The Impact of Customer Relationship Management on an Organization's Competitive Advantage Considering the Mediating Variable of Customer Loyalty

Marziyeh Abdigolbaghi[1], Saied Sehhat[2]*

[1] Department of Business Management, Science and Research Branch, Islamic Azad University, Tehran, Iran

[2] Associate professor at Department of Business Administration and Insurance, Faculty of Management and Accounting, Allameh Tabataba'i University.

*Corresponding Author

Abstract: *The current work is an investigation into the effect of customer relationship management on an organization's competitive advantage, considering the mediating variable of customer loyalty. The statistical population of the study was composed of the customers of the branches of Alborz Insurance Company, Tehran, Iran. According to Cochran formula, the sample size in the study is 384 among whom questionnaires were distributed randomly. This is a descriptive survey conducted using field methods. Data collection instrument in the study was a three-page questionnaire with 31 items, including three questionnaires which were localized based on the questionnaires of customer relationship management standard, customer loyalty and gaining competitive advantage. After collecting the research data based on the research hypotheses, we analyzed the data using the confirmatory factor analysis (CFA) and structural equation modeling. The results of this study illustrated that customer relationship management and its dimensions have a positive impact on loyalty. Loyalty, in turn, has a positive impact on competitive advantage. In addition, the results obtained from the structural equations indicate the positive impact of customer relationship management, through loyalty, on competitive advantage. Relying upon the findings of the research, we suggest that the management of Alborz Insurance Company update its knowledge base with the help of its specialized team to improve the management of customer relationship. This will require more workforce, more up-to-date communication tools for creating loyalty among their customers to gain a better competitive advantage.*

Keywords: *Customer Relationship Management, Customer Loyalty, Competitive Advantage*

INTRODUCTION

Beginning with the recent decade, marketing models shifted from product-oriented to customer-oriented models. There was a time when customers were not among the top priorities of an organization, but today, they place their customers at the core of all their activities and rely on their marketing and sales strategies accordingly. What is now changing is greater customer power (Rashidi 2009). Warren Keegan, a marketing expert, believes that only if resources are focused on opportunities and values for customers can they achieve a sustainable competitive advantage and find firm support for the company to survive and gain leadership in the field (Mahmoudi et al. 2016). Change in the business environment and evolution of marketing to adapt to its subsequent changes led to a change in the management methods of organizations and the shift from product-orientation to customer-orientation. The key factor for this change is the emergence of customer relationship management. Customer relationship management is not a concept, nor is it a project. But it is a business strategy whose purpose is to understand the prediction and management of the needs of the

potential and actual customers of an organization (Haghighat-Monfared and Sorayinia 2011). Customer relationship management also seeks to provide more value to the customer and to realize the tangible and intangible benefits of this relationship. Using customer relationship management, one can identify customer needs and desires, even before they are expressed, and by using this competitive advantage, organizations can increase customer loyalty, generate revenue, and reduce service and operational costs (Gib et al. 2005).

Insurance companies have come to the fore today, and this increase in companies has created a competition among them to attract more customers. Considering the effect of customer relationship management on competitive advantage and customer loyalty, the researchers decided to examine this relationship in branches of Alborz Insurance Company in Tehran through the following model and assumptions. The research model is drawn from a research conducted by Bhat and Darzi (2016) in which four dimensions of customer relationship management (i.e. complaint settlement, customer orientation, customer empowerment and customer knowledge) are taken into account as independent variables, customer loyalty as the mediating variable, and the competitive advantage as a dependent variable.

Dimensions of customer relationship management
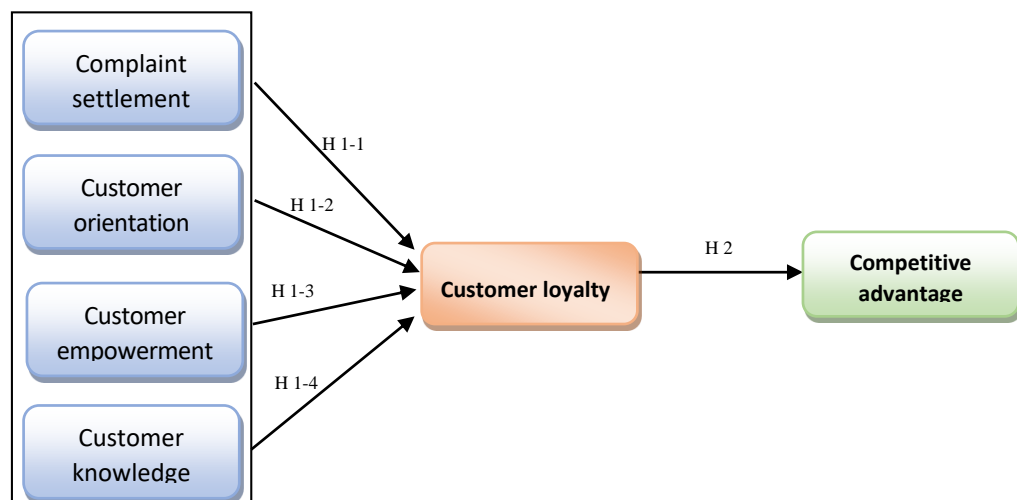
Figure 1: The conceptual model of the study (source: Bhat and Darzi 2016)

According to the above, the main and secondary hypotheses of the paper are as follows:

Main hypotheses

H 1. Customer relationship management has a positive impact on customer loyalty.

H 2. Customer loyalty has a positive impact on gaining competitive advantage.

H 3. Customer relationship management has a positive impact on the competitive advantage of the organization as mediated by customer loyalty.

Secondary hypotheses

  H 1-1. Complaint settlement has a positive impact on customer loyalty.

  H 1-2. Customer orientation has a positive impact on customer loyalty.

  H 1-3. Customer empowerment has a positive impact on customer loyalty.

  H 1-4. Customer knowledge has a positive impact on customer loyalty.

The theoretical framework of the study

Customer relationship management (CRM)

Request (2004) considers CRM as a business perspective to understand the effects of customer behavior as a communication tool in order to obtain more information from the customer, retain customers, gain

customers' trust and ultimately earn more profit from the customer. According to Almasi (2013), CRM involves all processes and technologies that an organization uses to identify, select, persuade, promote, retain and serve the customer. According to Sin et al. (2005), in order to create long-term value, CRM uses software and techniques to further assist the effective management of customer communications in direct or indirect channels, and uses word-of-mouth marketing to customize customer service. This method involves a continuous data collection process throughout the customer contact period, followed by conversion of the data into knowledge for more effective communication with customers for more profitability (Sin et al. 2005). Liu et al. (2006) introduced a type of CRM called e-CRM, which is an integrated marketing, online sales and service strategy that identifies, acquires and retains customers as the company's largest capital. E-CRM improves the communication between the organization and its customers through the creation and enhancement of customer relationship via new technology. From Lovelock et al.'s perspective (2003), every customer should be viewed as someone with their demands, purchases and requirements. Through CRM, customers' needs are assessed and analyzed in the organization. It is in fact an effective and efficient process for collecting and integrating information. CRM is the heart of any organization. It helps organizations identify which customer is worthwhile, which should be retained, which has untapped potentials, which is strategic, which is strong, which is profitable and which should be cut off. In this paper, four dimensions of complaint settlement, customer orientation, customer empowerment, and customer knowledge are introduced and examined.

