


Customer relationship management and its perceived value from the perspective of SME owners/managers

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ABSTRACT

Recent years have seen the world economy wreaking havoc among businesses large and small. As such, small and medium-sized enterprises (SMEs) are facing multiple challenges. This study examines the effect of SME owners'/managers' awareness of customer relations and the management thereof; the perceived value of good customer relations; customer relationship management in practice; and the business systems required to foster proper customer relations on the strength of relationships between customers and SMEs. A survey questionnaire was hand-delivered to 300 SMEs operating in the Tshwane metropolitan area in Gauteng, South Africa. A total of 276 useful responses were returned to the researcher, representing a response rate of 92 per cent. IBM SPSS Statistics Version 28 was used to perform descriptive as well as inferential analyses of the quantitative data. Most responding SMEs (83.5%) believed that their customer relationships were strong to very strong. It was found that participating SME owners/managers regarded perceived value of good customer relationships as the only construct that has a significant influence on strong customer relationships. Good relationships with customers were regarded as a mechanism for survival and increased sales, and the owners/managers of the participating SMEs believed that their customers would visit their establishments and buy merchandise regardless of price and quality if sound relationships were in place.

Keywords: Business systems, customer relations management (CRM), customer value, small and medium-sized enterprise (SME), South Africa, perception

INTRODUCTION

Over the past decades, more and more marketing literature has provided ample evidence of the importance of close and long-term relationships between companies and their customers. Customer orientation (CO) has consequently been a focused business philosophy for many years and still applies today.

However, establishing and maintaining a degree of CO is not an easy task, and it often requires considering other strategic orientations that interplay closely with CO and affect its implementation. In today's business environment, being customer-driven alone may not be sufficient anymore to achieve competitive success. There is a greater need for innovativeness that can lead to sustained increased performance by a company and effect customer retention. When a business meets customer needs through innovative products and services, they will be more likely to repeat their purchases and, as a result, customer retention will be increased (Tuominen, et al., 2022). While good customer service helps to retain customers in the short term, innovation is aimed at securing long-term customer support and loyalty.

Small businesses are the backbone and life-blood of many economies around the world (Abdur-Rahman, 2023). Such businesses play a vital role in driving innovation at all levels and contribute to poverty alleviation and economic growth. They create jobs in their communities and form relationships with those communities. It is a well-documented fact that small businesses use financial criteria as the measure of their business success. However, many of them acknowledge that factors such as customer relationships contribute significantly towards attaining that success (Walker & Brown, 2004). If customers perceive a business and its offerings positively, it can be assumed that they will be more inclined to continue their support of such a business. Research has shown that 78 per cent of consumers consider their experience with a brand and company to decide if they will keep on doing business with that company (Amarean, 2023). This fact underscores the importance of businesses building relationships with customers and ensuring that such relationships are at the very least perceived as being valued by the business.

One of the main critical advantages an SME has is its ability to build and maintain sound relationships with its customers and establish a fundamental source of competitive advantage in the process. Businesses large and small are focusing on the needs of their customers in ever more sophisticated and unique ways. However, in the case of SMEs, there is generally a lack of resources to implement customer relationship management (CRM) strategies. CRM aims to establish a partnership between a business and its customers – that implies more than just a transactional relationship. Such a relationship is fostered through the products on offer, customer service, support, advice and many more.

CRM is not a one-off action, but requires dedication and well-designed strategies to establish, grow and maintain relationships. It is a process through which the contact and interaction with customers are managed in such a way that a strong and long-term, mutually beneficial relationship is established with customers – a relationship that can be a strategic advantage of a business compared with its competitors. CRM therefore forms an integral part of the CO process of a business. Customer relationships are, in many instances, regarded as the core, heart and soul of a business as it is focused on identifying, understanding and cultivating customers to determine their demands, tastes and preferences comprehensively.

Grasping these concepts helps SMEs to understand their customers better and to offer products based on customer preferences. Given the role and importance of CRM, business owners must manage the effect of customer relationships, the perceived value of such relationships, their business systems and other stakeholder relationships on the nature (strength) of the relationship between them and their customers. This study therefore posited that SME owners'/managers' understanding of these issues impacts significantly on the strength of the relationship between an SME and its customers.

