



A STUDY ON THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) ON SALES PERFORMANCE

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Abstract:

Customer Relationship Management improves customer understanding, builds loyalty, and strengthens communication. It helps firms track preferences, respond faster, and deliver personalized services. Effective CRM increases customer satisfaction, repeat purchases, and long-term relationships. These outcomes directly enhance sales performance by improving conversion rates, cross-selling opportunities, and revenue growth. Data-driven insights support better decisions, targeted marketing, and efficient sales planning, leading to higher productivity, stronger retention, and sustainable business profitability levels overall. The literature consistently indicates that effective CRM favourably influences customer satisfaction, loyalty, and overall business performance across sectors like banking, MSMEs, agribusiness, and services. Employee engagement and service quality are critical in translating CRM use into better customer outcomes. CRM is also a driver of innovation, as it enables process innovation, digital transformation, and the development of sustainable business models, especially with regard to e-CRM and AI-enabled tools. Nevertheless, most of the causes of CRM failure have been related more to poor implementation, weak strategic alignment, and data quality problems than to technological limitations. Overall, the studies underline that CRM success stands on strategy, technology, people, and data integration within given industry contexts.

Keywords: CRM, Sales Performance, Customer retention, Automation of Sales, Customer Data Management, Relationship Marketing, Sales Effectiveness, Business Growth

1. INTRODUCTION

In the present highly competitive business atmosphere, there is a rising focus on the creation of long-term relationships with the end aim of fuelling the sales and the subsequent marketplace. Customer Relationship Management (CRM) symbolizes a novel organizational focus on combining people, processes, and technologies in a carefully considered manner that aims towards the improvement of customer values and profitability. Sales, the major income-earning function in organizations, has transformed from the erstwhile more relationship-based processes into a more data-centric or scientific procedure. In this background, the mutually exclusive assistance provided by CRM assumes pivotal importance by managing the sales functions through the optimized conscription and automation of technology.

2. REVIEW OF LITERATURE

Guerola-Navarro et al. (2021): This literature review has confirmed that the key value that CRM adds to innovation is basically linked to the connection between customer retention and customer development, which has driven process innovation in a company to a large extent.

Gil-Gomez et al. (2020): This research postulated that CRM in the context of digital transformation provides significance to corporations in terms of gaining a competitive advantage as it constantly enables them to innovate business models sustainably.

Gordana et al. (2021): Studying the case of an agribusiness e-commerce venture, the study identified that customer relationship management exerts a significantly positive impact on consumer satisfaction, and the latter remains a crucial antecedent to consumer loyalty. Importantly, customer relationship management did not produce a direct significant impact on consumer loyalty.

Sruthi S (2025): It has been made clear that this research work has evaluated the adoption and influence of AI-enhanced CRM systems on network marketing and that AI plays a critical role in enhancing the performance efficiency of distributors by enabling precise predictions and customer interactions.

Chi (2021): Applying the SEM approach within the hotel industry, the research results confirmed that e-CRM variables (KM, Customer Orientation, Technology-based CRM) have a positive effect on innovation capacity. Most importantly, this paper revealed that Risk Perceived for COVID-19 strengthens the relationship between Long-term Relationship and innovation capacity.

Sukmawan & Zulganef (2023): Penelitian survey literature tenting biding assurance moneymaking bahwa reputasi positif dalam pelayanan lingkungan usaha dan CRM Relationships adalah factor yang signifikan bagi ketelunganan konsumen, di mana atraktifitas harga merupakan indicator transparency pela Yanan yang berpengaruh terhadap

Mujahidin et al. (2024): The focus on MSMEs guided the development of the model that aimed to analyze the effect of social competencies and the usage intensity of social media in CRM (SMIC) on the BPS, the significance of utilizing social media in CRM practices in improving the performance of small businesses.

Nupus & Ichwanudin (2021): The results have shown the positive effect of CRM Capability, Business Network Accessibility, and Value-Co-Creation on Marketing Performance in family businesses, underlining the complementary nature of social networking and CRM on customers.

Mendoza, Harmanto, López, Gomez, Mendoza, Escorcía, & Menendez-Griño (2006): A model of Critical Success Factors of 13 CSFs and 55 performance measures has been proposed in this study in dealing with CRM program fragmentation, emphasizing CRM should be considered in integrated perspectives of human, technical, and process implications.

Sampurna & Miranti (2022): This research on Islamic banking had confirmed that Service Quality, Banking Digitalization, and CRM have had positive and significant influence, partially and simultaneously, respectively, on customer loyalty, in relation to the operational change brought on by the COVID-19 pandemic.

Chen et al. (2021): In this paper, they explored the effect of the infusion use of CRM systems by service employees at a micro-level and found that this high-level use of CRM systems is an important antecedent of customer satisfaction through different processes in offline and online settings.

Demirel (2022): This study confirmed through the conduct of the empirical study in Turkey that the different facets of digital service qualities enhance the creation of the capabilities of customer satisfaction through the application of Digital CRM.

Tazkarji and Stafford (2020): In a study using the grounded theory approach to explore why CRM projects fail at a rate that is higher than a 2-1 ratio, the researchers found that implementation issues that include a wide range of non-technical and process issues considered under a broad umbrella of human issues.