Complaint settlement

Complaint settlement has a significant impact on customer relationships. A typical complaint can be a failure report of a product or service, or a customer's attempt to resolve the problem. Settling customer complaints increases their loyalty, helps customer retention and ultimately increases the company-customer attachment. Empirical evidence suggests that the complaint settlement mechanism offers a lot of chances to identify internal deficiencies and help the company design suitable recovery strategies. The way customers ' complaints are treated is important because it has significant impact on customer loyalty and their purchasing targets (Bhat and Darzi 2016).

Customer orientation

Customer orientation means a set of beliefs that lead a customer to form a long-term profit-making organization. Customer orientation is part of an organizational culture that defines the values and beliefs on which accepted behavioral norms are defined. Customer-orientation provides advantages to the customer. Many scholars have argued that customer orientation and perceived value of customers increases customer loyalty to, first the sales agent, and then to the organization. Customer loyalty to the service agent is expected to be transferred to the organization as the service agent is embodied in the client's mind as the representative of the organization. Other research has provided empirical evidence suggesting that customer-oriented behavior improves customer loyalty and, thus, the company's performance (Bhat and Darzi 2016).

Empowerment

In recent years, the term empowerment has become part of the daily management language and can be linked to prominent sectors such as human resource management (HRM) and comprehensive quality management (Dashgarzadeh and Saremi Rad 2010). While the term is used in various scientific disciplines from the middle of the twentieth century (Amiri and Sabzikaran 2011), but in general, the concept has been considered by management scholars in management studies and human relations since the 1330 AD. In fact, empowerment is the recognition of the value of individuals and the contribution they can have in doing things (Martinko et al. 2002). In this process, conditions that enhance the ability of individuals and provide them with relevant information through organizational operations and informal techniques are identified. Empowerment is conferring authority, which means helping people to improve their sense of self-confidence, overcome their disability or helplessness, and mobilize their inner motivation to carry out their duties (Alipour and SaruKolaie 2010).

Customer knowledge

Customer knowledge is increasingly known as a key strategic resource in the success of any company. Customer knowledge is an essential intangible asset for any organization, because it helps it organize itself in the direction of creating value. Marketing researchers recommend that employees in the organization should take advantage of every opportunity they find to interact with the customer to enrich their customer database (Shami et al. 2008). According to Rowley (2002), customer knowledge is a category of knowledge. In addition, data or information that can be analyzed, interpreted and eventually transformed into knowledge is related to the field of customer relationship and can directly or indirectly affect organizational performance. Davenport (2001) believes that customer knowledge is the required information and insight through which a stronger relationship can be established with the customer. According to Akhavan et al. (2010), customer knowledge is a dynamic combination of experience, value, information and expert views that are needed and built during the process of transactions between customers and the company. Murillo and Annabi (2002) referred to customer knowledge as an intangible asset necessary to any organization that enables that organization to re-form itself and create value. According to Feng et al. (2005), the benefits and outcomes of using customer knowledge are useful for both the customer and the organization.

Competitive advantage

Competitive advantage is among the fundamental concepts in international business which determines the competitive status of the organization and gives the organization the ability to establish a defensive position against its rivals. It is a company's values presentable to its customers which are higher than the costs paid by customers (Karimi 2014). Competitive advantage is the attractiveness of a company's proposals to customers compared to those put forward by competitors (Rasekhi and Lahromi 2008). Competitive advantage consists of a set of factors or capabilities that enable a company to demonstrate a better performance than its competitors (Sadri and Lees 2001). Therefore, in order to achieve a competitive advantage, an organization should both pay attention to its external status and consider its internal capabilities (Feurer and Chaharbaghi 1995). In the same vein, a company has competitive advantage when its profit rate is higher than the average in its industry (Hill and Jones 1995). An organization achieves competitive advantage when it creates more value for its customers compared to the rival organizations. There are two distinct types of competitive advantage: 1. Cost advantage; that is, organizations provide their products and services at a low cost, which is associated with low costs of production, logistics, distribution etc. 2. Differentiation advantage; it means that customers feel a fundamental difference in product and organization features compared to competitors. Therefore, competitive advantage is the level of competitive strategy achieved through low cost or differentiation through value creation (Zangoueinezhad & Moshabaki 2009).

On the path to creating competitive advantage, two crucial points are worth considering: First, this path is a continuous process that results in a remarkable organizational performance and capacity. That is, when an organization, by virtue of its competencies, creates a sustainable competitive advantage valuable to its customers and is always superior to its competitors. Secondly, because of the increasing complexity of the environment and competition intensity, competitive advantage is easily imitated by rivals or it soon becomes insignificant for customers and should be replaced with new advantages (Sadri and Lees 2001). Therefore, organizations must seek sustainable competitive advantages. Sustainable competitive advantage can be broadly defined as an organizational quality through which an organization can overcome its rivals and keep its returns above normal (Jeyavelu 2007). This concept of situational advantage is based on providing superior customer value or achieving lower relative costs and gaining market share and profitability performance. In general, superior resources and skills represent the ability of a business to operate better than its competitors. Superior skills refer to distinctive capabilities that place a company's employees in a superior position than those of competing companies (Aghazadeh 2006). Some scholars believe that competitive advantage is achieved through the emphasis on providing superior quality products and services to customers. Others believe that organizations should take a realistic approach in seeking the best, and take

into account the tradeoff between the external environment and strategic initiatives and activities (Aghazadeh 2006). Resources that are complex and occasionally unclear, and vaguely inclined to be unique lead to a sustainable competitive advantage. In recent years, many studies of strategic management have focused on identifying valuable, complex, and unique resources, including organizational processes and complex social resources (Jeyavelu 2007).

