



## **Leveraging Competitive Advantage of CRM in SMEs in the Digital Age: A Case study on AGRICHE**

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### **ABSTRACT**

This thesis examines the strategic integration of Customer Relationship Management (CRM) systems in SMEs, focusing on AGRICHE, a food processing company. The research explores the theoretical foundations of CRM and its role in the digital era, emphasizing its importance in understanding customer behaviour and fostering long-term relationships. The case study on AGRICHE provides valuable insights into the practical implementation of CRM strategies tailored to the food processing industry. Key performance indicators, such as customer retention rates, satisfaction scores, and revenue growth, are examined to measure the effectiveness of CRM adoption. The thesis also investigates the technological infrastructure required for seamless CRM integration in SMEs, considering factors such as affordability, scalability, and user-friendliness. The findings contribute to the academic discourse on CRM in SMEs and offer practical insights for businesses seeking to leverage CRM as a strategic asset. AGRICHE's case study serves as a benchmark for SMEs in the food processing sector, illustrating the benefits and challenges associated with CRM implementation.

### **1.0 Introduction**

In the digital age, small and medium-sized enterprises (SMEs) are increasingly reshaping their business operations to adapt, innovate, and strategically position themselves for sustainable growth and competitiveness. Customer Relationship Management (CRM) is at the forefront of this transformation, offering a unique avenue for harnessing competitive advantage in a customer-centric and data-driven ecosystem. CRM systems facilitate a more profound understanding of customer needs and behaviours, enabling the development of targeted strategies that enhance customer satisfaction, loyalty, and competitiveness.

The digital age has not only provided the infrastructure and tools for implementing CRM but has also intensified the imperative for its adoption. The pervasive influence of the internet, social media, mobile technologies, and big data has fundamentally transformed customer behaviour and expectations. Customers are more informed, connected, and empowered than ever before, making it crucial for SMEs to leverage CRM as a means to adapt and thrive in this new landscape.

#### **1.1 Problem Statement**

In the modern business landscape characterized by rapid digital transformation and intensifying global competition, small and medium-sized enterprises (SMEs) face a critical challenge how to effectively leverage Customer Relationship Management (CRM) to gain and sustain a competitive advantage. CRM, as a strategic approach and technology, has become indispensable in managing customer relationships, enhancing customer experiences, and ultimately driving business growth. However, the adoption and utilization of CRM tools and strategies among SMEs remain a complex endeavour, often fraught with challenges and uncertainties. This problem statement aims to investigate the hurdles and opportunities SMEs encounter in harnessing CRM to gain a competitive edge in the digital age.

##### **1.1 Aim & Objectives**

The main objectives of this thesis are

- To identify the unique challenges and opportunities SMEs encounter in implementing CRM strategies and technologies in the digital age,
- assess the alignment of CRM strategies with overall business objectives,
- examine effective approaches for customer engagement through CRM tools and digital channels among SMEs

- analyse how SMEs can leverage CRM to gain and sustain a competitive advantage in the face of competitive pressures from larger enterprises.

SMEs that prioritize customer data security and compliance with data privacy regulations in their CRM initiatives are more likely to build trust with customers, resulting in a competitive advantage. Effective employee training and engagement in CRM system usage have a positive impact on SMEs' competitive advantage by improving customer interactions and satisfaction in the digital age.

The significance of this study lies in its potential to enhance SME competitiveness, adapt to the digital age, enhance efficiency and effectiveness of SME operations, create a customer-centric approach, and drive innovation and growth within SMEs. The study provides valuable insights for SMEs, consultants, and policymakers seeking to support SME growth and competitiveness.

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## 2: Literature Review

This chapter discusses the concept of Customer Relationship Management (CRM) and Improvements to this system were developed in the 1990s. During this time, the term "customer relationship management" was coined. CRM was a dual system, meaning that instead of collecting data for their own purposes, they began delivering information to their customers in ways other than the obvious activity and purchasing trends. CRM was now being used both passively and actively to generate sales through better customer service. Customer relationship management (CRM) is a technique for introducing products to customers such as frequent flyer miles, gifts, and credit card points. Before CRM, customers would just buy from the company, and little was done to maintain their relationship (Rastogi, 2013). Not Until CRM was launched, many firms did not understand the need to pay attention to their customers. The CEOs assumed they have unlimited resources and can replace customers at any time. While this may have worked prior to the 1980s, the information age enabled people to make better choices about which companies to buy from, and global competition made it easier for them to switch if they were unsatisfied with the service, they were receiving (Rastogi, 2013).