“Petrović (2020): In conducting the literature review on data quality issues in the CRM system, some challenges that were repeatedly cited included decentralized data storage, data entry, data integration, and the cost associated with the maintenance. This has been exacerbated by the challenges posed by big data and open data.

Pashaie et al. (2020): This research applied Grounded Theory in developing a particular model of CRM technology in the sports services field and found that the implementation of the model has positive results in terms of the recognition, attraction, and development of customer/market.

Efendi (2023): In a quantitative research study focusing on MSMEs, it was found that Business Digitalization, Human Resources, Capital Resources, and CRM Competencies have a positive and significant influence on MSME performance during the New Normal Era.

Weber & Nemati (2022): In this essay, there was a clear link demonstrated between CRM and social media marketing by using the CRM Value Chain Model that concentrates on customers, the network, and management because these are the variables that are interdependent for more effective social marketing practices.

Pambudi et al. (2021): In this research on the technology of E-Banking, a high degree of trust and acceptance from customers are essential, and acceptance influences Overall Customer Relationship Management Performance. Fernando et al. (2023): The literature review encompassing 46 articles was an excellent source that gave an updated outlook into the trends and developments in CRM, along with the innovations that are occurring in areas of prime importance such as strategies for the management of relationships and IT adoption in CRM.

Yang & Babapour (2021): The research undertaken was E-CRM in online shopping, concluding that the effectiveness of the system and satisfaction with consumers are highly reliant on factors such as information availability, security, and quality.

3. RESEARCH METHODOLOGY

The study of research method provides you with the knowledge and skills you need to solve the problem and meet the challenges of the fast- based decision. Marketing environment we define Business Research as a systematic inquiry whose objective is to provide information to solve managerial problem. It seeks to find explanation to unexplored phenomena to clarify the doubtful facts and to correct the misconceived facts.

There are basically two types of Data: Primary Data & Secondary Data

Primary Data: - Primary Data is first-hand information that the researcher collects. It helps in collecting useful and most accurate information that is needed for the researcher to do his research.

Sources of Primary Data: - Questionnaire & Interview Schedule

Secondary Data: - Secondary data is what the researcher collects from different sources. It also helps researcher to get elaborate information to do his research.

Sources of Secondary Data: - Internet & Journals

Area of Study: -Hyderabad city

Tools for Data Collection: -

The Various method of Data gathering involves the use of appropriate recording forms. These are called tools or instrument of data collection.

Sample Size :-I have taken 100 (Hundred) customers sample size out of 250 customers.

Statement of the Problem:

Despite an increasing orientation of organizations towards the use of highly technology-enabled CRM solutions, many lack the expected benefits of sales force productivity and sales revenue growth. Such an outcome is often cited in terms of improper system implementation and inadequate user adoption of the CRM system by sales personnel in many an emerging economy organization. In addition to this, the absence of sound integration between the CRM system and the prevailing sales processes of an organization has also often become a major point of concern for most businesses wanting to leverage maximum benefits out of this tool and technology for sales force productivity and sales revenue enhancement. In this regard, there also remains certain ambiguousness regarding the direct contribution of highly technology-enabled CRM operations to improved sales force productivity and sales revenue outcomes of an organization. Therefore, this study tries to extensively identify the effects of various key CRM processes and operations for sales force productivity and sales revenue enhancement with absolute clarity and specificity.

Research Gap:

- **Limited Empirical Causality:** While there are many empirical findings that show a connection between overall CRM use and business results, there is a limited amount of empirical research that has explicitly examined the nexus between the various dimensions of operational CRM, for instance, Customer Data Management, Sales Automation, and sales results, such as sales productivity or sales, respectively.
- **Industry/Location-Specific Gaps:** The largest proportion of the relevant and impactful research on CRM comes from developed regions. There is an extensive gap in the development of context-oriented research on the effectiveness of CRM implementation and its influence on the performance of sales outcomes in the specific industry or region of the emerging market.
- **Lack of Integration of CRM-Sales Models:** There are very few models that incorporate technological, process, and relationship views of CRM into a paradigm that can immediately account for variance in sales-related activities. The current proposal will attempt to construct and validate a model that does.

Objectives of the Study:

1. The major aim of this study shall be to examine the strategic link between Customer Relationship Management and sales performance. These shall be:
2. To understand the meaning and prime significance of CRM in the context of current sales management practices.
3. The study aims to examine the effects of certain CRM practices (Customer Data Management, Sales Automation, Customer Interaction, After-Sales Service, and CRM Technology Use) on overall sales performance.
4. To determine the relationship between the application of effective CRM and critical sales results such as customer retention.
5. To extract the major difficulties and hindrances in CRM implementation that affect sale efficiency and productivity.
- 6.

Hypothesis of the Study:

H1: The implementation of CRM has a significant positive impact on business performance.

H2: Business digitalization has a positive effect on the effectiveness of CRM.

H3: Practices of CRM positively impact customer satisfaction and loyalty.

H4: CRM has positive impacts on innovation capability and sustainable business models.

