



**FACTORS INFLUENCING CUSTOMER RELATIONSHIP
MANAGEMENT STRATEGIES IN SMALL BUSINESS OPERATIONS
AND THEIR SPECIFIC CHARACTERISTICS**

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Abstract

This thesis examines the factors influencing Customer Relationship Management (CRM) strategies in small business operations, emphasizing their unique characteristics and challenges. Small businesses often operate with limited resources but rely heavily on building and maintaining strong customer relationships to ensure sustainability and growth. The study identifies key factors, such as organizational culture, technological adoption, employee involvement, and customer behavior, that shape the effectiveness of CRM strategies in small enterprises. By integrating theoretical frameworks, including relationship marketing and resource-based views, the research highlights how these factors interact to influence strategic decision-making. Additionally, the thesis explores the distinct characteristics of small businesses, such as their adaptability, proximity to customers, and reliance on personalized interactions, and how these traits impact CRM implementation. Through qualitative and quantitative analyses, the study aims to provide actionable insights for small business owners and contribute to the broader understanding of CRM strategies tailored to the needs of small-scale operations.

Introduction

In a highly competitive market, the modern market is characterized by a change in the relationship between suppliers and consumers. Now suppliers are forced not only to compete fiercely with each other for each buyer, but also to work harder to meet customer requirements. In today's markets, crowded with competitors, in order to gain and even simply maintain market share, the supplier must be highly efficient. In such conditions, the problem of sales in a particular industry and country gradually takes center stage. This leads to the literal capture of the consumer and, with the help of advertising, to persuade him to buy the product of this enterprise.



International Conference on Scientific Research in Natural and Social Sciences

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2nd February, 2025

Robert Keith called this change in the strategy of Western firms the "marketing revolution": "The consumer is not the center of the company. Companies revolve around the customer, not vice versa. The growing acceptance of this consumer-oriented concept has far-reaching implications for business and is revolutionizing economic thinking. As this concept is increasingly accepted, marketing will become the most important business function."

Understanding consumer behavior and taking it into account in the development of products and how to market them is not a matter of choice, but an absolute necessity for survival in a highly competitive environment.

Market research should be timely and allow you to identify the desires, habits and motives of real and potential consumers. To achieve success, an enterprise must "do everything in a way that is convenient for the customer" and not "do everything its own way."

The patriarch of management, Peter Drucker, described the problems of 21st century management, saying: "There is only one legitimate basis for the purpose of business: to create a satisfied customer." This rule reflects not only the ethical side of the issue, but also has deep practical significance. Companies that do not know how to find their customers, determine their needs and build long-term and reliable relationships with them will eventually be replaced by those that manage to meet market demands. It is not surprising that John Chambers, the head of the successful Cisco Systems company, spends 80% of his time talking to customers. For him, this has become the most important strategy for maintaining the company's leadership in the Internet technology market.

Customer relationship management (CRM) is a combination of strategies and tools that determine the content of relationship programs and require the entire organization to pay more attention to customer satisfaction.

According to the theory of interaction, the needs of the participants, in turn, affect the perception of the situation. Each potential buyer has at least two types of needs: personal needs that motivate his behavior and social needs that require him to take actions necessary to satisfy other participants in the shopping center. The buyer will not feel a need for the product offered by the sales representative until he sees how this purchase will allow him to satisfy both needs. Understanding the relationship



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between the buyer and the sales representative as a form of interaction and communication between two people is of great importance for managing the sales process and developing a customer management strategy.

CRM has three main functions:

- operational (quick access to information when communicating with the customer in the sales and service process);
- analytical (analysis of data about the activities of the consumer and the company, the history and nature of the relationship);
- collaboration function (ensuring the participation of the consumer in the company's activities, his influence on the process of creating a product, its production and providing services).

Customer Relationship Management (CRM) is an important aspect for businesses, helping to understand the needs and requirements of customers, increase their loyalty and improve overall business performance. The main types of customer relationship management strategies are discussed below.

1. Segmentation and Target Audience

Customer segmentation is the first step in this strategy. Grouping customers according to various characteristics (age, gender, income, shopping habits, etc.) allows you to develop special offers and services for each segment. This approach helps to more accurately meet customer requirements.

2. Personalized Service

Personalization provides an individual approach to customers. You can strengthen relationships with customers by providing personalized recommendations, special discounts and unique services. This strategy is very effective in increasing customer loyalty.

3. Customer Service Strategies

Customer service strategies are important. In this approach, it is important to help customers solve their problems, organize telephone and online support services. Getting customer feedback and keeping in touch with them helps to improve the quality of service.

4. Communication Channels



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It is necessary to use several channels (telephone, email, social networks) to communicate with customers. A multi-channel approach makes it easier to provide customer service and allows you to quickly satisfy their needs. Establishing active communication with customers plays an important role in attracting them to the brand.

5. Increasing Customer Loyalty

Introducing loyalty programs is an effective strategy to increase customer loyalty. You can increase their loyalty by offering rewards, discounts, and bonuses to customers. It is also important to provide special offers and promotions to re-attract past customers.

