



Relationship among Strategic Positioning, Strategic Customer Relationship Management and Organization's Performance

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Abstract

In today's dynamic and globalized business world with hyper competition and technology break troughs, organizations are striving to gain and maintain competitive edge by using different tactics and tools. Positioning has been considered as a strategic instrument to tackle the competitive pressure and enhance organizational performance. Organizations are now adopting customer-oriented approaches to make them delight, and for this purpose they are developing strong image in customers' minds through positioning and CRM strategies. They are obligated to appreciate the growing significance of knowing their customer in effective and better ways. Progressively more demanding customers have impelled many firms to implement customer relationship management (CRM) programs.

Significance and growing importance of strategic positioning and strategic CRM motivated us to conduct research on this area. Our purpose of this study is to explore relationship among strategic positioning, strategic customer relationship management and organizational performance. Literature review and findings revealed that strategic positioning and strategic customer relationship have strong positive and significance association with organization performance. Strategic positioning and strategic CRM are behaving like strategic driving forces to boost up organizational performance and gain sustainable competitive advantage. This study provides in dept. information about Customer's relation management if organization used this approach; they will maintain long term relation with their customers also achieve proficiency in competitive environment. In the last of paper, research implications, limitations and directions for further research are also mentioned.

Keywords: *Strategic positioning, Strategic customer Relationship management, Customer orientation, Customer satisfaction, Customer knowledge competences.*

1. Introduction

Due to globalization, continuously developing and emerging economies competition among businesses has raised due to which market share is going towards downward trend. Survival of organizations is becoming challengeable and difficult due to increasing tendency in competitive market. Organizations are trying to find out strategic solutions to keep and improve business efficiencies. They are moving towards reengineering and restructuring of processes to turn into

more competent and spirited leader. "Companies are changing their business practices". To gain and sustain competitive edge, Organizations are trying to create supremacy on their rivals with effective positioning of their products according to customers' perceptions and behaviors. Product positioning strategies are considered dominant and effective tool to improve organizational image and growth which ultimately lead to competitiveness.

Positioning penetrated in the marketing language in 1982. Al Ries and Jack described that "Positioning is not something you do to a product. Positioning is something you do to the mind of potential customers". Positioning is a process for development of product image in customers' mind against competitors' products and company's other products. Kotler (1994) described that positioning reflects what the perception consumers have about the products or organizational performance on specific features with respect to competitors. It can also be developed by differentiating the product against competitors. Before developing positioning strategy, it is essential requirement to identify and analyses the image and properties of business rivals with concentration. Consumers' perception is very crucial because customers have to choose between Organizations and rival presentation, and they prefer product with superior advantages which has that significant features which customers expect.

In global scenario, positioning becomes a marketing tool that is beyond the image development. In addition, globally Organizations are putting efforts to differentiate themselves from its competitors with a view to be superior firm for specific segment. Positioning establishes and maintains a unique position and image in market for product with a view that target market appreciates and gives extra value to organization than competitors (Ries and Trout, 1986). In Pakistani scenario Organizations are also striving to gain competitive advantage by using positioning and CRM approaches with a view to enjoy sustainable growth and competitive advantage. Due to intensive competition, Organizations at local levels are also using positioning strategies with respect to specific attribute benefits, features or usage of the product.

Customer relationship management (CRM) is a strategic loom to manage customers 'interconnected in order and then operate this valuable information to retain existing customers, attain new prospects and to maximize customers' life time value. CRM is a keystone for strategic position for organization. The main focus of CRM is to integrate customer's knowledge and information to find out new prospects and keep existing customers with a view to improve customers 'live time value. This strategic approach helps Organizations to keep their customers

loyal and delight(Raghu Ramakrishnan, 2005).At global level, Organizations are so much conscious regarding customers' satisfaction and loyalty, and they are adopting customer orientation approaches with a view to manage customer relationship strategically. In Pakistan, Organizations are also moving their selves towards customer orientation due to competitive environment. Companies are now customizing their products & services recognizing their customers' needs by using strategic CRM tools. Furthermore, CRM is competitive tool for achieving organizational pre-assigned long term and short objectives.

The growing importance of strategic positioning and strategic customer relationship management motivated us to conduct study on these approaches. Our core objective of this study is to explore relationship nature among strategic positioning, strategic CRM and organizational performance. Quantitative research methods was used to obtained desire responses. This study segregated into different sections. First section relates to introductory part, and second section explains the literature review relating to understudy dimensions. In third part, we developed hypothesis and framework in the light of our literature review. Fourth section explains the research methodology (Scaling & Sampling techniques and data collection methodology). Last section deals with main findings, implication, limitations and directions for further research.

