

---

## A Study on Customer Service Quality and the Application of CRM Strategies for Achieving a Progressive Business Approach

Dr.Vilas Nair<sup>1</sup>, Dr. R.Balasubramani<sup>2</sup>, Mr.Sandeep Kumar<sup>3</sup>, Dr. Pushpa Gore<sup>4</sup>, Dr. S. Arunkumar<sup>5</sup>,  
Dr.K.Sasirekha<sup>6</sup>

<sup>1</sup>Assistant professor, Department of Marketing, SDM Institute of Management Development, Site No1 Chamundi Hill road, Post Siddhartha Layout Mysuru Karnataka 570010, Email: [vilas@sdmimd.ac.in](mailto:vilas@sdmimd.ac.in)

<sup>2</sup>Associate Professor, PG Research Centre of Commerce, G.T.N. Arts College (Autonomous), Dindigul, Tamil Nadu – 624005, Email: [rambala0505@gmail.com](mailto:rambala0505@gmail.com)

<sup>3</sup>Assistant professor, Department of Commerce & Management, Sanskar College of Management and Professional Studies, Opposite Jindal Pipes, Jindal Nagar, Hapur Ghaziabad Road, Hapur- 201302  
Email: [prof.sandeepkr@yahoo.com](mailto:prof.sandeepkr@yahoo.com)

<sup>4</sup>Assistant Professor, Department of Hotel Management, MGM University's Institute of Hotel Management, N/6 Cidco, MGM campus Chh.Sambhajinagar, Email: [pushpa.gore18@gmail.com](mailto:pushpa.gore18@gmail.com)

<sup>5</sup>Assistant professor, Department of Business Administration, Rajeswari Vedachalam Government Arts College, Chengalpet, Email: [arunskumar1001@gmail.com](mailto:arunskumar1001@gmail.com)

<sup>6</sup>Assistant professor, School of Management Studies, Sathyabama Institute of Science and Technology, Chennai – 600119, Email: [sasirekha.soms@sathyabama.ac.in](mailto:sasirekha.soms@sathyabama.ac.in)

---

### Abstract

*The research study looks into the effect of customer service quality and how the Customer Relationship Management (CRM) strategies should be used to realize a progressive and sustainable business approach. With the growing environment of competition, organizations are realizing that, in the long term, they need to provide customer service of the highest quality and ensure that their relationship with their customers is strong. The study examines the major dimensions of service quality and the importance of operational, analytical, and collaborative CRM inputs in improving customer satisfaction, customer loyalty and organizational performance. The Friedman Test and Kendall Coefficient of Concordance were also used as the statistical methods to determine differences in the perceptions of the respondents and their degree of agreement on CRM constructs. The results indicate that the greatest impact on the customer experience is made by technological readiness and perceived usefulness whereas operational CRM is the most relevant CRM construct. Moreover, it has been found that, even though the respondents unanimously believe in the relative significance of CRM practices, the degree of concurrence is moderate. The research determines that high service quality, strategic use of CRM and technology-driven personalization can be applied together in supporting a progressive business strategy, which fosters customer culture, relationship trust-building, and sustainable competitive advantage. The study outlines key dimensions of service quality, CRM models, and technological enablers, followed by discussion on benefits, challenges, and strategic recommendations for businesses aiming to enhance sustainable growth. Overall, the results emphasize that modern technological capabilities and perceived service benefits are key determinants in shaping customer satisfaction and CRM success.*

**Keywords:** Customer Service Quality, CRM Strategies, Customer Satisfaction, Operational CRM, Technological Readiness, Customer Relationship Management, Friedman Test, Kendall's W, Business Sustainability.

---

### Introduction

The rapid digital evolution and globalization have intensified competition across industries. Customers now possess greater bargaining power, informed decision-making capabilities, and a heightened sensitivity to service experiences. This

shift compels organizations to rethink their operational models and reorient strategies around customer-centric approaches. Customer service quality has become a critical differentiator, influencing not only consumer satisfaction but also brand reputation and long-term market sustainability. Simultaneously, Customer

Relationship Management (CRM) strategies have evolved beyond simple transaction tracking to include data-driven customer analytics, personalized engagement, and cross-channel communication enhancement. Organizations that align CRM initiatives with high service quality standards are better positioned to cultivate trust, loyalty, and advocacy among customers. This alignment also provides a basis for a progressive business approach aimed at long-term success rather than short-term transactional gains.