The article commences with a literature overview covering CRM; business owners' perception of customer relationships; business processes and systems; as well as the value of good customer relations. The literature review is followed by the research methodology and results and data analysis sections. The article ends with a discussion of the findings and a conclusion.

LITERATURE REVIEW

As indicated, CRM is an essential component and part of market orientation and, by implication, integral to CO, which, in turn, best reflects the core of the marketing concept (Domi, et.al, 2019; Deshpandé et al., 1993; Frambach et al., 2016; Han et al., 1998; Narver & Slater, 1990). Various authors have submitted definitions of CRM. In simple terms, it can be defined as the process of acquiring customer information and managing such information in a way that maximises customer loyalty. According to Purnama (2015), CRM is an extensive and planned approach towards creating, maintaining and developing relationships with customers.

For this study, CRM was defined as a strategic decision taken by a business to establish and maintain good relationships with customers, and to meet their expectations regarding service and product offerings in the process.

However, to facilitate proper customer relations, managements must have a favourable perception of their relationships with customers.

PERCEPTION OF BUSINESS OWNERS OF RELATIONSHIPS WITH THEIR CUSTOMERS

Personalisation: A key differentiator

SMEs possess a unique advantage in their ability to personalise products and services (Levinson & Godin, 2010). This personalised touch is highly valued by customers.

Listening and adaptation: The cornerstones of success

SME owners excel in their receptiveness to customer feedback and agility in adapting to changing preferences (Day, 2011).

Actions to foster strong customer relationships

- Consistent communication: Regular newsletters, social media updates and e-mail marketing are invaluable for keeping customers informed about new offerings (Hiebing & Cooper, 2011).
- Community engagement: Active participation in local events and supporting community causes demonstrate a genuine commitment to locality (Mason & Donnelly, 2011).
- Feedback mechanisms: Easy-to-use feedback channels, like surveys and online reviews, provide platforms to acquire valuable customer opinions (Pappas, 2016).
- Rewarding loyalty: Implementation of loyalty programmes offering discounts, exclusive access or personalised offers to valued, repeat customers (Reichheld, 1996).
- Adaptability: Willingness to change and readily adapt products or services based on evolving customer needs and market trends (Dibrell et al., 2008).

BUSINESS PROCESSES AND SYSTEMS

The implementation of CRM has an impact on all business systems and processes in an organisation, irrespective of whether it involves customers directly or not. According to Purnama (2015), the customer relationship process includes the following:

- Identification: A company should identify customers who could be regarded as its most valuable and profitable based on loyalty, value of purchases and future potential value. That requires an understanding of who customers are and developing a proper profile of such customers. The typical things to know about customers include (a) who the customers are and information about them; (b) demographic and psychographic information such as the names of the customers; and (c) information that will enable a business to contact customers.

- Differentiation: The customer base should be categorised into different segments based on behaviour, demographics and customer expectations.

Other authors submitted the following:

- Active listening: Customer feedback, both positive and negative, should be attended to. Suggestions should be acted on and issues should be resolved promptly (Day, 2011).
- Consistent communication: Customers should be kept informed about new products, promotions and updates through regular newsletters, social media or e-mail marketing (Hiebing & Cooper, 2011)
- Exceptional customer service: All customer-facing staff should be trained to provide excellent service. Enquiries and concerns should be addressed promptly (Brown & Dev, 2018).
- Community engagement: Businesses should participate in local events, support charitable causes and engage actively with communities (Mason & Donnelly, 2011). That shows that a business is invested in its community's well-being.
- Feedback mechanisms: Easy-to-use feedback channels, such as surveys or online reviews, should be implemented to collect customer opinions and gauge satisfaction levels (Pappas, 2016).
- Rewards and loyalty programmes: Loyalty programmes that reward customers for their repeat business should be developed. Discounts, exclusive access or personalised offers should be offered to loyal customers (Reichheld, 1996).
- Adaptability: Businesses should be willing to change and adapt their products or services based on evolving customer needs and market trends (Dibrell et al., 2008).
- Transparency: Businesses should be honest and transparent in their business dealings. Trust is a fundamental element of a strong customer relationship (Gummesson, 2002).