6. Long-Term Relationships

Establishing regular communication and informing customers about news and promotions helps to develop long-term relationships. Loyalty can be increased by working with the public, actively communicating with customers and attracting them to the brand.

7. Technological Approach

Modern CRM systems play a major role in collecting, analyzing customer data and automating service processes. Using technology, it is possible to study customer data and improve strategies.

Customer relationship management strategies are crucial for business success. Each strategy has its own unique characteristics and, when properly implemented, businesses can increase customer loyalty and effectively meet their needs. By combining them, it is possible to ensure business growth by establishing strong and long-term relationships with customers.

The basis for the effective implementation of customer relationship management business processes is the concept of a customer-centric approach, according to which the customer, his attitude, opinion and needs are the main factors in organizing the entire complex of commercial, production, financial and related operations.

The main goal of customer relationship management processes is to effectively implement all stages and operations of customer service and provide quality products and services that meet the needs and requirements of customers.



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The entire customer relationship management system is subordinated to the implementation of the company's strategic development goals - strengthening its position in the market, developing new areas of activity, strengthening competitive advantages, and reducing operational and financial costs.

The essence of the CRM strategy consists of three main directions.

1. To combine all possible channels and points of contact between a business entity and customers based on their preferences, to provide the same high-quality service, which forms a holistic view of the client about the enterprise, supported by advertising and ongoing marketing campaigns.
2. To unify the entire organizational structure of the "front office" of the enterprise and ensure its coordinated work. To form a single team with a common view of the problems and tasks of customers and to think about the place and role of their departments in the overall work with customers.
3. Data consolidated into a single database (at all stages of the customer life cycle: attraction, retention, loyalty) becomes the basis for management, a single access to information is organized for all interested departments, and a single repository is created for conducting analytical work, such as forecasting and making management decisions.

The basis of the CRM business strategy is a "customer-centric" approach. The CRM ideology involves the transition from mass marketing strategies and mass sales to individual (One-to-One) sales or services that are adapted or modified to meet the individual needs of customers.

Today, the CRM function includes:

- customer data collection systems, including SFA (Sales Force Automation);
- marketing databases that provide analysis at the product (its sales) level, but are poorly integrated with other data sources;
- customer information delivery systems (direct mail, etc.);
- basic analytical tools used to analyze customer behavior during discrete purchases, but do not take into account its life cycle.

For example, when conducting marketing campaigns, it is necessary to ensure the efficiency and optimality of information exchange between marketing and sales



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departments, using automatic distribution of lists of potential customers among sales agents or automatic assignment of tasks to sales staff.

In the modern case, a CRM system can be considered a contact management system (Contact Management), which allows sales and customer service managers (often on their own initiative) to track information about each client in a more convenient format, view business history, plans, etc. Since increasing operational efficiency is in the interests of the entire enterprise, it is in the interests of the enterprise to collect information about the work of sales managers with clients: sales managers enter information about potential sales, management determines the status of each transaction and monitors its progress. This allows us to understand the structure of the sales cycle, make forecasts, better control the sales process, reduce the percentage of errors caused by the "human factor", identify areas of low efficiency, simplify the processes of interaction with customers, and the process of training new employees. This is how sales process management systems (Sales Force Automation) appeared.

Every day, enterprises have to solve many problems related to how to reduce the specific costs associated with attracting and serving customers and at the same time improve the quality of their service. Today, there is only one universal tool for solving these problems - business process reengineering and the use of information technologies. At the same time, CRM has entered the areas of enterprise activity that have long been considered difficult to automate - marketing, service and sales.

If the enterprise is a monopolist in its market or its customers are a random flow of buyers, or it is not interested in expanding its business, then such an enterprise does not need CRM. If the enterprise belongs to a highly competitive market sector, then effective work with customers can become one of the competitive advantages.

CRM systems are designed for organizations operating in highly competitive markets that use direct sales, in which the enterprise sells a product (service) directly to the end consumer, which implies direct long-term interaction. Most often, these are "Business to Business" relationships. Examples of such enterprises include computer, advertising, consulting firms, banks, enterprises, etc.

When using CRM tools, the enterprise owns the entire history of relations with the client, which is not affected by the illness or dismissal of an employee.



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A sales manager (Sales Manager) can plan a strategy and tactics for working with specific clients using information on the status of mutual settlements, order fulfillment, payments and contracts.

CRM helps the manager monitor the clarity and efficiency of each department, evaluate the overall activities of the enterprise, including the effectiveness of marketing and advertising campaigns.

According to experts, the greatest demand for CRM solutions is observed in the following industries: banks and insurance companies, telecommunications companies, retail businesses.

All customers in the CRM system can pass the ABC filter. Class "A" includes very profitable VIP customers. Class "B" includes profitable customers, and class "C" includes low-income or unprofitable customers. According to statistics (for example, banks and mobile operators), the majority of customers are in class "C". But you can't lose them, because the reputation of an enterprise is largely measured by the size of its customer base.

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