CRM is a technique for introducing products to customers such as frequent flyer miles, gifts, and credit card points. Before CRM, many firms did not understand the need to pay attention to their customers. The information age enabled people to make better choices about which companies to buy from, and global competition made it easier for them to switch if they were unsatisfied with the service they were receiving. There are now up to four telecommunications companies in Nigeria, all of which are fiercely competitive. Each of them provides almost the same service at nearly the same price, and each of them recognizes that in order to stay in business, they must collect and provide vital information to clients.

The present: Customer Relationship Management's Future CRM is currently being utilized to combine the benefits of both worlds. Companies seek to maintain positive customer relationships while increasing profits. The REAL CRM systems could be classified as today's CRM solutions. Software companies have continued to create advanced software programs that can be adapted to the needs of businesses competing in a variety of industries. Modern CRM systems process dynamic information instead of static data. This is important because we live in a continuously changing world, and businesses that want to thrive must be able to adapt to these changes at all times.

Customer Relationship Management (CRM) is a strategic approach and a set of technologies, tools, and practices designed to manage and analyse customer interactions and data throughout the customer lifecycle. It encompasses a broad spectrum of activities, including the acquisition, retention, and service of customers, with the ultimate goal of maximizing customer lifetime value. CRM systems serve as a centralized hub for collecting, storing, and managing customer data, which can be leveraged to deliver personalized and efficient customer experiences.

### *Key Features of CRM*

1. **Data Centralization:** A fundamental feature of CRM systems is their ability to centralize customer data, which includes contact information, purchase history, preferences, and interactions. This centralized repository facilitates a 360-degree view of the customer, enabling SMEs to understand their customers better and tailor their marketing and customer service efforts accordingly (Chen & Popovich, 2003).
2. **Automation and Integration:** CRM systems streamline various processes, from lead generation to post-sale support, by automating repetitive tasks. Automation not only enhances operational efficiency but also ensures that critical customer touchpoints are not missed. Integration with other systems such as email marketing, e-commerce, and social media platforms further enhances the effectiveness of CRM (Dous & Koliouška, 2014).
3. **Data Analysis and Insights:** CRM systems enable SMEs to analyse customer data to identify trends, preferences, and opportunities. By leveraging data analytics and reporting tools, SMEs can make data-driven decisions, personalize marketing campaigns, and predict customer needs (Payne & Frown, 2005).
4. **Customer Engagement:** Effective CRM fosters improved customer engagement through personalized communication and targeted marketing. Personalization, based on customer data, enhances customer satisfaction and loyalty, and ultimately, leads to increased sales and revenue (Nguyen, Simkin, & Canhoto, 2013).
5. **Mobile Accessibility:** In the digital age, mobile CRM solutions have become indispensable. They allow sales and support teams to access vital customer information on the go, ensuring real-time responsiveness and improving customer interactions (Ewing & Napoli, 2013).
6. **Scalability:** CRM systems can be tailored to the specific needs of SMEs and are scalable as the business grows. This adaptability allows SMEs to start small and expand their CRM capabilities over time (Zablah, Bellenger, & Johnston, 2004).

CRM is a marketing management system that consists of three main components: customer, relationship, and administration. The customer is the average or legal person who purchases products or services from the market for personal or other consumption in a rational manner. CRM is the only source of profit and growth for an organization in the future, as it is the only source of profit with few resources. CRM is essential for understanding and managing customers, as they have a lifecycle that ends with the discontinuation of the purchase.

The relationship between the organization and its customers is a continuous and two-way process based on communication and interaction. This relationship can be short-term, long-term, continuous or separate, recurring or one-time, and may be affected by the attitudes or behaviour of customers. CRM works to be a profitable and mutually beneficial relationship.

### 5. Customer Relationship Management Objectives

Table 1 evaluates CRM goals from a variety of angles. CRM's overall purpose is to get a competitive edge in client management and increase profitability as a result (Buttle & Maklan, 2015).