1.1 Research Objectives

The main objective of present study is to investigate the relationship among Strategic Positioning, Strategic Customer Relationship Management and Organization's Performance; here are we deposit some research objectives.

1. To determine the relationship lies between strategic positioning and Organizational Performance.
2. To check the link between strategic Customer Relationship Management and Organizational Performance.
3. To explore the emergence between strategic positioning and strategic Customer Relationship Management.

2. Literature Review

Kim et al. (2008) summed up that strategic positioning has significant influence on Organizations' performance. Strategic positioning exists in e-business environment, and its performance influenced by its positioning strategies. Innovative & creative differentiate

positioning strategies with available technological resources effects the firm's performance in e-business context as technology matter a lot in e-business environment. Environmental factors and resources also influence the positioning strategies. In addition Karadeniz (2009) mentioned that due to globalization and rapid changing in economic environment rivalry between competitive enterprises has increased due to which markets shares are going in downward trend. To capture the market share, Organizations are now trying to improve their product positioning to bring the positive change in consumers' perceptions and behaviors. Product positioning strategies have emergence in marketing management as they are considered cornerstone to maximize the performance and to gain competitive advantage. Before designing the product positioning strategy, Organizations firstly should understand the competitors' image and attributes.

Similarly, Mokayaet al. (2012) described that market positioning strategies have significant association with Organizational performance in airline industry. Pricing strategies have significant effect on cost strategies, perceived services quality, innovation and Organizational performance. Positioning is playing a crucial role in marketing strategies and marketing strategies enable the Organization to mitigate the competitive pressure and to enhance the performance. In addition, Baraskova (2010) described the role of strategic positioning and sustainable competitive advantage at food industry. Moreover, Organizations have complex structure and their success depend upon the strategic positioning and sustainable aggressive lead. Strategic positioning can be developed by building association with product on the basis of its competitive edge and existing strength. Hence, due to effective strategic positioning brands successfully positioned at customers mind and positioning becomes the asset for Organizations and this leads to gain sustainable competitive advantage.

Kalafatiset al. (2000) mentioned that strategic positioning played an important role in business markets. Positioning can be determined by product quality, personal contacts, geographical coverage, breadth of offering and degree of integration. Familiarity with specific brand creates a perception and also contributes to develop the positioning. Boyd et al. (1998) explained different market-positioning strategies which relates to different situations. Mono segment & multi segment positioning, imitative, standby, anticipatory, adaptive and defensive positioning strategies are useful in different situations.

According to Vavra (1992), CRM is a customer retention approach by putting marketing tactics which leads to customer staying and attachment after sale. Similarly, Peppers & Rogers (1993) mentions that CRM is a famous approach with application of information technology in which focus should be on one to one relationship with customers that integrate knowledge database with long term customers' retention and strategic growth. McKena (1991) proposed a strategic view of CRM by placing customers' first and shifting the role of marketing from manipulation to customers' orientation with a view to involvement of customers by knowledge sharing and communication. Customer relationship management is holistic strategy, approach and process in which businesses acquire, retain and develop partnership with customers to create value for company and customers. This can be achieved by developing integration in marketing, sales, supply chain functions and customer services of Organization with a view to achieve efficiency in delivering customers values (Prvatiyar & Sheth, 2001).

Jayashree et al. (2010) summed up that Organizations with effective and successful CRM strategies have financial & non-financial growth. Improvement in information technology and Organizational change in customers' centric procedures have positive and significant effect in development of customer relationship management. Organizations with effective implementation of CRM gain the customers' loyalty and satisfaction. Different CRM strategies i.e. cost leadership, Customer acquisition & retention, customer differentiation, personalization, customer communication & interaction strategies can improve the Organizational performance. Nasiret et al. (2013) purposed, (CRM) is a tactical instrument and helpful to make strategic marketing decisions. CRM has positive impact on performance of banks. Customer relationship management is a source of competitive distinction as it's a method to handle the customers' based information and then use it to obtain novel customers, retain existing customers plus enhance their life time value.

Customers' knowledge competence plays an important role to managing customers' relations strategically. Customers' information process, Marketing-IT interface, Senior Management Involvement and employees rewards and evaluation system play significant role to enhance customers' knowledge competence. More attention should be paid on different processes of creating customers' knowledge rather than to focus on the processes to integrate that knowledge within Organization (Campbell, 2003). In addition, Abdullateef et al. (2011) described the strategic impact of technology based CRM on call centers performance. They summed up that

technology based CRM significantly affects perceived services quality and first call resolution, but weakly influence the satisfaction of customers. In call centers technology based CRM application can influence the satisfaction of customers through services quality and first Call resolution. Payne & Frown (2005) emphasized the need of processes oriented & cross functional approaches to have effective strategic customer relationship management. "They identified that strategy expansion, value foundation, information administration, performance measurement and multichannel integration processes are considered important to position CRM at strategic level".

