The Impact of Customer Knowledge and Customer Relationship Management in the Quality of Services in the Insurance Company Sarmad

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Abstract

The aim of this study was to evaluate the effect of customer knowledge and customer relationship management in the quality of services in the Sarmad insurance. The method used in this research is correlation. Therefore, in this study, all members of the community population are an insurance company Sarmad, 214 people were randomly chosen. Data collection tools include questionnaire, customer knowledge, quality of service and customer relationship management. After scoring questionnaire and data extraction with spss and the effect of customer knowledge and customer relationship management in service quality of Sarmad Insurance Company had been shown with statistical test.

Keywords

customer knowledge, customer relationship management, quality of services

1. Introduction

Nowadays customer knowledge is one of the most important resources for innovation, but organizations for effective use of customer knowledge must improve its capacity to absorb this knowledge. Because the acquisition and use of customer knowledge is as easy as possible and any information and knowledge to create value will not be. Nowadays the efforts of organizations in addition to knowing “what you know” to know “what the customer knows” is focused. Customer relationship management sometimes as customer management, customer-centric and customer-centric management is referred. For a long time the common term used to express the willingness of companies to communicate with all customers have been. In this regard can be said to be a great thing what companies that have managed effectively attract your customers, services provided to them to be
best. And retain their best customers, the positive impact this would have been seen at the end of the road to profitability. All we are talking about the quality of goods and services that we use. And by the selection of goods and services deal. Without having to think quality definition. Many companies are trying to increase their competitiveness. Progressively from product-oriented to customer-oriented marketing to change their model. Since the quality of services must find new ways of working and new services to improve. Companies have to do in the processing of their knowledge in order to gain customer knowledge required to provide better customer satisfaction which can then be. Therefore, companies must create effective channels to gain customer knowledge So that it can improve the quality of service to enhance customer relationships. Hence in this study we have tried to study the impact of customer knowledge and customer relationship management in service quality. It is important to realize that the relationship between customer knowledge and customer relationship management and service quality can be performing the duties appropriate.

2. Literature Review

2.1 Customer Knowledge
Customer knowledge refers to an enterprise’s understanding of its current and future customers’ needs and preferences. Enterprises usually acquire customer knowledge by creating interactions and dialogues with customers, by observing how customers use products or experience service, as well as by analyzing corporate data and information in order to forecast customer behavior. Gibbert et al. (2002) noted that enterprises should carefully observe, interact and create dialogues with their customers to acquire customer knowledge so that they can provide customized service and maintain long-term relationships. Mithas et al. (2005) also stated that through interactions with customers, an enterprise can obtain customer knowledge related to new demands about products or services that can be helpful references for improvement; moreover, this process is beneficial to customer satisfaction, customer loyalty and employee productivity. Hence, firms that can integrate customer information and insights about them across core business processes will be the most successful. Liao et al. (2010) further indicated that enterprises can use data warehouse and data-mining tools to integrate product and marketing knowledge and to extract knowledge about customers, respectively. Then, this knowledge can provide distributors and retailers with information by which to develop new products and increase the relationship between corporations and their customer. In other words, enterprises should use existing or potential customer.