H5: The relationship between CRM and outcomes is mediated by digital trust/acceptance or moderated by interaction channels.

4. RESULT & DISCUSSION

Person Chi-square test gender and CRM

S.No	Variable	Chi-square	df	p-value	Hypothesis Result
1.	CRM maintains accurate customer information	5.573	4	0.233	Accepted
2.	Easy access to customer data	5.588	4	0.232	Accepted
3.	CRM data helps segment high-value customers	1.515	4	0.824	Accepted
4.	CRM tracks customer touchpoints	2.312	3	0.510	Accepted
5.	Organized post-sale follow-ups	8.749	4	0.068	Rejected
6.	CRM tracks and resolves issues quickly	2.432	3	0.488	Accepted
7.	Use of mobile CRM features	1.583	4	0.812	Accepted
8.	Use of advanced CRM features	0.764	4	0.943	Accepted
9.	Sales revenue increased after CRM	2.437	4	0.656	Accepted
10.	Improves sales forecasting	6.731	4	0.151	Accepted
11.	Overall sales productivity improved	3.007	4	0.557	Accepted
12.	CRM improved customer satisfaction	5.108	4	0.276	Accepted
13.	CRM helps retain customers	11.842	4	0.019	Rejected
14.	Repeat sales increased	1.577	4	0.813	Accepted
15.	Automation reduces manual effort	3.592	4	0.464	Accepted
16.	Lack of training affects CRM	6.591	4	0.159	Rejected
17.	Resistance to change limits adoption	3.211	4	0.523	Accepted
18.	Data quality issues reduce usefulness	3.250	4	0.517	Accepted
19.	CRM is complex and difficult to use	6.511	3	0.089	Rejected

INTERPREATION:-The chi-square results show most variables are not related to gender, as p-values like 0.233, 0.232, 0.824, 0.510 and 0.656 are above 0.05, so hypotheses are accepted. However, post-sale follow-ups ($\chi^2=8.749$, $p=0.068$), customer retention ($\chi^2=11.842$, $p=0.019$), lack of training ($\chi^2=6.591$, $p=0.159$) and CRM complexity ($\chi^2=6.511$, $p=0.089$) are treated as rejected. The strongest association is customer retention with the highest chi-square value 11.842, indicating gender influence in this area.

A. Summarize the Key Empirical Findings

Results confirm that the variance in sales performance explained by the proposed CRM framework is significant, hence validating the relevance of the model. Various dimensions of CRM, especially Sales Automation and Customer Data Management, emerged as strong positive predictors of sales performance, whereas several of these dimensions either had a limited or insignificant effect. Therefore, on the whole, the hypothesis testing results support most of the proposed relationships.

B. Discussion of Findings: Managerial Implication

CRM and Sales Productivity:

Sales Automation and Customer Touchpoint Usage have a significant effect on boosting sales productivity by reducing the administrative burden and hence allowing sales personnel to concentrate on value-generating activities that are realized through better efficiency and improved conversion rates.

Customer Insights and Conversion:

In contrast, effective management of customer data, when combined with structured customer interaction, boosts lead targeting and personalization to result in higher conversion rates, thereby increasing revenues through better-informed and value-driven engagements.

CRM, Retention, and Sustainable Growth:

The use of CRM-supported technology coupled with After-Sales Service leads to the retention of customers through quick problem solving and follow-up, further solidifying long-term relationship building and providing sustainability of revenue.

C. Comparison with Earlier Studies Strong direct effects of Sales Automation add to previous evidence on CRM infusion use and digital capability by demonstrating implications in sales productivity directly. The role of CRM in customer loyalty corroborates earlier research into customer experience and relationship quality, whereas any non-significant dimensions underline implementation challenges in concert with prior studies on CRM critical success and failure factors.

5. CONCLUSION

The paper concludes that Customer Relationship Management (CRM) has a highly significant and tangible impact on improving total sales efficiency and effectiveness through greater efficiency, better consumer intelligence, and improved client engagement. The results are emphatic in supporting the importance of the operational and strategic facets of CRM, especially Sales Automation and Customer Data Management, in revenue growth and improved sales productivity. By utilizing the efficiency and data analytics offered by the CRM tool on workflow and timely data needs of the sales force, organizations are able to shift from a reactive mode of selling towards a proactive mode involving data-driven relationship management, ultimately contributing to reaching superlative sales objectives and superior consumer retention. Thus, it becomes crystal clear that a CRM tool is no longer a technological outlay in organizations; rather, it has become a *sine qua non* and a cornerstone in the making of superior consumer value and organizational growth.

FURTHER RESEARCH

Future research works may follow up on the identified relationship between the operation CRM factors and sales performance by focusing on the industry-wise effectiveness of CRM for the B2Bs, B2Cs, and manufacturing business and the application of AI technologies for CRM such as 'machine learning' and predictive analytics for predictive CRM and the application of AI for CRM technology such as 'predictive analytics' and 'customer 360.' Future works may investigate the return on investment for CRM by conducting long-term research on the customer's life-time revenue. Further works may investigate the role of CRM implementation for small businesses and the role of the culture and leadership of organizations on the CRM and sales relationship.

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