### **Customer Service Quality: Concept and Importance**

Customer satisfaction is a direct outcome of the level of quality in products and services delivered by an organization. When customers receive services that meet or exceed their expectations, they develop a positive perception of the organization, which enhances their overall satisfaction. High service quality adds value to the customer experience by ensuring reliability, responsiveness, assurance, empathy, and tangible support throughout the service process. Satisfied customers are more likely to develop trust and emotional connections with the brand, making them feel valued and understood. This satisfaction fosters repeat purchases, positive feedback, and stronger engagement. Furthermore, satisfied customers tend to overlook minor shortcomings because the overall value proposition and experience outweigh occasional issues. Therefore, maintaining high service quality is essential for supporting long-term customer satisfaction, which forms the foundation for loyalty, advocacy, and sustained business performance in a competitive market environment.

### **Customer Retention**

Customer retention refers to an organization's ability to keep customers returning for repeat purchases over extended periods. When customers are satisfied with the quality of services received, they develop trust and confidence in the organization, which reduces the likelihood of switching to competitors. High service quality ensures that customer's feel valued, supported, and

understood, thereby creating emotional loyalty alongside transactional loyalty. Retention is significantly more cost-effective than acquiring new customers, as existing customers require fewer marketing efforts and already have knowledge and familiarity with the brand. Moreover, retained customers often increase their purchase frequency and may explore additional products or services. Consistency in service quality further strengthens the relationship, reinforcing the customer's decision to continue engaging with the brand. Thus, focusing on customer retention through quality services not only reduces churn but also enhances long-term profitability and stability for the organization.

### **Profitability**

Profitability is greatly influenced by the quality of customer service and the strength of customer relationships. Loyal and satisfied customers tend to engage in frequent and repeat purchases, increasing the revenue generated from each customer over their lifetime. High service quality encourages customers to purchase premium products, renew service contracts, and remain engaged across multiple channels. Additionally, satisfied customers often provide positive word-of-mouth referrals, influencing new customer acquisition without additional marketing costs. When customer loyalty strengthens, organizations can benefit from predictable revenue streams and improved financial stability. Furthermore, high service quality minimizes customer complaints, product returns, and negative publicity, reducing operational and reputational costs.

### **Competitive Advantage**

In highly competitive markets, businesses must differentiate themselves to attract and retain customers. High customer service quality provides a sustainable competitive advantage by shaping positive customer experiences that competitors may struggle to replicate. When organizations consistently deliver personalized, reliable, and empathetic service, they establish a reputation for excellence that strengthens brand identity. This

positive reputation differentiates the business from those offering similar products but lower service standards. Additionally, high service quality fosters trust, credibility, and long-term relational bonds with customers, making it difficult for competitors to win them over. By integrating customer feedback and continuously improving service processes, organizations remain adaptable and forward-focused. Therefore, maintaining superior service quality enables businesses to stand out, build loyalty, and achieve long-term strategic success in the market.

### **Fundamental components of CRM include:**

CRM ensures that the organization understands customer preferences, anticipates needs, and delivers value-driven interactions across different touch points.

### **Customer Data Management**

Effective management of customer data allows organizations to develop a deep understanding of customer preferences, behavior patterns, purchase history, and communication responses. This information forms the foundation for delivering personalized services and enhancing customer experiences. A well-designed data management system ensures that information is accurate, updated, and accessible to authorized departments such as marketing, sales, and customer support. It also ensures compliance with data privacy and security regulations to protect customer trust. Using advanced tools such as databases, CRM platforms, and data analytics software, businesses can translate raw data into actionable insights. These insights support strategic planning, forecasting demand, identifying customer trends, and improving service delivery. Therefore, customer data management plays a crucial role in strengthening customer relationships and supporting evidence-based decision-making for business growth.