THE VALUE OF GOOD CUSTOMER RELATIONS

Establishing and maintaining strong customer relationships are of paramount importance for small businesses. Sound relationships not only contribute to the overall success of a business, but also offer several tangible benefits.

- Customer retention: Loyal customers are more likely to make repeat purchases and spend more with a business over time (Reichheld, 1996). It is more cost-effective to retain existing customers than to acquire new ones, making customer retention a crucial aspect of profitability.
- Word-of-mouth marketing: Satisfied customers are more likely to recommend a business to friends and family (Tellis & Tellis, 2009). Positive word-of-mouth marketing can be a potent driver of new customer acquisition.
- Higher profit margins: Long-term customers tend to be less price sensitive and more willing to pay premium prices for products or services (Fornell et al., 1996). That can lead to higher profit margins for businesses.
- Feedback and improvement: Building relationships with customers fosters an environment where feedback is freely exchanged. Such valuable feedback can be used to enhance products or services and improve business operations (Reichheld, 1996).

RESEARCH METHODOLOGY

The study on which this article is based adopted an exploratory approach, using a survey questionnaire to collect data from various SMEs across the central business district (CBD), suburbs and townships (a suburb or area predominantly inhabited by black people and formerly designated for black occupation by apartheid legislation) of the Tshwane metropolitan area in the province of Gauteng, the economic heartland of South Africa. As the majority (70%) of SMEs in this country are neither registered nor captured on a database (Bureau for Economic Research, 2016), non-probability sampling was used in the form of convenience sampling to select SMEs in the area.

Trained fieldworkers hand-delivered 300 self-administered questionnaires to SMEs, and respondents were informed of their right to withdraw from the study at any time without fear of penalty. A total of 276 useful responses were returned to the researcher, representing a response rate of 92 per cent.

Open-ended questions were analysed using directed content analysis. In conjunction with content analysis, basic descriptive statistics were used to calculate frequencies and percentages to arrive at a graphic presentation of the data.

The overall sample for the study consisted of 276 respondents (n=276), of whom most were African (n=163, 59.5%). In terms of gender, 66.8 per cent (n=183) were male and 33.2 per cent (n=91) female. The majority (42.6%; n=117) fell in the age group 18–29, and 15.6 per cent (n=43) of the respondents were 40 years or older. The sample consisted predominantly (81.3%, n=221) of small enterprises with a staff complement of fewer than ten employees per establishment. In total, 18.8 per cent (n=51) employed between 11 and 50 workers; thus, by definition their enterprises could be classified as small. Most respondents (55.2%; n=149) were located in townships, 21.1 per cent (n=57) were situated in the CBD and the remaining 23.7 per cent (n=64) were in the suburbs. Most respondents (45.4%; n=122) had been in operation for between one and five years, while only six (2.2%) had been in business for more than 25 years. A large number of questionnaires (67.6%; n=181) were completed by enterprise owners, while the managers of the businesses (21.3%; n=87) completed the remainder. Table 1 summarises these findings.

The above provides a brief overview of the target group, which represented a satisfactory mixture of businesses on which to base the findings. The questionnaires asked the respondents about their perceptions of branding, as well as their establishments' marketing foci.

TABLE 1: DEMOGRAPHIC PROFILE

		Count (n)	%
Gender	Female	91	33
	Male	183	66.3
	Missing	2	0.7
	Total	276	100.0
Age	18–24	37	13.4
	25–29	80	29.0
	30–34	71	25.7
	35–39	44	15.9
	40+	43	15.6
	Missing	1	0.4
	Total	276	100.0
Race	African	163	59.1
	White	23	8.3
	Coloured	50	18.1
	Indian	32	11.6
	Asian	6	2.2
	Missing	2	0.7
	Total	276	100.0
Position	Owner	124	44.9
	Manager	87	31.5
	Both	57	20.7
	Missing	8	2.9
	Total	276	100.0

		Count (n)	%
Business tenure (years)	1–5	122	44.2
	6–10	109	39.5
	11–25	32	11.6
	25+	6	2.2
	Missing	7	2.5
	Total	276	100.0
Number of employees	1–10	221	80.1
	11–20	47	17.0
	21–50	4	1.4
	50+	0	0.0
	Missing	4	1.4
	Total	276	100.0
Business location	Townships	149	54.0
	CBD	57	20.7
	Suburbs	64	23.2
	Missing	6	2.2
	Total	276	100.0