2.2 Customer Relationship Management
The concept of CRM emerged in early 1980 and was called “contact management”, which mainly compiled and documented all information regarding companies and their customers in order to conserve valuable customers. CRM focused on relationship management, lifetime value marketing, loyalty marketing, and one-to-one marketing. It is a kind of holistic strategic procedure that includes customer acquisition, selection, retention and collaboration to support selective retention of customers and to
manage the customer relationship in order to enhance customer loyalty and profitability. In other words, a CRM strategy must support the addition of value to the customers in terms of relationship management, loyalty programs, good product development, etc. Kamakura et al. (2005) further classified CRM into analytical and behavioral CRM. Analytical CRM refers to how an enterprise extracts and analyzes valuable knowledge through interactions with the customers. At the same time, this information is to be developed into customized strategies to enhance customer loyalty and to raise switching costs in order to obtain sustainable corporate advantage. While behavioral CRM is the integration amongst connection channels with its customers that include such things as stores, the internet, customer service, and so on, for which customer purchase and service records are documented that help enterprises to understand customers’ purchase behavior. Therefore, CRM is a strategic application designed to integrate information, processes, techniques, and talents. It aims to improve the relationship between companies and their customers by managing all customer-related activities, such as marketing, sales, service and support in order to identify and retain the most profitable customers and improve the profitability of less profitable customers. Kalakota and Robinson (1999) assumed that CRM should depend on corporate activities to support its operation. At the same time, they also explained that CRM activities could be classified into three phases as follows: acquisition, enhancement and retention. On the other hand, Peppers et al. (1999) classified CRM activities into four phases, including identifying, differentiating, interacting, and customizing while Sin et al. (2005) defined CRM activities involving manufacturers practice to satisfy customer needs, identify customer preferences, resolve customer complaints, provide after-sale service, and establish long-term relationships with their customers. Ngai et al. (2009) indicated CRM activities as customer identification, attraction, retention, and development. Ramani and Kumar (2008) indicated that good CRM helps firms refine their knowledge about customers’ tastes and preferences. Based on the literature review, it has also been found that customer demands keep changing; therefore CRM systems should keep improving to provide customers with satisfying products and services so that companies can maintain customer retention. If a company successfully maintains enthusiasm, participation and interaction with its customers, as well as continuously integrates sales, marketing, and customer care, then it is possible to enhance customer loyalty and expand customer lifetime value. Customer loyalty means that by personalizing its products and services, the firm can optimally satisfy customer needs and thereby generate long-term loyalty relationships. Customer lifetime value means that the firms estimated each individual customer taking into account the customers next purchase probability, contribution margin, and predicted individual customer-level marketing costs. Firms can derive individual predictions for customer value. Furthermore, customer behavior can be understood through customer lifecycles and then can provide customized products and services based on customer demands in order to attract, develop, maintain and retain customers. For example, credit card issuers provide customers with financial value, such as cash back and flier miles programs. Based on a review of relevant literature, this study found that CRM aims to improve the relationship between
companies and their customers by managing CRM activities, such as customer identification, attraction, retention, and development in order to enhance the profitability.

2.3 Service Quality

The current global market is highly competitive, and service providers have become much more focused on achieving high levels of customer satisfaction by offering excellent service quality. Parasuraman et al. (1985) explained that service quality should be measured during the process of providing service and suggested that it usually takes place when the customer and the staff are dealing with the service. Hence, service quality is measured based on a comparison between the perceptions and expectations on the service delivered. At the same time, they also classified ten interrelated factors that influence service quality as follows: reliability, responsiveness, competence, courtesy, access, communication, credibility, security, understanding and tangibles. In 1988, they further proposed the SERVQUAL measurement that simplified the aforementioned ten factors into the following five main factors: tangibles, reliability, responsiveness, assurance, and empathy. Syed and Amiya (1994) proposed five factors that included perceived fairness of the facility, empathy, responsiveness, reliability, and convenience in order to examine customer assessments of the service quality of an auto service facility. The results of their study showed that when the task was complex, and the customers did not feel knowledgeable, perceived fairness was found to be significantly more important than were the other four factors. On the other hand, Brady and Cronin (2001) suggested that service quality measurement should consist of interaction quality, physical environment quality, and outcome quality. The interaction quality covers the interaction between the enterprise and the customer including attitude, behavior, and expertise; while the physical environment quality describes the real conditions, including ambient conditions, design and social factors. The outcome quality is the results of service provided by the enterprise that includes waiting time, tangibles, and valence. As a result, service quality is the premise of customer satisfaction and is given significant importance owing to its close relationship with cost, financial performance, and customer retention. Furthermore, it is also a potential solution for issues related to consumer behavior or human resource management. Hence, enterprises have started focusing on the customer perceptions of service quality and subsequently on developing strategies by which to achieve customer satisfaction.

3. Research Model and Hypotheses

Figure 1 shows the correlation between customer knowledge and CRM on service quality. The purpose of this research is to understand how customer knowledge influences the relationship between enterprises and their customers, as well as how it can enhance service quality. In order to enhance service quality, companies should focus on their customers and collect customer knowledge so that they can enhance their customer service skills. Saloja et al. (2010) emphasize that firms should generate information not only about their customers but also from them. In other words, customer knowledge is not only about customer needs and purchasing history of the customer but also from the customer’s knowledge about products, services and the market place in general. These knowledge can enhance
companies to understand the reason why customers purchase their products and what services are their needs.