Customer loyalty

Customer loyalty is measured with factors such as repurchasing, satisfaction, and tolerance of price fluctuations. Customer loyalty includes repurchasing and preferring a particular product or service (Almasi 2013). Backman (2006) states that customer loyalty also includes behaviors and attitudes. Behavioral loyalty is the number of purchases a customer makes. Loyalty in essence is preferring a product. According to Backman (2006), loyalty includes: 1) Talking about the organization with others; 2) Recommending others buy from that organization; 3) Encouraging others to buy; 4) Considering the organization as the first purchase option. According to Selnes (1993), loyalty is the likelihood of a re-purchase, the possibility of switching the product, and recommending others use those services. Loyalty is the connection between a customer's personal opinion (cause) and their re-purchase (effect). Loyalty is the number of times a customer purchases the same goods and services when needed. Customer loyalty is a behavior and their satisfaction is a mindset. There are four factors that make up customer loyalty: 1) Re-purchasing; 2) Recommending it to others; 3) Tolerating price fluctuations; 4) The desire to buy other goods from the same company (HamzePour and Kheradmandi 2012). The definitions are mostly categorized into: (a) transactional behavior (this category of loyalty is closely linked with CRM. To the extent that most of these loyalties are recognized as the result of establishment of a CRM system in an organization. This kind of loyalty is achieved through the sale of new goods, side sales, repurchases, and insistence); (b) perceptual loyalty: in this type of loyalty, attitudes and beliefs of customers are the key factors which are achieved through satisfaction and awareness); and (C) The value of loyalty (the value of loyalty can be considered as a combination of two relatively different values: the value of longevity and the value of the brand name) (Alem et al. 2012).

The effect of CRM on loyalty

Researchers believe that communication should include trust, emotion and commitment. These variables are the basis for evaluating CRM and include:

A) The logical relationship between CRM, trust, emotion and price: Different scholars have different opinions about trust. Morgan and Hunt believe that trust is the basis of business relationship. Summing up the various views, it can be concluded that trust is a key factor in economic communication and plays an important role in communication activities. Therefore, by establishing an appropriate relationship with customers, we can win the trust of our customers (Razavi et al. 2015). Bennett and Barry's studies have shown that if suppliers invest heavily in CRM, customers will be emotionally more dependent on them. The truth is, in real market activities, if an organization can establish a good relationship with customers through interactive inter-personal tools and create a friendly and emotional relationship, it can provide a good basis for retaining the customers and motivate them to return. Mulla, Gupta and Lehman argue that if customer relationships are based on criteria other than price, then customers will be generally less sensitive to it. Also, the Boltberg and Fox's studies revealed that the longer the business contact with the customers is, the less they will be sensitive to price (Kuthyn 2000). Therefore, it can be concluded from the above findings that the higher the use of CRM in an organization is, the higher the trust, the deeper the customer's feelings to the company, and the less will be the customers 'sensitivity to rising prices.

B) The logical connection between trust, feelings, price and commitment: Commitment refers to the idea that business partners are aware that maintaining appropriate communication with other partners is of particular importance. Therefore, they try to have the best communication with others. So, trust and commitment have a significant positive correlation. Commitment can affect feelings. Customers who are sensitive to prices, act rationally in their consumption, and the only thing that convinces them is a lower price (Sun and Liu 2009).

So, for customers who return because of the price, the probability of an emotional commitment is lower. Drawing upon the above findings, for customers who have been retained through management, the more trustworthy a company, and the deeper the customer's feelings to the company, the more likely it is that the customer will feel committed to the company. Therefore, the more customers are sensitive to the price, the less likely they are to be committed to a company (Alem et al. 2012).

(C) The logical relationship between loyalty and commitment: Initially, studies on loyalty were limited only to consumer behavior. Recently, however, customers' feelings and attitudes have also been studied. Griffin believes that to divide customer loyalty, we need to combine two dimensions, which are customer attitudes and behaviors. Some researchers believe that customer loyalty is a psychological phenomenon; in other words, it is a concept such as attachment or affiliation to the product and the company's service. Therefore, customers may have a psychological commitment to purchase and use in the future. It can be deduced that loyal customer relationship is based on commitment (Razavi et al. 2015).

Empirical background of the study

Mazloumi and Dadvand (2012) conducted a study entitled "Identification and ranking of effective factors in gaining the competitive advantage in insurance companies". Relying on the opinions and comments made by industry experts, the results of their study showed that 13 indicators were identified as the most effective ones. Then, with the help of senior managers of insurance companies, dimensions and indicators were ranked using the ANP method. According to the senior managers, accountability to customers has the highest priority, and performance quality and innovation are the next priorities to gain competitive advantage.

Bahrami (2014) conducted a research entitled "The role of CRM in gaining competitive advantage at Mellat Bank". Their results indicate that CRM has a significant relationship with competitive advantage. In other words, paying attention to CRM leads to increased customer competitive advantage.

Mahmoudi et al. (2016) conducted a research entitled "The role of CRM in customer loyalty to sports and leisure centers. "Their findings revealed that there is a positive and significant relationship between CRM and customer loyalty. Among the factors of CRM, attracting and retaining customers was a stronger predictor of customer loyalty. Therefore, establishing a proper relationship with a new customer and increasing the level of amenities is one of the most important factors in attracting and retaining customers to these centers.

Salojarvi et al. (2010) conducted a study entitled "Investigating the organizational factors affecting the use of customer knowledge in managing the relationship with key customers." The results of this research indicate that the use of teams, the participation of senior managers of the organization, the use of CRM technologies and the formalization of communication with key customers are the effective factors in using customer knowledge in the management of relationship with key customers.

Sang (2013) explored "The impact of CRM factors on customer satisfaction and loyalty". It is a quantitative study conducted on 300 respondents in a shop in Tehran, Iran and suggests that employee behavior significantly affects customer satisfaction and loyalty and helps to improve it.

Elkordy (2014), has conducted a research entitled "The impact of the dimensions of customer relationship capacity on organizational performance". In this research, the dimensions of CRM include: CRM technology, CRM processes, customer orientation, and CRM organization. Data were analyzed using structural equation modeling. The results show that all four aspects of CRM have a significant impact on organizational performance.

Methodology

This is an applied research which uses quantitative data and collects information through descriptive-survey methods. Also, Internet searches were used to obtain more recent data and resources. Moreover, articles published in foreign journals and theses were retrieved from information databases. Given the research objectives, we used the questionnaire as the proper instrument for conducting the research. Finally, in order to

collect the data, the questionnaires were handed out and collected at the branches of Alborz Insurance Company in Tehran. The first part of the questionnaire obtains demographic information which includes gender, marital status, age, educational status, and the history of using Alborz Insurance. The second part of the questionnaire evaluates CRM. This part of the questionnaire consists of 23 items and deals with 4 dimensions. Items 1 to 8 cover complaint settlement, items 9 to 12, customer orientation, items 13 to 18, customer empowerment, and items 19 to 23 measure customer knowledge. The third part of the questionnaire is a customer loyalty questionnaire with 5 items. The fourth part of the questionnaire includes a questionnaire on gaining competitive advantage with 3 questions.