### **Segmentation and Targeting**

Segmentation and targeting involve dividing a broad customer base into smaller, meaningful

groups based on shared characteristics such as demographics, behavior, geographic location, or psychographic traits. This process helps organizations identify distinct customer needs and preferences, enabling more precise and relevant marketing strategies. By segmenting customers, businesses can avoid generalized approaches and ensure that resources are allocated efficiently toward groups that offer the highest potential value. This increases customer engagement, satisfaction, and conversion rates. Segmentation and targeting also support personalized customer experiences, improve marketing campaign effectiveness, and enhance competitive strategy. By understanding which customer groups drive profitability and loyalty, organizations can prioritize efforts that deliver maximum strategic benefit. As a result, segmentation and targeting are critical components of CRM for optimizing resource utilization and improving customer relationship outcomes.

### **Personalized Communication**

Personalized communication refers to tailoring interactions, messages, and promotional content to individual customer preferences and behaviors. With CRM systems, organizations can analyze customer data to determine their purchase history, interests, buying frequency, and preferred communication channels. Personalized communication enhances the relevance of customer interactions, making customers feel valued and understood by the organization. This increases engagement, satisfaction, and emotional connection with the brand. Personalized strategies can include customized email content, product recommendations, dynamic website content, and tailored loyalty rewards. Effective personalization also reduces communication fatigue, as customers receive information that aligns with their interests rather than generic promotional messages. Moreover, personalized communication strengthens brand loyalty by demonstrating that the organization respects customer individuality. When executed effectively, it improves response rates, boosts sales conversions, and enhances long-term customer retention. Therefore, personalized

communication plays a vital role in modern CRM strategies, fostering meaningful and lasting customer relationships.

### **Feedback and Complaint Handling**

Feedback and complaint handling involve collecting, analyzing, and addressing customer comments, suggestions, and grievances to improve service quality and strengthen relationships. Effective feedback management allows organizations to identify service gaps, product issues, and changing customer expectations. Complaint handling, when done professionally and promptly, can transform dissatisfied customers into loyal advocates. This process demonstrates the organization's commitment to listening, accountability, and continuous improvement. CRM systems streamline this function by recording interactions, tracking complaint resolution progress, and ensuring that issues are handled consistently across all touch points. Constructive use of feedback reveals trends and areas for strategic enhancement, while unresolved complaints can significantly harm the brand's reputation. Organizations that prioritize transparent and empathetic complaint handling build trust and credibility. Additionally, feedback insights help improve product quality, training programs, and customer service processes. Thus, feedback and complaint handling systems are essential components of CRM that support business improvement and customer loyalty.

### **Customer Lifetime Value (CLV) Analysis**

This metric is essential for understanding the long-term financial value of customers rather than focusing solely on short-term transactions. By calculating CLV, businesses can identify high-value customers who contribute significantly to profitability and prioritize resources toward retaining them. CLV analysis also guides strategic decisions related to marketing investments, pricing strategies, loyalty programs, and customer service enhancements. CRM tools play a key role in measuring CLV by integrating data on purchase frequency, average transaction value, duration of

engagement, and customer retention rates. Understanding CLV allows organizations to segment customers based on value contribution and tailor engagement strategies accordingly. This ensures efficient resource allocation, promotes sustainable growth, and enhances competitive advantage. Ultimately, CLV analysis supports a long-term, relationship-oriented approach to business success.

### **Customer-Centric Culture Development**

Customer-centric culture development refers to creating an organizational mindset in which customer needs, expectations, and satisfaction are prioritized in every decision and action. This culture requires employees at all levels to understand the importance of delivering value to customers and maintaining positive relationships. Leadership plays a key role by promoting customer-focused values, encouraging proactive service behavior, and aligning internal policies to support customer-oriented outcomes. Training and development programs help employees build communication, empathy, and problem-solving skills that enhance service delivery. Additionally, organizations must create transparent feedback channels to continuously learn from customer experiences and adjust services accordingly. A strong customer-centric culture reduces misunderstanding, improves service consistency, and strengthens customer loyalty. When customers feel valued and respected, they develop trust and emotional attachment to the brand. Ultimately, cultivating a customer-centric mindset ensures long-term business success by positioning the customer at the core of operational and strategic priorities.

### **Personalization and Customer Experience Management**

Personalization and customer experience management focus on tailoring products, services, and interactions to meet individual customer preferences. Personalized service delivery increases the relevance and emotional impact of customer interactions, improving satisfaction and loyalty.