Salomann et al. (2005) further indicated that such customer knowledge can be implemented in the service process to generate new ideas and improve products and service. Thus, enterprises should effectively utilize their knowledge about customers to increase service quality so that customers will grow their repeat-purchase willingness and behavior (Butler, 2000). If enterprises possess outstanding customer knowledge, they can help their customers understand their demands and problems. As a result, they can provide appropriate service and problem solutions that will eventually enhance service quality. Hence, this research assumes that if enterprises can acquire effective customer knowledge, then it is possible to enhance service quality.

CRM integrates and manages all aspects of customer interactions with the organization to enhance the efficiency and effectiveness of marketing, sales and customer service (9). CRM systems improve not only the organization’s ability to initiate, enhance, and sustain relationships with customers, but also the ability to increase their knowledge about them. In other words, the long-term relationships with customers are based largely on customer knowledge. For example, through purchase behavior based on the records and related information processed, compiled, and analyzed using statistical methods, firms acquire customer knowledge, predict customer demands, customize a strategy for specific customers, and eventually enhance customer relationships and service quality. With the accumulation of customer knowledge, firms can be able to plan and carry out its CRM to cater to unmet customer needs better than its competitors and to retain the most valuable customers. Hence, firms that have greater knowledge of their customers are more likely to increase their ability to establish good customer relationships and to enhance service quality. In other words, firms can enhance the customer relationship through the process of sharing customer knowledge so that the staff can also enhance their creativity regarding the development of new products and enhanced service ability. This research proposes the following hypothesis:

H₁: customer knowledge has effect on the quality of service;
H$_2$: Customer knowledge has effect on the Customer relationship management;
H$_3$: Customer relationship management has effect on the quality of service.

4. Research Method

4.1 Measure Development

After developing the basic research model, a series of interviews with senior managers from different companies was conducted to assess the external validity of the model. The individual in-depth interviews that we will conduct are face-to-face and semi-structured nature, which is one of the most common approaches to interviewing in qualitative research. That allows the respondents to determine the direction and content of the interview within a broader framework provided by the interviewer.

After interviews with each senior manager were completed, the results were assembled, transcribed and e-mailed to the respondents for their review and approval eliminating any misinterpretations. This is expected to provide a richer and more holistic appreciation of the problems regarding research model. The draft questionnaire was tested by scholars and experts, which led to minor modifications in the wording of some survey items. All multiple-item variables were measured on a seven-point Likert-type scale from “strongly disagree” to “strongly agree”.

4.2 Sample and Data Collection

Data was collected to test the above hypotheses by means of a questionnaire. The questionnaire was mainly distributed through the internet. Sarmad insurance company has 479 delegacy that sampling was random and according to Morgan table 214 questionnaire has been collected. The survey questionnaire and a cover letter explaining the purpose of this study were mailed. Table 1 shows the demographics of the respondents that included genders, age, years of experience income.

<table>
<thead>
<tr>
<th>Table 1. Demographic Characteristics of the Responding Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable</strong></td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Years of work</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
4.3 Reliability and Validity of the Constructs

To check the validity of this study, a preliminary questionnaire that is based on literature and previous research was designed to study by experts. Based on the answers and opinions of experts on the preliminary questionnaire and after necessary adjustments and final approval of the supervisor, the final questionnaire was prepared and distributed among the study subjects. Cronbach’s alpha was used to measure the reliability of the research in this study were obtained, which represents 0.748 alpha coefficient reliability of the research is confirmed.

5. Analysis and Results

5.1 Test and Related Analysis of Data for Being Normal (k-S)

According to the results in table and according to significant level, Non-normal distribution of all data has been received and consequently society is abnormal and the tests can be used nonparametric tests.

5.2 Friedman Test (Prioritizing the Impact of Variables)

In the present study aimed to determine the amount of each of the variables, so any variables that accounted for more average rating, the higher ranking you will earn.

5.2.1 Prioritization of Issues Affecting the Customer Knowledge

H0: Average rating impact of the Issues of customer knowledge are the same.

H1: At least a couple of issues affecting the customer knowledge have significant differences.