A random cluster sampling (sampling clusters include the branches of Alborz Insurance Company in Tehran) was used for sampling. According to the results obtained from the Cochran formula, 384 samples were used for research. To reduce the measurement error, 400 questionnaires were handed to the respondents. After assessing the questionnaires, defective ones were excluded and, finally, 384 questionnaires were evaluated. Tehran has 10 authorized branches of Alborz Insurance Company and is divided between 22 districts. Subjects were selected from the branches of the four existing regions (north, south, east and west). Alborz Insurance has six branches in the east, two branches in the west, two branches in the north, and no branches in the south. Four hundred questionnaires were distributed through random cluster selection. Given the number of branches in the east of Tehran, 240 questionnaires were distributed there among its three branches and 80 questionnaires were distributed in the north and west each. Also, in this research, descriptive statistics and inferential statistics methods were used to analyze the data obtained from the samples. Inferential statistics tests, including confirmatory factor analysis and structural equation modeling were used to test the hypotheses of the research. Since the data were distributed normally, the Pearson's correlation coefficient was used to determine the relationship between the variables. All of the above analyses were performed using the SPSS and LISREL programs.

Research findings

Descriptive study of the research variables

It is important to describe the variables because the results obtained from research hypotheses are extracted from the data and indicators of the variables. To describe the research variables, central indices and distribution methods were applied.

Table 1: Descriptive indices for research variables

Aspects	Sample size	Average	Mean	SD	Normality Indicators	
					Skewness	Kurtosis
CRM	384	3.288	3.310	0.646	-0.208	-0.312
Customer loyalty	384	3.129	3.200	1.019	-0.039	-0.761
Achieving competitive advantage	384	3.391	3.333	1.013	-0.305	-0.717
Complaint settlement	384	3.196	3.250	0.807	-0.299	-0.352
Customer orientation	384	3.454	3.500	0.961	-0.255	-0.606
Customer empowerment	384	3.166	3.000	0.837	0.250	-0.564
Customer knowledge	384	3.336	3.400	0.913	-0.227	-0.689

Quantitative Analysis of the Findings

In the inferential statistics, the following tests were used to support or reject the research hypotheses:
1) Confirmatory Factor Analysis (CFA); 2) Structural Equation Modeling (SEM)

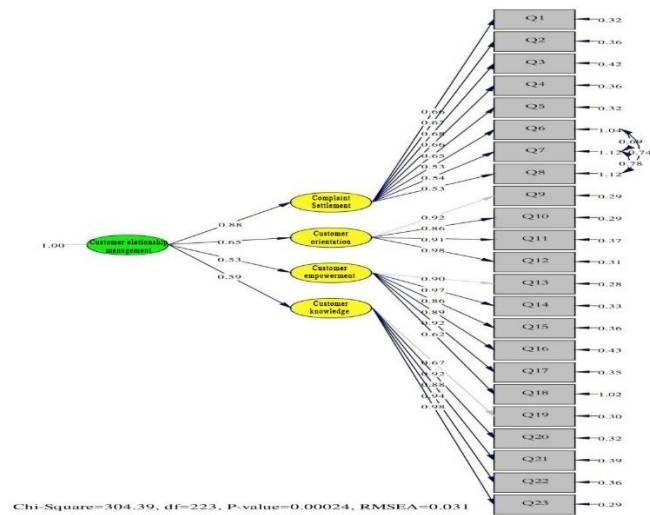## Double-factor analysis of CRM structure

Diagram 1: CRM model for estimating standard coefficients

Diagram 1 illustrates a two-factor confirmatory analysis model in the estimation of coefficients. In the diagram, numbers or coefficients are divided into two categories. The first category is called the first-order measurement equations which is the relationships between latent and observed variables (relations between ellipse and rectangle). So, these equations are called first-order loading factors. The second category is structural equations which are the relations between latent and observed variables (relationships between CRM structures and the dimensions). These coefficients are called path coefficients[1] or second-order loading factors.
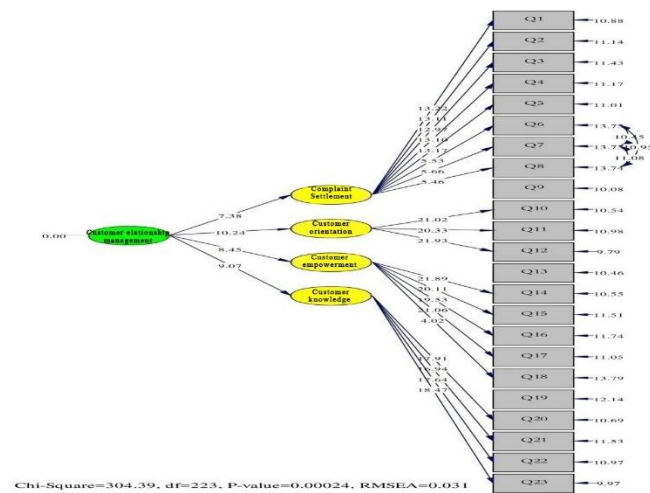

Diagram 2: The CRM model in the significance state of the coefficients

Diagram 2 shows the second-order factor analysis model for CRM structure in the significance state of the

---

[1] Path coefficient

coefficients (t-value). This model tests all the first and second-order measurement equations (factor loads) using the T-test. According to the model, the loading factor is significant at the 95% confidence level if the value of the t-test falls outside -96.1 to +96.1. The calculated values of t for each loading factor are greater than 96.1. Therefore, the questionnaire items for measuring the concepts at this stage are reliable (Hooman 2009).

Validity analysis of CRM index

Table 2: The results of the first and second-order factor loadings and the value of the T obtained for CRM

Second-order factor load (t)	T-test	The first-order factor load	Indices	Factors	Main variable
0.88 (7.38)	13.22	0.66	Q1	Complaint settlement	CRM
	13.11	0.67	Q2		
	12.97	0.68	Q3		
	13.10	0.66	Q4		
	13.17	0.65	Q5		
	5.53	0.53	Q6		
	5.66	0.54	Q7		
	5.46	0.53	Q8		
0.65 (10.24)	-	0.92	Q9	Customer orientation	
	21.02	0.86	Q10		
	20.33	0.91	Q11		
	21.93	0.98	Q12		
0.53 (8.45)	-	0.90	Q13	Customer empowerment	
	21.89	0.97	Q14		
	20.11	0.86	Q15		
	19.53	0.89	Q16		
	21.06	0.92	Q17		
	4.02	0.62	Q18		
0.59 (9.07)	-	0.67	Q19	Customer knowledge	
	17.91	0.92	Q20		
	16.94	0.88	Q21		
	17.64	0.94	Q22		
	18.47	0.98	Q23		

|t|>1.96 Significant at P<0.05, |t|>2.58 Significant at P<0.01

The results of the first and second-order factor loadings of the CRM model are summarized in Table 2. All values obtained for the first-order loading factors are above 0.5. The calculated t-values for each factor load is above 1.96. Therefore, the questionnaire items for measuring the concepts at this stage are reliable (Hooman 2009). In fact, the above results show that what the researcher has attempted to measure with the questionnaire has been achieved. An index with a higher load factor is more important than other indexes.