RESULTS AND DATA ANALYSIS

The questionnaire required the respondents to share their opinions and perceptions of customer relationships in small businesses. All the respondents believed that it is important to have good relationships with customers. Almost all of them (96.3%; n=259) indicated that for SMEs to survive, they must have good relationships with their customers. To **build good customer relationships**, 74.1% (n=197) of the SME owners/managers engaged in '*friendly conversation with customers while they buy*', 68.4% (n=182) tried to '*remember customers' names*' and almost half of them (42.1%; n=112) gave '*a free item or discount to a customer who is not happy with what they bought from the store*' (table 2).

TABLE 2: ACTIONS TO IMPROVE CUSTOMER RELATIONSHIPS


Action	Count (n)	%
Remembering your customers' names.	182	68.4
Friendly conversation while they buy.	197	74.1
A free item or discount from time to time to a regular customer.	124	46.6
An exchange if a customer is not happy with what they bought from you.	123	46.2
A free item or discount to a customer who is not happy with what they bought from you.	112	42.1
Remembering what a regular customer usually buys.	173	65.0

Note: Respondents could select more than one.

The respondents were also asked to rate several statements about their **awareness of customer relationships** and the management thereof. The rating was done on a 5-point Likert scale ranging from strongly disagree to strongly agree. Almost all respondents (95.6%; n=261) agreed or strongly agreed with the statement '*when I have good relationships with my customers, they will most likely come back again*'. More than 90 per cent of the respondents agreed or strongly agreed with the statements '*when I have a good relationship with my customers, I attract other new customers*' (94.1%; n=256) and '*when I have good relationships with my customers, they will rather come to me than go to another business*' (94.1%; n=256). On the negative side, almost a third of the respondents disagreed or strongly

disagreed with the statements '*it is not possible to always give the best service*' (63.8%; n=171) and '*good prices are the most important*' (60.5%; n=164). Table 3 summarises these findings. The table also provides the mean score per item, which was only used for rating purposes.


TABLE 3: AWARENESS OF CUSTOMER RELATIONSHIPS AND THE MANAGEMENT THEREOF

Statement	Level of agreement					Mean (M)
	Strongly disagree (1)				Strongly agree (5)	
	n %	n %	n %	n %	n %	
When I have good relationships with my customers, they will most likely come back again.	4 1.5	0 0.0	8 2.9	126 46.2	135 49.5	4.42
When I have good relationships with my customers, they will rather come to me than go to another business.	0 0.0	4 1.5	16 15.9	115 42.4	136 50.2	4.41
When I have a good relationship with my customers, I attract new customers.	3 1.1	3 1.1	10 3.7	146 53.7	110 40.4	4.31
When I have a good relationship with my customers, it is not a big problem when a new retailer with the same goods opens in my area.	9 3.3	26 9.7	30 11.2	136 50.6	68 25.3	3.85
My customers will probably tell their friends and family about my business if I have a good relationship with them.	1 0.4	5 1.8	19 7	124 45.8	122 45.0	4.33
Making a profit is more important than good relations with customers.	55 20.2	89 32.7	28 10.3	67 24.6	33 12.1	2.76
There are always more customers that can replace unhappy ones.	65 23.8	53 19.4	25 9.2	102 37.4	28 10.3	2.91
It is not possible to always give the best service.	86 32.1	85 31.7	22 8.2	46 17.2	29 10.8	2.43
Good prices are the most important.	16 6.0	31 11.7	40 15.0	112 42.1	67 25.2	3.69
Staff are less important than customers to have a good relationship with.	81 29.9	83 30.6	27 10.0	53 19.6	27 10	2.49
Good customer relationships will result in people talking about the business.	1 0.4	13 4.8	13 4.8	136 50.4	107 39.6	4.24
Customer complaints are a burden to many businesses.	55 20.4	42 15.6	37 13.7	95 35.2	41 15.2	3.09
Maintaining good relationships with customers can be expensive.	68 25.0	92 33.8	30 11.0	57 21.0	25 9.2	2.56
To fix bad relationships can be fairly easy if you know your customers.	9 3.3	24 8.8	26 9.5	163 59.5	52 19.0	3.82
Building relationships is easy when the business is still new.	27 9.9	49 17.9	41 15.0	70 25.5	87 31.8	3.52