Table 2. Test Result

<table>
<thead>
<tr>
<th>Number</th>
<th>Chi Square Test</th>
<th>df</th>
<th>sig</th>
<th>Error rate</th>
<th>test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>214</td>
<td>119.016</td>
<td>3</td>
<td>0.00</td>
<td>0.05</td>
<td>Rejection H0</td>
</tr>
</tbody>
</table>

The result show that according to the calculation of the significant level that its not more than 5 percent, so zero hypothesis is rejected. This means that at least a couple of influencal average rating of customer knowledge dimension have significant differences.

Table 3. Priority of Influence of Customer Knowledge Dimension

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Average</th>
<th>Factors affecting</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>2.20</td>
<td>Knowledge of the customer</td>
</tr>
<tr>
<td>1</td>
<td>3.01</td>
<td>Knowledge For the customer</td>
</tr>
<tr>
<td>4</td>
<td>1.94</td>
<td>Knowledge About customer</td>
</tr>
<tr>
<td>2</td>
<td>2.85</td>
<td>Cooperation in the creation of knowledge</td>
</tr>
</tbody>
</table>
As shown in the above Table 3, the variables Knowledge For the customer with an average of 3.01 in the present study was the first priority of customer knowledge. The variable Co operation in the creation of knowledge with an average of 2.85 in the second, the variable knowledge for customer with an average of 2.20 in third, and fourth place with an average of 1.94 are related to the knowledge about customer.

5.2.2 Prioritization of Issues Affecting the Quality of Service

H0: Average rating impact of the Issues of service quality are the same;
H1: At least a couple of issues affecting the quality of services have significant differences.

Table 4. Test Result

<table>
<thead>
<tr>
<th>test results</th>
<th>Erroe rate</th>
<th>sig</th>
<th>df</th>
<th>Chi Square Test</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rejection H0</td>
<td>0.05</td>
<td>0.00</td>
<td>4</td>
<td>233.338</td>
<td>214</td>
</tr>
</tbody>
</table>

The result show that according to the calculation of the significant level that its not more than 5 percent, so zero hypothesis is rejected. This means that at least a couple of influencal average rating of quality of service have significant differences.

Table 5. Priority of Influence of Quality of Service Dimension

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Average</th>
<th>Factors affecting</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>2.27</td>
<td>Physical facilities</td>
</tr>
<tr>
<td>1</td>
<td>4.20</td>
<td>Reliability</td>
</tr>
<tr>
<td>2</td>
<td>2.96</td>
<td>Assurance</td>
</tr>
<tr>
<td>4</td>
<td>2.64</td>
<td>Responsibility</td>
</tr>
<tr>
<td>3</td>
<td>2.93</td>
<td>Empathy</td>
</tr>
</tbody>
</table>

As shown in the above Table 5, the variables Reliability with an average of 4.20 in the present study was the first priority of quality of service. The variable Assurance with an average of 2.96 in the second, the variable Empathy with an average of 2.93 in third, and fourth place with an average of 2.64 are related to the Responsibility And the variable Physical facilities with an average of 2.27 in Fifth.

5.2.3 Prioritization of Issues Affecting the Customer Relationship Management

H0: Average rating impact of the Issues of Customer relationship management are the same;
H1: At least a couple of issues affecting the Customer relationship management have significant differences.
Table 6. Test Result

<table>
<thead>
<tr>
<th>test results</th>
<th>Error rate</th>
<th>sig</th>
<th>df</th>
<th>Chi Square Test</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rejection H0</td>
<td>0.05</td>
<td>0.00</td>
<td>3</td>
<td>119.044</td>
<td>214</td>
</tr>
</tbody>
</table>

6. Conclusion

The result show that according to the calculation of the significant level that its not more than 5 percent, so zero hypothesis is rejected. This means that at least a couple of influential average rating of Customer relationship management have significant differences.