Customer experience management aims to ensure that the customer's journey—from initial contact to after-sales support—is smooth, consistent, and enjoyable. Businesses must design touch points that are intuitive, responsive, and aligned with customer expectations. By providing personalized experiences, organizations differentiate themselves from competitors and create memorable interactions that foster deeper relationships. Furthermore, personalization strengthens trust and encourages repeat engagement, enhancing customer lifetime value. A well-managed customer experience is therefore essential for building brand loyalty, improving reputation, and driving sustainable business growth.

### Technology and Data Analytics

Data analytics helps identify trends, assess customer satisfaction levels, and evaluate the effectiveness of marketing campaigns. Automation tools streamline routine tasks such as inquiry handling, order tracking, and follow-up communication, reducing manual workload and improving service efficiency. Additionally, chat bots, cloud platforms, and mobile applications enhance accessibility and real-time interaction with customers. Technology also supports data-driven decision-making, ensuring strategies are based on accurate insight rather than assumptions. By effectively utilizing technology and analytics, organizations can improve responsiveness, optimize resource allocation, enhance customer satisfaction, and maintain a competitive advantage in dynamic market environments.

### Multi-Channel and Omni-Channel Integration

Multi-channel and omni-channel integration refer to enabling customers to interact with a business through various platforms such as websites, social media, mobile apps, phone support, and physical stores. Multi-channel systems provide customers with multiple options, while omni-channel integration ensures that these channels are interconnected and consistent. This means customers can switch between channels without losing continuity in their service experience. For

example, a customer may browse a product online, inquire through a chat application, and complete the purchase in-store, with all interactions recorded under a single customer profile. CRM systems centralize data, enabling seamless communication and coordinated service delivery across touch points. Omni-channel integration improves convenience, enhances satisfaction, and supports faster issue resolution. It also helps organizations maintain consistent brand messaging, service standards, and customer support responses across platforms. By delivering a unified customer experience, businesses can strengthen loyalty, increase engagement, and remain adaptable to changing consumer preferences.

### Relationship and Trust-Building Strategies

Relationship and trust-building strategies focus on creating strong, long-term connections between customers and the organization. Trust is developed when customers consistently receive reliable, transparent, and ethical service. Organizations can build trust by honoring commitments, communicating honestly, and addressing concerns promptly. Loyalty programs, appreciation messages, personalized offers, and post-purchase support strengthen emotional bonds and encourage continued engagement. Relationship-building also requires active listening to customer needs, preferences, and feedback, demonstrating that the organization values customer input. Employees must be trained to convey empathy, professionalism, and respect in every interaction. Over time, strong relationships lead customers to view the business as a dependable partner rather than just a transactional service provider. This emotional loyalty reduces the likelihood of switching to competitors, even when alternatives exist.

### Objectives

1. To analyze the role of CRM strategies in strengthening customer relationships and organizational development.

2. To identify the most significant factors affecting customer perceptions in CRM adoption.
3. To determine the prioritization of CRM constructs using non-parametric statistical analysis.

### Findings and Results

The Friedman Test was employed to compare and rank the significance of multiple factors influencing user perceptions and decision-making. Since the data involved repeated measures from the same group of respondents across different variables, the Friedman Test serves as an appropriate non-parametric statistical method for

identifying differences in median rankings among the factors. The factors assessed include Trust and Security, Ease of Use and Accessibility, Cost-Effectiveness, Technological Readiness, Perceived Usefulness, Social Influence, Institutional Support, and Demographic and Psychographic influences. By analyzing the mean ranks assigned to each factor, the test helps determine which factors hold greater relative importance in shaping user attitudes or behaviors. The significance value obtained from the test indicates whether the differences observed among the rankings are statistically meaningful. This analysis therefore provides a clearer understanding of priority areas that organizations should focus on to enhance user adoption, satisfaction, and overall system effectiveness.

### Descriptive Analysis - Friedman Test

| Factors                       | N      | Mean | Std. Deviation | Mean Rank |
|-------------------------------|--------|------|----------------|-----------|
| Trust and Security            | 200    | 1.97 | .760           | 2.75      |
| Ease of Use and Accessibility | 200    | 1.90 | .766           | 2.61      |
| Cost-Effectiveness            | 200    | 2.02 | .829           | 2.84      |
| Technological Readiness       | 200    | 3.84 | .602           | 5.38      |
| Perceived Usefulness          | 200    | 3.63 | .984           | 4.97      |
| Social Influence              | 200    | 1.78 | .811           | 2.46      |
| Institutional Support         | 200    | 1.12 | .987           | 3.20      |
| Demographic and Psychographic | 200    | 1.09 | 1.120          | 3.18      |
| Chi-Square                    | 72.001 |      |                |           |
| difference                    | 7      |      |                |           |
| Asymp. Sig.                   | .001   |      |                |           |

The Friedman Test results indicate statistically significant differences among the various factors influencing the subject under study, as the chi-square value (72.001) with 7 degrees of freedom is significant at  $p = 0.001$ . This means the respondents did not rate all factors equally.