Participants were furthermore asked to rate several statements about the value of **good customer relationships** on a 5-point Likert scale ranging from strongly disagree to strongly agree. More than 90 per cent of the respondents agreed or strongly agreed with the following statements: '*Good relationships with my customers will make customers think better of my business*' (93.4%; n=255); '*good relationships with my customers will make them remember my store more*' (92.7%; n=254); '*I think customers will want to buy from me even more when I have a good relationship*

with them' (91.2%; n=248); 'good relationships with my customers will make them more interested in the things I sell' (90.9%; n=249); and 'I think that by having good relationships with my customers, I can convince them that my products are good' (90.1%; n=246). On the negative side of the scale, more than a fifth of the respondents disagreed or strongly disagreed with the statements: 'Customers will not notice if I charge higher prices for my goods if I have good relations with them' (29.6%; n=81); and 'customers will even buy low-quality items if I have good relationships with them' (20.6%; n=56). Table 4 summarises these findings. The table also provides the mean score per item, which was only used for rating purposes.

TABLE 4: PERCEIVED VALUE OF GOOD CUSTOMER RELATIONSHIPS

Statement	Level of agreement					Mean (M)
	Strongly disagree (1)				Strongly agree (5)	
	n %	n %	n %	n %	n %	
Good relationships with my customers will make them more interested in the things I sell.	4 1.5	11 4.0	10 3.6	23 8.4	226 82.5	4.66
Good relationships with my customers will make them remember my store more.	2 0.7	8 2.9	10 3.6	33 12.0	221 80.7	4.69
Good relationships with my customers will make people passing by notice my store.	3 1.1	15 5.5	11 4.0	54 19.8	190 69.6	4.51
Good relationships with my customers will make customers think better of my business.	4 1.5	8 2.9	6 2.2	70 25.6	185 67.8	4.55
I think customers will want to buy from me even more when I have a good relationship with them.	5 1.8	12 4.4	7 2.6	35 12.9	213 78.3	4.61
I think that by having good relationships with my customers, I can convince them that my products are good.	2 0.7	14 5.1	11 4.0	48 17.6	198 72.5	4.56
Customers will even buy low-quality items if I have good relationships with them.	19 7.0	37 13.6	66 24.3	72 26.5	78 28.7	3.56
Customers will not notice if I charge higher prices for my goods if I have good relations with them.	30 10.9	51 18.6	56 20.4	66 24.1	71 25.9	3.35

The questionnaire also made provision to establish whether **business systems** were in place for managing customer relations. Respondents rated the statements on a 4-point or forced-choice Likert scale ranging from strongly disagree to strongly agree. The questionnaire included a not applicable (N/A) option. On the positive side of the scale, more than 90 per cent of the respondents agreed or strongly agreed with the statements 'if customers want to buy from us, they know where we are' (95.2%; n=256) and 'we have good supplier relationships' (93.7%; n=251). On the negative side of the scale, about a third of the respondents disagreed or strongly disagreed with the statement 'we select our location based on rent' (30.9%; n=83). Regarding the not applicable (N/A) option, almost a fifth of the respondents indicated that 'we have a system that allows us to track our sales' (15.9%; n=43) and 'we have a system that allows us to track our customers' (18.1%; n=49). Table 5 summarises these findings. The table also provides the mean score per item, which was only used for rating purposes.