TABLE 1: CRM Goals from Various Perspectives (Moghaddam, Mehr, Haj, & Moghani, 2010)

CRM objectives from Burnett (2015) view	Costs of acquiring client information are reduced. As a result of identifying clients, revenue has increased.
CRM objectives from Swift (2015) view	Process of communication with real clients is being improved. Actual products are presented to each client. Presenting genuine items via networks that are appropriate for each client Putting actual things in front of the right people at the right moment
CRM objectives from Galbreath & Rogers (1999) view	Customization Developing a privatized communications system (specialized for each client) After the sale, you'll be able to present further services.

CRM benefits for SME's include enhanced customer relationships, personalized interactions, data-driven decision-making, forecasting and demand planning, and improved inventory management. Effective CRM practices enable SMEs to personalize interactions, anticipate needs, and create a positive customer experience. CRM systems provide SMEs with tools to collect and analyse customer data, leading to a deeper understanding of customer preferences and enabling them to tailor products and services to meet customer needs.

In the digital age, Small and Medium-sized Enterprises (SMEs) face both opportunities and challenges in leveraging Customer Relationship Management (CRM) systems to gain a competitive edge. These challenges include:

- limited financial resources
- lack of technological expertise,
- resistance to change,
- lack of management support,
- alignment with organizational goals,
- scalability issues,
- Alignment with business processes,
- Vendor selection dilemmas,
- The need for effective communication and employee training.

Limited financial resources can hinder SMEs from investing in sophisticated CRM systems, impacting their ability to deploy and maintain advanced CRM systems.

Customer Relationship Management (CRM) dimensions focus on main customers, organizing efficiency, customer knowledge, customer value, and trust. Organizations view their main customers as their only friends and aim to achieve deep relationships with them, particularly profitable ones. These customers can be categorized into four categories: Platinum, Gold, Iron, and Lead. Organizing efficiency involves designing and re-engineering client transactions using marketing knowledge to make the exchange process profitable. CRM implementation requires technological methods and the availability of implementers and employees willing to invest time and resources. This trend towards the customer will reflect a rethinking of the organization's structure and customer location in the priority of attention, moving from the traditional perspective of the hierarchy to a new sequence that includes the customer at the top of the pyramid. Customer knowledge is crucial for organizations to satisfy their needs and desires, as they view customers as assets. They should have knowledge that enables them to identify and invest in this asset by providing various levels of knowledge about the customer

and working on the formation, processing, and dissemination of customer knowledge within the organization. Tracking customer behaviour is one key driver of implementing CRM, helping design the best products and services and moving from efficiency and effectiveness to Organizational Success Thinking. Customer value has become an essential element of competitive strategy, as it helps organizations identify profitable and non-profitable clients and bridge their relationships. CRM activities can help align customer relationships and provide tangible and intangible benefits, such as virtual community information and loyalty programs. The goal of CRM is to reach a large number of the value of customers dealing with the organization. Trust and confidence are crucial in marketing, as they play a significant role in building client relationships and maintaining long-term relationships. High levels of confidence facilitate mutual acceptance and openness between parties, making it easier to obtain more information from customers. Several models have been proposed to manage customer knowledge, such as the Ton-Su, et al., 2006 model, which emphasizes electronic communication between clients and organizations, and the importance of product development innovation. This model includes determining product characteristics and benefits, classifying customer needs, market segmentation, developing a customer needs framework, and using data mining technology for market segmentation. The Murillo & Annabi model illustrates a three-step process that aggregates knowledge through personal interaction with customers, helping both parties collect and investigate the knowledge needed for understanding customer needs and product development. This module includes knowledge discovery, classification, and settlement, with additional steps like knowledge encryption and sharing. The Gebert et al. model presents a framework for managing customer knowledge, classifying six key processes and four knowledge management tools. Case studies from the financial services industry demonstrate the efficiency of this framework and its ability to support decision-making by supporting knowledge management for client relationship management processes. In conclusion, the strategic implementation of Customer Relationship Management (CRM) is essential for maintaining long-term relationships and fostering trust and confidence in the marketing process. By implementing these models, organizations can better understand their customers, develop effective strategies, and enhance customer satisfaction.