Table 7. Priority of Influence of Customer Relationship Management Dimension

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Average</th>
<th>Factors affecting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.22</td>
<td>Focus on key customer</td>
</tr>
<tr>
<td>3</td>
<td>2.50</td>
<td>Organize appropriate</td>
</tr>
<tr>
<td>4</td>
<td>1.58</td>
<td>knowledge management</td>
</tr>
<tr>
<td>2</td>
<td>2.69</td>
<td>Technology</td>
</tr>
</tbody>
</table>

As shown in the above Table 7, the variables Focus on key customer with an average of 3.22 in the present study was the first priority of Customer relationship management. The variable Technology with an average of 2.69 in the second, the variable Organize appropriate with an average of 2.50 in third, and fourth place with an average of 1.58 are related to the knowledge management

6.1 Investigation of Hypothesis

6.1.1 First hypothesis: customer knowledge has effect on the quality of service.

To investigate the hypothesis at first we used Spearman correlation that the result are presented in the Table 7.

$H_0$: Sig $\geq$ 0.05;

$H_1$: Sig $<$ 0.05.

Table 8. Spearman Test Result for First Investigation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Value</th>
<th>Index</th>
<th>Test value</th>
<th>customer knowledge</th>
<th>(sig)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.492</td>
<td></td>
<td>0.000</td>
<td>214</td>
<td></td>
</tr>
</tbody>
</table>
Result on Table 8 shows that there is Significant level for correlation test between customer knowledge and quality of service, \( \text{sig} \geq 0.05 \) are calculated, So it can be concluded with 95% confidence that: customer knowledge and quality of service has Meaningful connection. In the season, confirm or reject this hypothesis will evaluated with regression test.

\[ H_0: \rho \text{ on the condition } \text{sig} \geq 0.05 \text{ customer knowledge had no significant effect on quality of service;} \]
\[ H_1: \text{ the condition } \text{sig} < 0.05 \text{ customer knowledge has a significant impact on quality of service.} \]

Standard deviation represents the dispersion of points around the regression line, whatever the standard deviation has less correlation with value of variable, regression model will be more reliable.

Table 9 is variance analysis that check overall accuracy of the regression equation. Statistic obtained by the regression line that given that the significant level is less than acceptable level of error (%5), the overall accuracy of the model can be approved.

### Table 9. Analysis of Variance Customer Knowledge

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Average square</th>
<th>F</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.352</td>
<td>1</td>
<td>1.352</td>
<td>68.651</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>4.176</td>
<td>212</td>
<td>.020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.528</td>
<td>213</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Because significant level is small, so zero hypothesis based on there is any leaner correlation between dependent variable and independent variable will rejected.

6.1.2 Hypothesis 2: Customer relationship management has effect on the quality of service.

To investigate the hypothesis at first we used Spearman correlation that the result are presented in the Table 10.

\[ H_0 \geq 0.05; \]
\[ H_1 < 0.05. \]

### Table 10. Spearman Test Result for First Investigation

<table>
<thead>
<tr>
<th>Variables</th>
<th>value</th>
<th>Index</th>
<th>Test value</th>
<th>Customer relationship management</th>
</tr>
</thead>
<tbody>
<tr>
<td>sig</td>
<td>0.0001</td>
<td>number</td>
<td>0.552</td>
<td>of samples</td>
</tr>
<tr>
<td>number of</td>
<td>214</td>
<td>(samples)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Result on Table 10 shows that: there is Significant level for correlation test between Customer relationship management and quality of service, \( \text{sig} \geq 0.05 \) are calculated, So it can be concluded with 95% confidence that: Customer relationship management and quality of service has Meaningful connection. In the season, confirm or reject this hypothesis will evaluated with regression test.

\( H_0: \rho \) on the condition \( \text{sig} \geq 0.05 \) Customer relationship management had no significant effect on quality of service;

\( H_1: \) the condition \( \text{sig} < 0.05 \). Customer relationship management has a significant impact on quality of service.

Standard deviation represents the dispersion of points around the regression line, whatever the standard deviation has less correlation with value of variable, regression model will be more reliable.

Table 11 is variance analysis that check overall accuracy of the regression equation. Statistic Obtained by the regression line that given that the significant level is less than acceptable level of error (%5), the overall accuracy of the model can be approved.

**Table 11. Analysis of Variance Customer Relationship Management**

<table>
<thead>
<tr>
<th>model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Average square</th>
<th>F</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.622</td>
<td>1</td>
<td>1.622</td>
<td>45.663</td>
<td>.000a</td>
</tr>
<tr>
<td>residual</td>
<td>7.530</td>
<td>212</td>
<td>.036</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>9.152</td>
<td>213</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Because significant level is small, so zero hypothesis based on there is any leaner correlation between dependent variable and independent variable will rejected.