TABLE 5: BUSINESS SYSTEMS IN PLACE FOR MANAGING CUSTOMER RELATIONS

Statement	N/A	Level of agreement				Mean (M)
		Strongly disagree (1)		Strongly agree (4)		
	n %	n %	n %	n %	n %	
We have a system that allows us to track our sales.	43 15.9	11 4.1	50 18.5	124 45.8	43 15.9	3.21
We have a system that allows us to track our customers.	49 18.1	10 3.7	59 21.8	115 42.4	38 14.0	3.21
We track competitive developments in the market.	35 13.1	6 2.2	71 26.5	121 45.1	35 13.1	3.08
We have an effective system in setting prices.	29 10.7	1 0.4	14 5.2	183 67.5	44 16.2	3.32
We have an effective system in managing pricing.	22 8.1	3 1.1	17 6.3	179 66.3	49 18.1	3.26
We have good supplier relationships.	9 3.4	2 0.7	6 2.2	138 51.5	113 42.2	3.45
We have an effective system to manage and evaluate marketing communications.	30 11.3	1 0.4	20 7.5	157 59.0	58 21.8	3.36
We know how to advertise.	11 4.1	2 0.7	20 7.5	168 62.7	67 25.0	3.24
Our location is good.	7 2.6	2 0.7	11 4.0	146 53.3	108 39.4	3.39
We select our location based on the rent.	11 4.1	32 11.9	51 19.0	124 46.1	51 19.0	2.84
If customers want to buy from us, they know where we are.	4 1.5	2 0.7	7 2.6	147 54.6	109 40.5	3.39

Another question included statements related to respondents' **application of CRM** in their establishments. Their ratings were also indicated on a 4-point or forced-choice Likert scale ranging from strongly disagree to strongly agree. Provision was again made for a not applicable (N/A) option. On the positive side of the scale, more than 90 per cent of the respondents agreed or strongly agreed with the statements '*our way of doing business is customer friendly*' (95.6%; n=258), '*we have good supplier relationships*' (94.8%; n=257), '*our customers are satisfied with our business*' (94.4%; n=255) and '*low/good prices will keep customers*' (94.1%; n=254). On the negative side of the scale, more than a fifth of the respondents disagreed or strongly disagreed with the statements '*customers are used to average service*' (29.2%; n=79) and '*we find out why customers leave*' (22.5%; n=60). Almost a tenth of the respondents selected the N/A option in the case of the statements '*we find out why customers leave*' (7.5%; n=20) and '*we measure customer satisfaction*' (8.5%; n=23). Table 6 summarises these findings. The table provides the mean score per item. The table also provides the mean score per item, which was only used for rating purposes.

TABLE 6: APPLICATION OF CRM IN PRACTICE

Statement	N/A	Level of agreement				Mean (M)
		Strongly disagree (1)			Strongly agree (5)	
	n %	n %	n %	n %	n %	
Our way of doing business is customer friendly.	3 1.1	6 2.2	3 1.1	156 57.8	102 37.8	3.34
Our procedures are customer friendly.	5 1.8	4 1.5	5 1.8	127 46.9	130 48.0	3.47
We ask for feedback and comments from customers.	16 5.9	3 1.1	21 7.7	124 45.4	109 39.9	3.42
We analyse feedback and comments from customers.	18 6.6	2 0.7	29 10.7	129 47.6	93 34.3	3.35
We respond to feedback and comments from customers.	16 5.9	5 1.9	23 8.6	113 42	112 41.6	3.41
Our customers are satisfied with our business.	9 3.3	1 0.4	5 1.9	141 52.2	114 42.2	3.46
We measure customer satisfaction.	23 8.5	4 1.5	9 3.3	142 52.4	93 34.3	3.45
We find out why customers leave.	20 7.5	7 2.6	53 19.9	123 46.1	64 24.0	3.14
We use feedback on why customers leave to improve our service.	14 5.2	4 1.5	51 19.0	108 40.1	92 34.2	3.23
Low/Good prices will keep customers.	5 1.9	1 0.4	10 3.7	125 46.3	129 47.8	3.47
Customers are used to average service.	19 17.0	40 14.8	39 14.4	91 33.6	82 30.3	3.00

The respondents were, lastly, asked to rate the strength of the relationships they thought they had with their customers. A 5-point Likert scale ranging from very poor to very strong was applied. The lower categories of poor, very poor and fair were combined because of the small sample sizes in the said categories, as reflected in table 7 below. Most respondents (83.5%; n =228) maintained that they had strong to very strong relations with their customers.