Furthermore, sainted al. (2008) explained that Knowledge improvement and development is important to gain competitive advantage. Technology & relational knowledge stores and technology assimilation leads to enhance superior CRM performance. CRM technology assimilation and top management championship relates with each other. Similarly, Soliman (2011) said that there is a positive association between customer relationship management and marketing performance. Organizational efficiency focuses on customers, and customers' knowledge management has significant association with marketing performance.

In addition, Coltman et al. (2011) analyzed the amalgamation of human investment commitments, technological and business capabilities to enhance the superior CRM capabilities. They explained that superior customer relationship management has significant and positive association with firm performance. Effective CRM capabilities have significant association with business architecture and human analytics. Bolton & Tarasi (2010) explains that customer relationship management is an integral part of Organizations' strategy and its principals give tactical and strategic focus to identify and realize the source of values for firm and customers.

Peppers et al. (1999) defined CRM as it is one-to-one relationship and considered as relationship marketing. This term was firstly introduced by Peppers, Marha & Bob. CRM is a management approach that facilitates Organizations to recognize, attract, satisfy, delight and enhance retention of valuable and profitable customers by changing its behavior approach towards individual customers based on customers' response and Organizational knowledge about its customers (Boehm, 2009; Massey & Holcom, 2001). In addition, Riasat et al., (2016) argued that Organization's performance depends on employees overall satisfaction. If employees are fully satisfied, origination can easily achieve its goals and objectives.

Organizations can enhance their struggles and processes to be a cost leader through effective use of CRM data and Information. Companies can decrease their sales and services cost and enhance customers' retentions. CRM improve the customer and company's relationship, and due to long term relationship, client management costs can be reduced. CRM also helps to control and evaluate relationship cost to identify the profits associated with each customer due to which Organizations recognize on profitable customers(Martin Reimann & Oliver Schilke & Jacquelyn S. Thomas, 2010).“The results demonstrated that the CRM technology and the customer-centric orientation are incorporated into and interiorized by the entire Organization, thus, CRM is not easy to emulate and replicate and thus a basis of sustainable competitive. In simple words, the results showed that as firms utilize CRM; they make an Organizational erudition that helps them to exploit the strategy more proficiently, and so the outcomes of the strategy perk up. In general terms, the benefit of this study is that they have originated positive influences in CRM success” (Berney 1991). In addition, Technology is the vital to a victorious management of customer relationships; they embraces Organizational submissions at the bottom of rigid dissections such as sales accounting finance and marketing, along with back-office applications that help to analyses the data (Greenberg ,2001)

Furthermore, Prvatiyar & Sheth (2001) described about importance of customer relationship management. They said that CRM domain extended in different areas of marketing and strategic decisions. CRM has potential to emerge as a focal and keystone perspective of marketing. It's an intervention strategy used in relationship marketing.

Customer Relation Management (CRM) used as a tactic for getting advantage by most of the firms in below stated zones.

1. Low-grade expense drafting of clients: The expense for drafting new clients will reduce so the additional cost which spends on transmitting marketing, Boucher making, advertising, other type of social media expenses and phone call could also be saved by using Tactics of Customer Relationship Management(CRM)
2. Having “Not at all essential to reserve too much customers to preserve a steady volume of trade: The number of enduring customers will progress and subsequently the need for engaging many customers decreases”.
3. Expenses for sale also decreased:

4. High level of customer profitability: "The customer profitability will get higher since the customer-wallet share increases, there are increases in up-selling, cross-selling and follow up sales, and more recommendations come with higher customer satisfaction among customers".
5. Increased client squashing and trustworthiness: "The customer retention increases as the results of customers stay longer, purchase new and buy new frequently. The customer also more frequently takes initiatives that will cause growths in customer relationship, and as a consequence the customer faithfulness increases also increased" (Swift et al.,2010)