Based on the mean ranks, Technological Readiness (Mean Rank = 5.38) and Perceived Usefulness (Mean Rank = 4.97) emerged as the most influential factors. This suggests that respondents place high importance on the availability of technology and how useful they perceive the system or service to be in influencing their adoption or satisfaction.

On the other hand, factors such as Social Influence (Mean Rank = 2.46), Ease of Use and Accessibility (2.61), and Trust and Security (2.75) received

lower rankings, indicating these aspects are considered less influential by the respondents in comparison to technological and usefulness factors.

Meanwhile, Cost-Effectiveness (2.84), Institutional Support (3.20), and Demographic/Psychographic Factors (3.18) are moderately considered. Overall, the analysis highlights that improving technological infrastructure and demonstrating practical usefulness can significantly enhance user acceptance and engagement.

### (CRM): Concept and Components

In today's competitive business environment, organizations seek operational excellence that aligns customer expectations with business goals. CSQ focuses on meeting or exceeding customer expectations during service delivery, while CRM emphasizes understanding customer behaviors and

managing interactions across various touch points. This study examines the conceptual foundation of CSQ, the significance of CRM strategies, and how their integration supports a progressive business

approach. CRM refers to organizational strategies, systems, and processes that facilitate the management of customer interactions throughout the customer lifecycle.

## Kendall's Coefficient of Concordance

| Constructs         | Mean    | Std. Deviation | Mean Rank | Rank |
|--------------------|---------|----------------|-----------|------|
| Operational CRM    | 3.96    | 1.021          | 3.65      | I    |
| Analytical CRM     | 3.10    | 1.274          | 2.10      | III  |
| Collaborative CRM  | 3.69    | 0.891          | 3.41      | II   |
| No.of. Respondents | 200     |                |           |      |
| Kendall's W        | .117    |                |           |      |
| Chi-Square         | 219.004 |                |           |      |
| Asymp. Sig.        | 0.000   |                |           |      |

The Kendall's Coefficient of Concordance (W) was applied to assess the level of agreement among respondents regarding the importance of three CRM constructs: Operational CRM, Analytical CRM, and Collaborative CRM. The results indicate that Kendall's  $W = 0.117$ , suggesting a low to moderate level of agreement among respondents in ranking these constructs. However, the test yielded a Chi-Square value of 219.004 with an Asymptotic Significance (p-value) of 0.000, which is statistically significant. This means that although the extent of agreement is not strong, the differences in rankings across the constructs are systematic and not due to chance.

Based on the Mean Rank values, Operational CRM (Mean Rank = 3.65) was ranked first, indicating that respondents consider operational CRM practices—such as customer service automation, sales support, and service efficiency—to be the most important CRM dimension. Collaborative CRM (Mean Rank = 3.41) ranked second, highlighting the importance of communication and interaction across channels and departments in managing customer relationships. Analytical CRM (Mean Rank = 2.10) was ranked third, suggesting that while data analysis and customer profiling are valuable, they are perceived as less influential compared to the operational and collaborative aspects of CRM in this context.

## Discussion

The data involved related samples and ordinal-scale ratings, the Friedman Test served as an appropriate method to compare the mean ranks of the variables without assuming normality. The test evaluates how respondents prioritized specific dimensions such as *Trust and Security*, *Ease of Use* and *Accessibility*, *Cost-Effectiveness*, *Technological Readiness*, *Perceived Usefulness*, *Social Influence*, *Institutional Support*, and *Demographic and Psychographic influences*. The resultant means ranks provide insights into the relative importance and perceived impact of each factor in shaping customer experience and CRM outcomes. The test results, along with significance values, help determine whether the observed differences in rankings are meaningful and not due to chance.