TABLE 7: STRENGTH OF THE RELATIONSHIPS BETWEEN SMES AND THEIR CUSTOMERS

	Count (n)	%
Fair & below	45	16.5
Strong	95	34.8
Very strong	133	48.7

DETERMINATION OF THE EFFECT OF THE INDEPENDENT VARIABLES ON THE DEPENDENT VARIABLE

- In table 7 above, the dependent variable, strength of the relationships between SMEs and their customers, is an ordinal variable with three categories (fair & below, strong and very strong). Therefore, ordinal logistic regression was used to determine the effect of the independent variables (awareness of customer relationships and the management thereof; perceived value of good customer relationships; business systems in place for managing customer relations; and CRM in practice) on the dependent variable.
- Independent variables are latent variables constructed by calculating the average of the relevant items for each variable. Thus, awareness of customer relations was constructed by calculating the average of the statements relating to awareness of customer relations and the management thereof in table 3; perceived value of good customer relationships by calculating the average of the statements in table 4; business systems in place for managing customer relations by calculating the average of the statements in table 5; and application of CRM in practice by calculating the average of the statements in table 6.

These constructed variables were measured on a continuous scale and are included in the model fit (table 9) as covariates. Because these variables were constructed by combining several statements, Cronbach's alpha coefficients were estimated to test their reliability. Cronbach's alpha coefficient indicates whether related statements are grouped to form a variable. A value higher than 0,7 is recommended for a reliable scale variable. The Cronbach's alpha coefficient results are presented in table 8 below:

TABLE 8: RELIABILITY TEST

Variable	Cronbach's alpha coefficient	Number of items included
Awareness of customer relationships and the management thereof.	0.734	15
Perceived value of good customer relationships.	0.827	8
Business systems in place for managing customer relations.	0.815	11
CRM in practice.	0.855	11

Since all Cronbach's alpha coefficients were greater than 0.7, the scale of variables can be considered reliable. A model fit (table 9) had to be determined before interpreting the effect of the independent variables on the dependent variable.

TABLE 9: MODEL FIT

Model	-2 Log likelihood	Chi-square	df	p-value
Intercept-only model	536 862			
Final	524 835	12 027	4	0.017
Goodness-of-fit model	<i>Pearson</i>	536 946	498	0.110
	<i>Deviance</i>	518 849	498	0.251
Test of parallel lines				
Null hypothesis	424 835			
General	412 467	10 368	4	0.101

The likelihood-ratio chi-square statistic (also known as the omnibus test) was used to test whether there was a significant improvement in the fit of the final model relative to the intercept-only model. The p-value was 0.017, which is less than 0.05 (5%). This indicates a significant improvement in the fit of the final model. Furthermore, the goodness-of-fit model presents the Pearson chi-square test [chi-square (498)-536 946, p=0.110] and the deviance test [Chi-square (498)-518 849, p=0.251], which were both insignificant. Hence, these results also suggest a good model fit.

Lastly, the test of parallel lines (assumption of proportional odds) was important to determine whether the relationships between the independent variables were the same across all possible comparisons involving the dependent variable (Osborne, 2017). The p-value was 0.101, which is greater than 0.05, thus indicating that the assumption of proportional odds holds.

Once the model fit was established, the regression coefficients could be interpreted. The regression coefficients were interpreted as the predicted change in log odds of being in a higher group/category of the dependent variable (controlling for the remaining independent variables) per unit increase on the independent variables (presented in table 10 below).

TABLE 10: ORDINAL REGRESSION COEFFICIENTS

Variables	Estimate	Std. Error	Wald test	p-value	95% Confidence interval	
					Lower bound	Upper bound
CRM in practice.	0.030	0.250	0.015	0.904	-0.460	0.520
Awareness of customer relationships.	0.146	0.227	0.415	0.519	-0.299	0.592
Perceived value of good customer relationships.	-0.609	0.181	11.368	0.001	-0.964	-0.255
Business systems in place for managing customer relations.	0.086	0.249	0.119	0.730	-0.402	0.575

The results show that only one independent variable, namely perceived value of good customer relationships, had a significant coefficient with a p-value of 0.001. This is a negative coefficient, which means that for every one-unit increase in this variable, there is a predicted decrease of 0.609 in the log odds of the dependent variable falling in a higher category. More generally, this indicates that as perceived value of good customer relationships scores increase, the probability of strength of the relationships between the SMEs and their customers falling into a higher category decreases.