Convergent and Divergent Validity and Reliability of the CRM Model

Table 3: Pearson correlation coefficients and validity and reliability indicators of the CRM model

Latent variables	(1)	(2)	(3)	(4)	$\sqrt{AVE}$	AVE	CR	Cronbach's alpha
(1) Complaint settlement	1				0.763	0.582	0.887	0.931
(2) Customer orientation	0.68	1			0.918	0.844	0.976	0.798
(3) Customer empowerment	0.55	0.34	1		0.867	0.752	0.969	0.869
(4) Customer knowledge	0.62	0.38	0.31	1	0.885	0.783	0.969	0.850

** All coefficients are significant at error level of less that $p < .05$.

A type of relationship between latent variables in a structural equation model based on correlation. Table 3

shows the Pearson correlation coefficients for examining the relationship between the dimensions of CRM in pairs. On the main diameter of the matrix, there is a number 1 to show that each variable is completely correlated with itself. All coefficients are significant at the confidence level of 95%. The greater the correlation coefficient, the intensity of the relationship between the two variables is greater and stronger. Table 3 examines the correlation coefficients and deals with divergent validity. The condition to confirm divergent validity is that the value of the second root mean of the explained variance is higher than all the correlation coefficients of the corresponding variable and the remaining variables. As indicated in the table, the mean square root of the explained variance for all variables is obtained from the correlation of that variable with other variables. In order to measure the convergent validity, three units are considered: loading factors, average variance extracted (AVE), and composite reliability or structural reliability. The mean for AVE is the use of a convergence scale among a set of observed variables of a structure. In fact, one percent of the variance is among the items. The mean for the extracted variance should be higher than 0.5 to confirm one of the conditions for convergent validity. The composite reliability should be 0.7 or higher to confirm the reliability of internal consistency (Fornell & Lacker 1981). This study uses convergent validity, that is, the indicators of each structure eventually provide a good distinction in terms of measurements than other structures of the model. Using average variance extracted, it was determined that all the studied structures had AVE values above 0.5. Composite reliability (CR) and the Cronbach's alpha were used to test the reliability of the questionnaire. All of the coefficients are higher than 0.7 which confirm the reliability of the measuring instrument.

Fit indexes of the CRM model

Table 4: Fit indexes of the CRM model

| Name	Measured	Acceptable threshold
Chi-square degree of freedom (χ^2 / df)	1.36	Less than 3
Goodness of Fitness Index (GFI)	0.83	Above 0.8
Adjusted Goodness of Fit Index (AGFI)	0.80	Above 0.8
Root mean square error of approximation (RMSEA)	0.031	Less than 1.0
Comparative fit index (CFI)	0.95	Above 9/0
Normed fit index (NFI)	0.94	Above 9/0
Non-normed fit index (NNFI)	0.95	Above 9/0
Incremental fit index (IFI)	0.95	Above 0.9

When working with the Lisrel software, any of the indices obtained for the model alone to account for its fit, rather these indices should be interpreted together. There are several fit indices for evaluating the confirmatory factor analysis model and the path model. In this research, Chi-square (χ^2), goodness of fit index (GFI), adjusted goodness of fit index (AGFI), normed goodness of fit index (NFI), non-normed goodness of fit index (NNFI), incremental goodness of fit index (IFI), comparative goodness of fit index (CFI), and the very important second-order indicator of root mean square error of approximation (RMSEA) were used.

Structural equations for the main hypotheses of the research
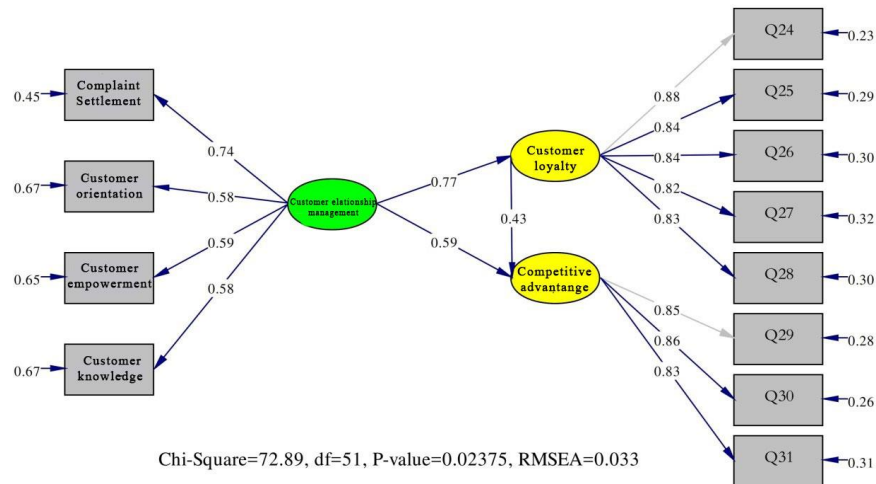
Diagram 3: Structural equations for the main hypotheses of the research in the estimation state for the standard coefficients

Diagram 3 shows the confirmatory factor analysis model and the structural equations in the coefficient estimation state. In this model, the variables are CRM (independent), customer loyalty (mediator), and customer loyalty and gaining competitive advantage (dependent).
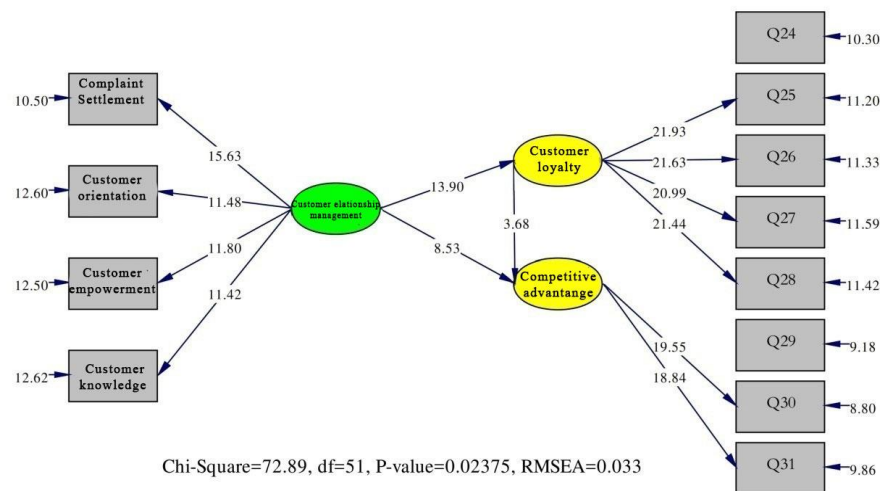
Diagram 4: The structural equations for the main research hypotheses in the t-value state

Diagram 4 shows the model in t-value state. Using t-test, this model tests all the measurement equations (factor loads) and structural equations.