6.1.3 Hypothesis 3: Customer Knowledge Has Effect on the Customer Relationship Management

To investigate the hypothesis at first we used spearman correlation that the result are presented in the Table 8.

\( H_0 \geq 0.05; \)

\( H_1 < 0.05. \)

**Table 12. Spearman Test Result for First Investigation**

<table>
<thead>
<tr>
<th>Variables</th>
<th>value</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>number of samples(n)</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>sig</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>test value</td>
<td>0.454</td>
<td></td>
</tr>
<tr>
<td>customer knowledge</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Result on Table 12 shows that: there is a significant level for correlation test between Customer knowledge and Customer relationship management; sig≥0.05 are calculated. So, it can be concluded with 95% confidence that: Customer knowledge and Customer relationship management has a meaningful connection. In the season, confirm or reject this hypothesis will be evaluated with regression test.

H0: \( \rho \) on the condition sig≥0.05 Customer knowledge had no significant effect on Customer relationship management;

H1: the condition sig<0.05 Customer knowledge has a significant impact on Customer relationship management.

Standard deviation represents the dispersion of points around the regression line, whatever the standard deviation has less correlation with value of variable, regression model will be more reliable.

Table 13 is variance analysis that check overall accuracy of the regression equation. Statistic F obtained by the regression line that given that the significant level is less than acceptable level of error (%5), the overall accuracy of the model can be approved.

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>df</th>
<th>Average square</th>
<th>F</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Regression</td>
<td>1.890</td>
<td>1</td>
<td>1.890</td>
<td>55.178</td>
</tr>
<tr>
<td></td>
<td>residual</td>
<td>7.262</td>
<td>212</td>
<td>.034</td>
<td></td>
</tr>
<tr>
<td>total</td>
<td></td>
<td>9.152</td>
<td>213</td>
<td>.034</td>
<td></td>
</tr>
</tbody>
</table>

Because significant level is small, so zero hypothesis based on there is any leaner correlation between dependent variable and independent variable will be rejected.

7. Discussion

This research showed that customer knowledge has a positive influence on service quality. This demonstrates that if an enterprise can acquire valuable customer knowledge, it will be possible to improve service quality. Due to the growing customer demand for service quality, enterprises will be highly likely to lose customers if they are not satisfied. On the contrary, if an enterprise thoroughly understands customer demands regarding products and services and is able to provide service beyond customer expectations, then it is possible to highly enhance service quality. This research further showed that enterprises should effectively gain customer knowledge regarding their perceptions of product quality and customer service, the effectiveness of sales personnel and related communications, as well as social compliance, so that they can properly manage customer dynamics and market trends in order to increase customer relationships, improve overall service quality, and advance corporate competitiveness. It showed that a high rate of service quality is positively and highly influenced by the
rate of customer satisfaction, and eventually, operational performance can be enhanced.

8. Conclusions

This research indicated that effective sales personnel and communication, quality and service are the most crucial variables to determine service quality. This implies that if a salesperson is equipped with professional knowledge and excellent communication skills, the service quality will increase; while good product quality and customer service can increase customer satisfaction and eventually enhance service quality. Therefore, this research suggests that enterprises should establish reliable quality management standards, as well as emphasizing first-line sales training so that sales personnel will be equipped with excellent communication skills and adequate professional knowledge. Moreover, the research results showed that CRM is the partial intervening variable between customer knowledge and service quality. In other words, customer knowledge has a positive influence on CRM, while CRM also has a positive influence on service quality. This shows that if enterprises can acquire adequate levels of customer knowledge, they will enhance their relationship with their customers. Furthermore, the better the relationship between enterprises and their customers, the higher the service quality will be. This research explored the impact of customer knowledge and CRM on service quality based on the company’s perception and there was no validation on the customers’ perception of the company. Moreover, there are many people that did not answer the questionnaire/did not complete it in a valid way. It would be preferable if a short analysis of this dropout rate was done. Therefore, it is suggested that future research should involve company staff, current customers, and latent customers to strengthen the triangulation.

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