DISCUSSION

The focus of the study was on SME owners/managers in the Tshwane metropolitan area; thus not on consumers. A quantitative survey was used to collect data from SME owners/managers. The IBM software package Statistical Package for the Social Sciences, also known as IBM SPSS Statistics Version 28, was used to perform descriptive as well as inferential analysis.

It was found that 74.1% of the respondents engaged in friendly conversation with customers and that 68.4% tried to remember customers' names to improve customer relationships. That relates to the observation of Chen & Popovich (2003) that the shopkeeper and customer spend time getting to know each other during the shopping process. The findings revealed that the shopkeepers participating in the study knew their customers, often by name, and were generally aware of their demands. However, fewer than half (46.6%) of the respondents were willing to exchange a product when a customer was unhappy with a product and only 42.1% would give a free item or discount to a customer who was not happy with what they had bought from the SME. The latter implies that the return and exchange policies of the responding SMEs are not very lenient and customer friendly. On the one hand, the expenses

involved in returns have an impact on an SME's bottom line (University of Texas, 2016); on the other hand, a flexible return policy could lower purchase risk, foster favourable store perceptions and increase consumers' propensity to make repeat purchases (Rokonuzzaman et al., 2021).

The results further indicated that the responding SME owners/managers had a good understanding of customer relationships and the management thereof (table 3). They acknowledged that having good customer relationships contributes to customer loyalty and that customer retention leads to profitability in the long run. That is in line with the argument of Chen and Popovich (2003) that CRM is a comprehensive approach that promises to maximise relationships with all customers.

The findings in table 4 reflecting the perception among the responding SME owners/managers that good customer relationships equate more sales endorsed the argument of Masnita, MM and Ramadhan (2019) that the value of CRM is that it allows businesses to introduce new brands and goods easily while also enabling more effective marketing, cross-selling opportunities and customer retention.

Analysis of the data also showed that the majority of the respondents indicated that they do have systems in place to manage customer relations (table 5). This construct covered aspects such as the availability of systems that allow the SMEs to monitor their sales; track their customers and developments in the market; set and manage prices; and evaluate marketing communication. Several scholars have argued that business and information systems and data are instrumental in managing customer relations, and are essential for successful customer relations. According to these scholars, business systems and data enable CRM to be both more effective and more efficient (Naim & Alquatham, 2021; Abbott et al., 2001, Chen & Popovich, 2003).

According to Mohamad et al. (2014), the application of customer relations practices has a significant and positive effect on the performance of an SME. The results in table 6 revealed that the participating SME owners/managers indeed believed that they conducted business in a customer-friendly manner and that their customers were satisfied. Furthermore, they believed that the relationship between them and their customers was strong.

Overall, the findings showed that participants based the strength of their relationships with their customers on what the customers could do for their businesses, which came down to their customers making purchases regardless of the quality or price of their merchandise. Their understanding of customer relationships and the management thereof; the business systems in use; as well as how they applied CRM in practice were not regarded as having a significant effect on the strength of their relationships with their customers.

CONCLUSION

CRM is a commercial activity that focuses on attracting and keeping consumers by fostering greater customer loyalty and satisfaction. An SME owner's/manager's awareness of customer relations and their management; the perceived value of customer relationships; the business systems to manage customer relationships; and CRM in practice are all crucial components of such business activity. However, this study revealed that respondents regarded the perceived value of customer relationships as the only component (variable) having a significant effect on the strength of the relationships between SMEs and their customers. Coupled with the return and exchange policies of these SMEs, which are not very lenient and customer-friendly, it can be deduced that they focused mainly on selling merchandise and the survival of their businesses. They measured the success of their enterprises on the basis of economic gain. It is, therefore, recommended that owners/managers of SMEs develop and implement policies to include non-economic gains such as environmental and social organisational initiatives. It is furthermore recommended that they implement customer-friendly return and exchange policies and develop and maintain marketing information systems. To develop and implement policies and information systems, SME owners/managers should have a working knowledge and understanding of financial and marketing principles. It is thus, finally, recommended that they attempt to attend accredited short courses in this regard.

The findings of the study cannot be generalised, as convenience sampling was used to select SMEs in the Tshwane metropolitan area only.

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