Convergent and divergent validity and reliability of the structural model of the main hypotheses of the research

Table 5: Pearson correlation coefficients and validity and reliability indices of the structural model of the main hypotheses of the research

Latent variables	(1)	(2)	(3)	$\sqrt{AVE}$	AVE	CR	Cronbach's alpha
(1) CRM	1			0.769	0.592	0.804	0.840
(2) Customer loyalty	0.39	1		0.842	0.709	0.956	0.874
(3) Achieving competitive advantage	0.77	0.74	1	0.847	0.717	0.933	0.793

** All coefficients are significant at error level of less that $p < .05$.

Table 5 shows the Pearson correlation coefficients for examining the relationship between CRM variables, customer loyalty, and gaining competitive advantage in pairs. Table 5 examines the correlation coefficients and deals with divergent reliability. As indicated in the table, the root mean square of the determined variance of a variable is obtained from the correlation of that variable with the other variables. Using average variance extracted, it was determined that all the studied structures had AVE values above 0.5. Composite reliability (CR) and the Cronbach's alpha were used to test the reliability of the questionnaire. All of the coefficients are higher than 0.7 which confirms the reliability of the measuring instrument.

The results of the structural equations for examining the main hypotheses of the study are presented in Table 6.

Table 6: The results of structural equations for the main hypotheses of the research

| Hypothesis number	Hypotheses	Beta	T	R^2	Hypothesis status	Direction of effect
1	CRM →Customer Loyalty	0.77	13.90	0.59	Confirmed	
2	Customer loyalty →Earning competitive advantage	0.43	3.68	0.62	Confirmed	+
3	The direct impact of CRM →Gaining competitive advantage	0.59	8.53	-	Confirmed	+
	Indirect impact of CRM →gaining competitive advantage (The mediating role of customer loyalty)	0.34	3.09			
	The overall impact of CRM →Gaining competitive advantage(The mediating role of customer loyalty)	0.93	15.80			

|t|>1.96 Significant at P<0.05, |t|>2.58 Significant at P<0.01

Structural equations for the secondary hypotheses of the research
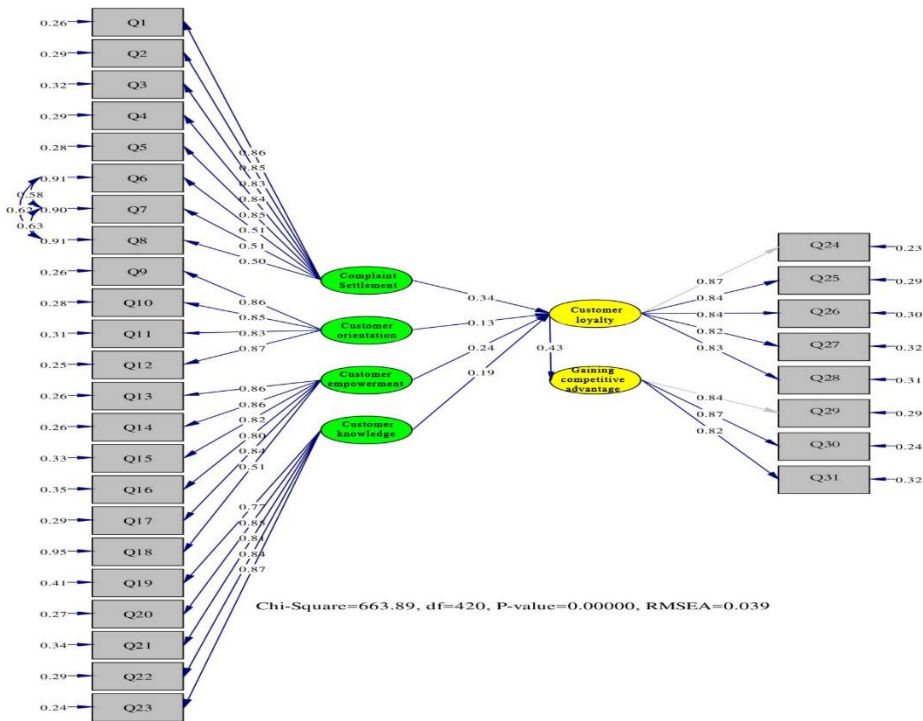
Diagram 5: Structural equations for the secondary hypotheses of the research in the mode of estimating standard coefficients

Diagram 5 shows confirmatory factor analysis model and structural equations in the coefficient estimation. In this model, the variables are complaint settlement, customer orientation, customer empowerment, customer knowledge (independent), customer loyalty (mediator), and gaining competitive advantage (dependent).
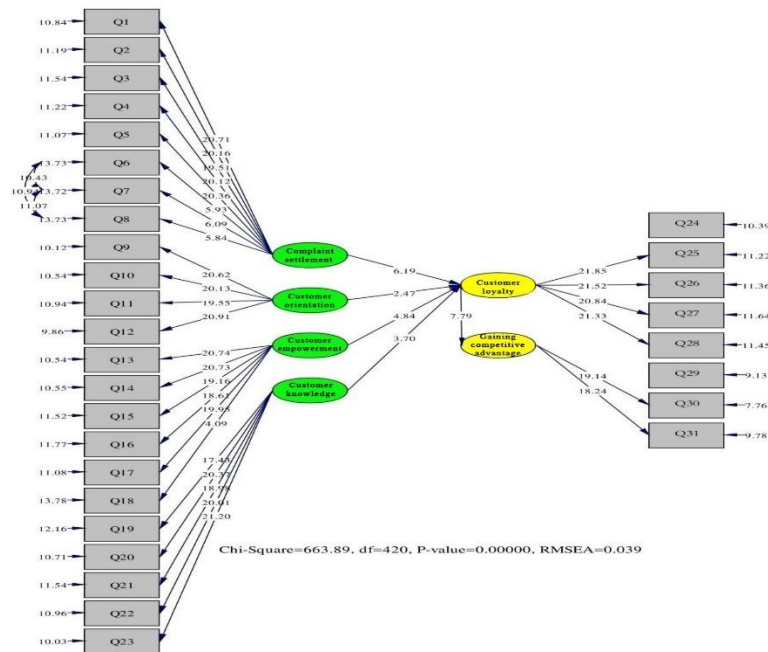
Diagram 6: The structural equations for the secondary hypotheses of the research in the t-value state

Diagram 6 shows the model in t-value state.

