] defined customer relationship management as some functions that provide and integrate things and services to customers to suit their needs and exceed their expectations to achieve a high level of satisfaction for each customer. Customers' relationship management can deal with the customers directly or when dealing with customers through technology, it helps to integrate and make easy functions to reach customers and provide them with a high level of services. In higher education institutions, the students considered as customers, functions such as registration processes, transcript services, career counseling, and academic support are considered as services provided to them. To satisfy students the public universities should enhance the educational programs, provide students with courses information's to increase performance and make a competitive advantage with the private universities.

Customer relationship management is not for customers or goods it also for students and educational institutions. To achieve student's satisfaction, the educational institution should improve and accomplish more superior service than the expected one. Most students seek to learn in private universities because they think that private universities provide useful and valuable services. One of the most affected actions that effect on student's satisfaction is academic staff and workers are being plagued and make the educational cycle stopped. Students being dissatisfied and cannot focus on their study. In addition, the academic programs are stopped, giving students' undeserved extension in their study years, poor students' concentration on academic programs and the relationships between teachers or lectures and students were not useful and dissatisfied [1].

3. Conclusion

This paper explores the dimensions of CRM specifically in the higher education sector as one of the important sectors in the research field. Accordingly, the researcher could apply the CRM model to achieve the students' enrollment in private universities. The above discussion leads the researcher to choose the dimensions of Knowledge Management, Interaction, Communication, and Feedback. Those dimensions could be tested as ones affecting students' enrollment positively.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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