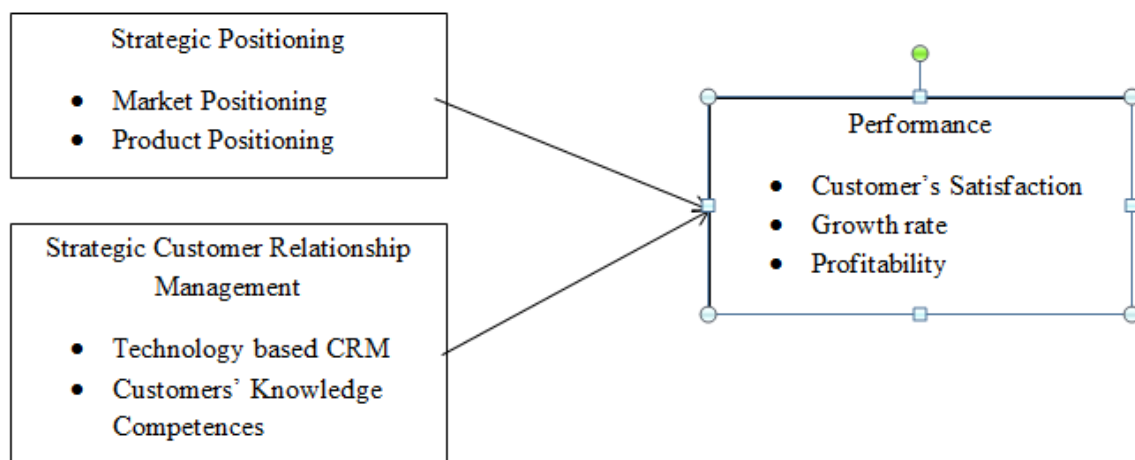
2.1 Research Questions

By reading extensive literature review about Customer Relationship Management (CRM), Strategic Positioning (SP) and Organizational performance, we depict some research questions mentioned below are;

1. Does strategic positioning (SP) influence Organizational Performance (OP)?
2. What is the basically relationship lie between strategic Customer Relationship Management (CRM) and Organizational Performance (OP)?
3. What is the impact of strategic positioning (SP) on strategic Customer Relationship Management (CRM)?

3. Theoretical Framework

After studying the number of articles and having review of articles regarding Organizational learning and innovativeness we have developed our research framework which is expressing relationship among strategic positioning, strategic CRM and performance of Organization.



H1: There is a significance association between strategic positioning and Organizational Performance.

H2: There is a significance association between strategic Customer Relationship Management and Organizational Performance.

H3: There is significance association between strategic positioning and strategic Customer Relationship Management.

5. Problems Statement

Organizations are striving to enhance their growth rate and profitability. Survival of Organizations is becoming challengeable and difficult due to increasing tendency in competitive market. Organizations are trying to find out strategic solutions to keep and improve business efficiencies. They are moving towards reengineering and restructuring of processes to become more efficient and competitive leader.

6. Purpose of our Study

As positioning and customer relationship management are considered strategic tools to boost up productivity and performance so our core purpose of this study is to explore relationship among strategic positioning, strategic CRM and Organizational performance. We are going to examine that how much positioning and CRM have influence on Organizational performance.

7. Significance of Our Study

Strategic positioning and strategic customer relationship management are playing a pivotal role in marketing strategies to boost up Organization's image and performance which leads to gain competitive advantage. Positioning is marketing tool that is beyond the image development. It's an effort to differentiate an Organization from its competitors with a view to be superior firm for specific segment. Positioning establish and maintain a unique position and image in market for product with a view that target market appreciate and give extra value to Organization than competitors.

8. Conclusion

To gain and sustain competitive edge Organizations are trying to create supremacy on their rivals with effective positioning and customers' relationship management according to customers' perceptions and behaviors. We explored relationship among strategic positioning, strategic CRM

and Organizational performance. In the light of literature review, we concluded that strategic positioning and strategic customer relationship management have strong, positive and significance association with Organizational performance. Product positioning and marketing positioning have positive influence on performance. In the light of literature, findings reveal that technology based CRM and customer knowledge competence also have significance association with Organizational performance. Improvement in information technology and Organizational change in customers' centric procedures has positive and significant effect in development of customer relationship management. Organizations with effective implementation of CRM gain the customers' loyalty and satisfaction.

9. Practical Implication

As results indicate that strategic positioning and strategic customer relationship management are playing a focal role to enhance Organizational performance. Organizations and multinational companies can utilize these findings, and they can improve their performance in terms of growth, profitability and customers' satisfaction by introducing and implementing effective poisoning and CRM strategies. Furthermore, Organizations that are facing fluctuation in their stability and growth can adopt these strategic approaches with a view to increase performance.

10. Future Directions

Present study has explored some gaps which previous studies totally ignored. It also has some clues for future researchers; they can use quantitative approach rather than qualitative also add additional variables which explore more items on CRM. Moreover, Following are the key points which would be considered in future studies.

1. Make current study longitudinal
2. Conduct comparative study among companies who adopt CRM policies and those don't adopt CRM policies
3. Can adopt other methods in qualitative study like: Face-to-Face discussion, Brain storming and Focus group
4. Use Inductive and deductive approach at the same time to check the consequences on both studies
5. Can increased sub dimensions of the study

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