The results of structural equations for studying secondary hypotheses of research are presented in Table 7.

Table 7: The results of structural equations for the secondary hypotheses of **the** research

Hypothesis no.	Hypotheses	Beta	T	R^2	Hypothesis status	Direction of effect
1-1	Customer Loyalty →Complaint Settlement	0.34	6.19		Confirmed	+
1-2	Customer orientation →customer Loyalty	0.13	2.47	0.46	Confirmed	+
1-3	Customer empowerment →Customer loyalty	0.24	4.84		Confirmed	+
1-4	Customer knowledge →customer loyalty	0.19	3.70		Confirmed	+

$|t|>1.96$ Significant at $P<0.05$, $|t|>2.58$ Significant at $P<0.01$

Discussion and Conclusion

Research findings showed that all of the variables in this study were above the average, indicating that the evaluation of these variables was in an optimal and satisfactory state. With regard to the above, the following solutions are recommended to improve the current situation and achieve the desired status:

- According to the results of the first main hypothesis, it is suggested that the management of Alborz Insurance Company update its knowledge using a specialized team, and provide more workforce or communication tools if need be. In addition, the management of Alborz Insurance Company could retain loyal customers if they identify customers' needs and expectations and take steps to meet their needs. In order to understand the needs of customers and obtain accurate information from them, it is

suggested that integrated systems and processes for information acquisition be designed so that employees can quickly identify and fulfill the needs of their customers.

- According to the results of the second main hypothesis, when an organization succeeds in attracting a new customer, customer satisfaction is the starting point for a long-standing relationship between the customer and the organization. It should always be noted that the only way to build customer loyalty and retain customers is to satisfy their needs and expectations. Customer satisfaction will gradually create a sense of loyalty and trust in the organization in the customer. Alborz Insurance Company must pay enough attention to providing quality services to obtain customer satisfaction. Meanwhile, respecting customers, adhering to duties and responsibilities and identifying customer expectations from the services provided by Alborz Insurance Company can lead to competitive advantage.

- According to the results of the third main hypothesis, it is suggested that Alborz Insurance Company focuses on customer loyalty and wins its rivals through gaining competitive advantage. One of the ways to achieve this is CRM as mentioned in the study. However, other methods such as offering discounts to customers, reducing unnecessary personnel costs to free up more discounts to customers, providing the online infrastructure for extending insurance for customers etc. can create loyal customers which will bring about a competitive advantage for the Alborz Insurance Company. In addition, according to the new Central Insurance of I.R. Iran, if a company has a new insurance plan, it can take its monopoly for a certain period of time. One can say that leading a new service can create competitive advantage for insurance companies because competitors will not be able to provide services comparable to the company's new services. Customer relationship managers should focus on the dimensions of knowledge management and CRM technologies, conduct more research, and, set up appropriate processes and systems (according to their needs) to resolve their weaknesses. Considering that customer loyalty has a positive effect on the relationship between CRM and competitive advantage in the Alborz Insurance Company, and since the service is intangible, Alborz Insurance Company can imprint itself on the mind of its clients through CRM and gain a competitive advantage through customer royalty. So, the company should ensure that all branches follow the instructions related to proper communication with customers. To this end, it is recommended that the Alborz Insurance Company acquires work report from all its branches and that it establishes a system to handle all complaints throughout the country directly to inspire loyalty in the public through taking full control of its relationship with customers of Alborz Insurance Company.

- According to the results of the first sub-hypothesis, the Alborz Insurance Company should take steps to establish a mechanism for dealing with complaints. The system for responding to complaints is recommended not to be limited to office hours, and the company schedules should provide 24-hour response to its customers. Moreover, establishing a help desk to settle complaints in the Alborz Insurance Company would make the complaints settlement process faster and, consequently, satisfy customers.

- According to the results of the second sub-hypothesis, insurance companies are suggested to adopt new insurance policies that provide the highest quality to satisfy customers. Communicating effectively and continuously with customers and utilizing new communication tools such as SMS and email services and blogs can enhance customers 'confidence in the company and make their loyalty more sustainable. It is also suggested that insurance companies provide their services as promptly as possible to deliver insurance policies in the least time and to commit to timely payment obligations. In addition, insurance companies must try to provide insurance policyholders with new insurance policies against their competitors to satisfy insurers. Considering the impact of customer orientation on customer loyalty in the Alborz Insurance Company, it is suggested that the staff be given training sessions on how to engage with the customer. All staff members are recommended to be trained about customer appreciation to share their stories with each other.

- Drawing upon the results of the third sub-hypothesis, Alborz Insurance Company is suggested to reward its customers for each time they participate in the poll to encourage their participation. Also, with communication programs like Telegram, through which communication is facilitated, they could maintain a closer relationship with their customers because accessing the website and email is not possible for all.
- With respect to the results of the fourth sub-hypothesis, it is suggested that the management prepares list of the customers 'requests where it could collect information. Customers do not always recognize their needs. However, using a list of questions, it is easy to get information from the customers. In addition to in-person interviews, it is also possible to collect the comments and opinions of customers by distributing survey forms, SMS and Telegram to provide better services.