## Recommendations

1. Invest in employee training to strengthen service delivery competencies.
2. Adopt incremental CRM implementation to minimize disruption.
3. Use customer data ethically and ensure compliance with privacy regulations.
4. Continuously collect feedback and refine service processes.
5. Foster cross-functional collaboration to maintain customer-centricity.

## Conclusion

Customer service quality and CRM strategies are essential for building a progressive business approach. CSQ ensures that customer interactions consistently meet expectations, while CRM provides the strategic and analytical foundation to nurture relationships and anticipate future needs. When integrated effectively, they enhance satisfaction, loyalty, and long-term organizational sustainability. In the evolving competitive landscape, businesses that prioritize customer-centric strategies, leverage technological innovations, and maintain service excellence will be best positioned to thrive. Overall, the findings suggest that practical, service-oriented CRM activities and effective communication systems are prioritized more heavily by respondents than analytical, data-driven CRM functions. This implies that organizations may need to focus on strengthening operational and collaborative CRM processes while continuing to develop analytical capabilities to support long-term strategic CRM effectiveness.

## Reference

1. Al-Azzam, A.; Khasawneh, R.T. Social Customer Relationship Management (Social CRM): A Strategy for Customer Engagement. In *Strategic Uses of Social Media for Improved Customer Retention*; IGI Global: Hershey, PA, USA, 2017; pp. 45–58.
2. Alenazi, S.A.; Alanazi, T.M. The Mediating Role of Sustainable Dynamic Capabilities in the Effect of Social Customer Relationship Management on Sustainable Competitive Advantage: A Study on SMEs in Saudi Arabia. *Sustainability* **2023**, *15*, 1952.
3. Bagó, P.; Voros, P. Social customer relationship management. *Act. Sci. Soc.* **2011**, *33*, 61–75.
4. Doni, F.; Fiameni, M. Can innovation affect the relationship between environmental, social, and governance issues and financial performance? Empirical evidence from the STOXX200 index. *Bus. Strategy Environ.* **2024**, *33*, 546–574.
5. Greenberg, P. *CRM at the Speed of Light: Social CRM Strategies, Tools, and Techniques*; McGraw-Hill: New York, NY, USA, 2010.
6. Gyedu, S.; Tang, H.; Ntarmah, A.H.; Manu, E.K. The moderating effect of environmental turbulence on the relationship between innovation capability and business performance. *Int. J. Innov. Sci.* **2021**, *13*, 456–476.
7. Khlif, H. Factors for Success in Customer Relationship Management (CRM) Systems. *World Acad. J. Manag.* **2021**, *9*, 16–20.
8. Lee, J.-S.; Kim, S.; Pan, S. The role of relationship marketing investments in customer reciprocity. *Int. J. Contemp. Hosp. Manag.* **2014**, *26*, 1200–1224.
9. Lin, J.-Y.; Chen, C.-C. Driving Innovation Through Customer Relationship Management—A Data-Driven Approach. *Sustainability* **2025**, *17*, 3663.
10. Peppers, D.; Rogers, M. *Managing Customer Relationships: A Strategic Framework*; John Wiley & Sons: Hoboken, NJ, USA, 2021.
11. Pozza, I.; Goetz, O.; Sahut, J.M. Implementation effects in the relationship between CRM and its performance. *J. Bus. Res.* **2018**, *89*, 391–403.
12. Rane, N.L.; Achari, A.; Choudhary, S.P. Enhancing customer loyalty through quality of service: Effective strategies to improve customer satisfaction, experience, relationship, and engagement. *Int. Res. J. Mod. Eng. Technol. Sci.* **2023**, *5*, 427–452.
13. Rapp, A.; Trainor, K.J.; Agnihotri, R. Performance implications of customer-linking capabilities: Examining the complementary role of customer orientation and CRM technology. *J. Bus. Res.* **2010**, *63*, 1229–1236.
14. Rodriguez, M.; Trainor, K. A conceptual model of the drivers and outcomes of mobile CRM application adoption. *J. Res. Interact. Mark.* **2016**, *10*, 67–84.
15. Ullah, A.; Iqbal, S.; Shams, S.M.R. Impact of CRM adoption on organizational performance: Moderating role of technological turbulence. *Compet. Rev. Int. Bus. J.* **2020**, *30*, 59–77.