References

1. Aghazadeh, H. (2006). The study of how to empower companies and providers of marketing services. In Institute for Trade Studies and Research, 13 (49), p. 26-49.
2. Akhavan, P., Heydari, S. (2010). Customer knowledge management; an approach to gain competitive advantage. In Modiriyat-e Farda, 5, 15, p. 24-42.
3. AliporSarokali, H. (2010). The Five-Star Empowerment Model. In First International Conference on Innovation and Entrepreneurship Management. Pp: 13-11.
4. Almasi, S. (2013). Customerism and Customer Satisfaction in Sports Facilities in Mazandaran Province. Master's thesis. Amol University.
5. Bahrami, G. (2014). The role of customer relationship management in gaining competitive advantage at Mellat Bank. In International Conference on Business Development and Excellence. Retrieved from: https://goo.gl/HUSJ4P
6. Beckman, C. M. (2006). The influence of founding team company affiliations on firm behavior. Academy of Management Journal, 49(4), 741-758.
7. Bhat, S. A., & Darzi, M. A. (2016). Customer relationship management An approach to competitive advantage in the banking sector by exploring the mediational role of loyalty. International Journal of Bank Marketing, 34(3), 388-410.
8. Dashgarzadeh and Saremi Rad (2010). An investigation into the relationship between psychological empowerment and organization commitment of the staff in the Telecommunication Company. In Modiriyat-e Dolati, 1 (3), p. 62-80.
9. Davenport, T. H., Harris, J. G., & Kohli, A. K. (2001). How do they know their customers so well?. MIT Sloan Management Review, 42(2), 63.
10. ElKordy, M. (2014). The impact of CRM capability dimensions on organizational performance. European Journal of Business and Social Sciences, 2(10), 128-146.
11. Feurer, R., & Chaharbaghi, K. (1995). Strategy development: past, present and future. Management Decision, 33(6), 11-21.
12. Filip, A. (2013). Complaint management: A customer satisfaction learning process. Procedia-Social and Behavioral Sciences, 93, 271-275.
13. Fornell, C., & Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics. Journal of marketing research, 382-388.
14. Frazer Winsted, K. (2000). Service behaviors that lead to satisfied customers. European Journal of Marketing, 34(3/4), 399-417.
15. Geib, M., Reichold, A., Kolbe, L., & Brenner, W. (2005, January). Architecture for customer relationship management approaches in financial services. In System Sciences, 2005. HICSS'05. Proceedings of the 38th Annual Hawaii International Conference on (pp. 240b-240b). IEEE.

16. Haghighat Monfared, J., & Saraee Nia, E. 2011. Strategy Customer Relationship Management system with balanced scorecard approach in SAPCO. Journal of Marketing Management. 10. pp:119-44. (Persian).

17. HamzePour, khordmandi M., (2012). Relationship between quality of service, satisfaction and loyalty with the future intention of club members in Mazandaran province. Master's thesis. Faculty of Physical Education and Sport Sciences. Amol University.

18. Hill, c.w.l, Jones, G.R.1995. Strategic Management Theory. lst ed. Houghton Mifflin Company, U.S.A . Journal of Business Venturing, 11(1), pp:41-55.

19. Hooman, H. (2009). Structural Equation Modeling Using Liseral Software (3rd Ed.). Tehran, Samt Publication.

20. Jennifer, E. R. (2002). Reflections on customer knowledge management in e-business. Qualitative Market Research: An International Journal, 5(4), 268-280.

21. Jeyavelu, S. (2007). Organizational identity and sustainable competitive advantage: combining resource based view and configuration approach.

22. Kalantari, K., (2009). Modeling structural equations in socio-economic research. Tehran: Farhang-e Saba Publication.

23. Karimi, E., (2014). A Study of the Relationship between Competitive Intelligence and Competitive Advantage in Industrial Units in Shahrsanandaj. Master's Thesis. Islamic Azad University, Sanandej Branch. Pages 83-65.

24. Ko, E., Kim, S. H., Kim, M., & Woo, J. Y. (2008). Organizational characteristics and the CRM adoption process. Journal of Business Research, 61(1), 65-74.

25. Liu, Y., Zhou, C. F., & Chen, Y. W. (2006, August). Determinants of E-CRM in influencing customer satisfaction. In Pacific Rim International Conference on Artificial Intelligence (pp. 767-776). Springer, Berlin, Heidelberg.

26. Long, C. S., Khalafinezhad, R., Ismail, W. K. W., & Rasid, S. Z. A. (2013). Impact of CRM factors on customer satisfaction and loyalty. Asian Social Science, 9(10), 247.

27. Lovelock, C. H., & Wright, L. (2002). Principles of service marketing and management. Prentice Hall.

28. Mahmoudi, A., Honari, H. Eslami, A. (2016). The role of customer relationship management in customer loyalty to sports amusement centers. In Sports Management Studies, 14, No. 36. Pages: 208-189.

29. Martinko, M. J., Gundlach, M. J., & Douglas, S. C. (2002). Toward an integrative theory of counterproductive workplace behavior: A causal reasoning perspective. International Journal of Selection and Assessment, 10(1-2), 36-50.

30. Mazlomi, N., Dadvand, S. (2012). Identification and discussion of effective factors in gaining competitive advantage of insurance companies. In Insurance Newsletter.

31. Miri, A., Sabzikaran, E. (2011). Investigating the factors affecting the empowerment of human resources of National Iranian Oil Products Distribution Company, Tehran Region. In Quarterly Journal of Management and Development Process, 3(6), p. 49-56.

32. Mohammed, A. A., & Rashid, B. (2012). Customer Relationship Management (CRM) in Hotel Industry: A framework proposal on the relationship among CRM dimensions, Marketing Capabilities, and Hotel performance. International Review of Management and Marketing, 2(4), 220.

33. Murillo G., Annabi H.2002. Customer Knowledge Management. Journal of the Operational Research Society .17(2) . pp: 53-84.

34. Rasekhi, S., Zabihi Lahromi, E., (2008). Competitive Advantage at the Firm Level: Concept and Theory. In Humanities and Social Sciences (Economic Sciences). Volume 8, Number 28. Pp: 54-31.

35. Rashidi Saleh, M. 2009. Customer Relationship Management. Journal of Export Development. 13 (79).pp: 16-8. (Persian).

36. Razavi, M., Almasi, S., AmirNejad, S. (2015). Customer Satisfaction and Customer Satisfaction in Sports Facilities. Amol: North University Press. Pages: 56-54.
37. Request WO. 2004. CRM-Measuring Success and ROI. AppicationTrends.pp:247-251.
38. Sadri, Golnaz & Lees, Brian .2001.Developing corporate culture as a competitive advantage.Journal of Management Development; Vol 20. pp: 10-25.
39. Salojärvi, H., Sainio, L. M., & Tarkiainen, A. (2010). Organizational factors enhancing customer knowledge utilization in the management of key account relationships. Industrial Marketing Management, 39(8), 1395-1402.
40. Selnes, F. (1993). An examination of the effect of product performance on brand reputation, satisfaction and loyalty. European Journal of marketing, 27(9), 19-35.
41. Sin, L. Y., Tse, A. C., & Yim, F. H. (2005). CRM: conceptualization and scale development. European Journal of marketing, 39(11/12), 1264-1290.
42. Sun, H., & Liu, M. (2009, December). Empirical Analysis on the Effect of Customer Relationship Management to the Customer Loyalty. In Wireless Networks and Information Systems, 2009. WNIS'09. International Conference on (pp. 147-149). IEEE.
43. Zangoueinezhad, A., & Moshabaki, A. (2009). The role of structural capital on competitive intelligence. Industrial Management & Data Systems, 109(2), 262-280.
44. Zanjani, M. S., Rouzbehani, R., & Dabbagh, H. (2008). Proposing a conceptual model of customer knowledge management: a study of CKM tools in British dotcoms. management, 7(8), 19.