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### 3: Research Methodology

This chapter presents the research methodology used in this study, which focuses on the study design, research type, the study population, sampling techniques, data source, data collection methods and tools, and data analysis techniques. The main purpose of using both quantitative and qualitative research strategies is to enrich data that provide a good wider ground for making generalization. In case of data presentation and analysis, it helps to reduce errors of misrepresentation and inadequacy of information unlike using single research strategy.

The research strategy used in this study was qualitative research, which allows the researcher to obtain a more realistic world that cannot be experienced in numerical data and statistical analysis used in quantitative research. Qualitative research is defined as a means of exploring and understanding the meaning individuals of groups ascribe to a social or human process. It usually emphasizes words rather than quantification in the collection and analysis of data. The two research strategies were combined in the study to fulfil the requirement of the data to be rich.

The case study research design was conducted at AGRICHE, a company that uses CRM in its operations during the pandemic period. The research design used is qualitative research. Data collection was conducted through open-ended interviews with respondents from Trans maritime, mainly the imports and export department. Interviews were conducted on a one-to-one basis, with all respondents present. The main goal of the interview was to gain a subjective understanding of what the respondent was saying. Respondent interviews were used where the interviewee responded to the questions of the researcher.

Data reliability refers to the extent to which your data collection techniques or analysis procedures yielded consistent findings. This was a challenge in this study to ensure that my data collection and analysis was not biased (subject or observer biases) and erroneous.

Data collection sources included interviewing employees at AGRICHE and asking questions, while other respondents filled questionnaires on their own. The data collection mainly used primary data analysis through use of questionnaires and interviews at AGRICHE company to gain insight into the opted topic.

Sampling is a technique of selecting individual members or a subset of the population to make statistical inferences from them and estimate characteristics of the whole population. Purposive sampling is a non-probability sample that is selected based on characteristics of a population and the objective of the study. This sampling method was chosen because the selected sample is AGRICHE company, which the collected information is already known. The type of purposive sampling method used is Typical Case Sampling.

The sample size was on the focus group of the marketing department, human resource department, finance department, and General manager, which consisted of 30 respondents. The sample location was based in Blantyre, Ulumba house, Manja industrial site at AGRICHE LTD.

The study analysed data collected from AGRICHE in the digital age using descriptive, quantitative, and qualitative methods. Variables such as words, contexts, and consistency were used in the analysis. Thematic analysis was employed to identify and develop themes from the data, while graphs were provided to show the progress made since the CRM implementation.

Constraints faced by the study included limited access to data, time constraints due to rapid technological advancements, resource constraints in SMEs, and resistance to change among employees. Confidentiality concerns prevented the disclosure of sensitive information. Time constraints were imposed due to the rapid changes in the digital age, while resource constraints, particularly budget and manpower, impacted the implementation and utilization of advanced CRM systems.

The research methods employed in the study included qualitative techniques such as interviews and questionnaires, non-probability sampling using purposive sampling, and data analysis tools like pie charts, bar graphs, and tables. The study also addressed the limitations of the study and aimed to employ all ethical codes to collect reliable information. The findings and discussion of the study are reported in Chapter 4.

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#### **4: Data Analysis & Interpretation**

This chapter presents, analyses, and discusses the findings of a study conducted at AGRICHE LTD company. The research was guided by specific research questions and qualitative data collected during the field. The data was analysed to reach a conclusion and form a basis for assessment of the research questions. The discussion relates to the literature review and theory, guided by the research objectives and questions in relation to the literature review and analysis.

The background information of respondents at AGRICHE was sought, with a gender distribution of 75% male and 25% female. The department that used CRM the most was Marketing & Sales, followed by General Manager, Accounts & Finance, and Human Resource. The general manager used CRM the most, followed by Marketing & Sales.

The respondents' opinions on the IT training provided by the company were also analysed. A total of 30 respondents had positive opinions, with 11% stating it was poor, 14% stating it was average, 35% stating it was good, and 50% stating it was very good.

The study found that the company's IT training was well-received by its employees, with a majority of them rating it as very good. The results suggest that the company's IT training is beneficial to its employees, but further research is needed to understand the effectiveness of the training.

The study focuses on the challenges and opportunities faced by SMEs in implementing CRM strategies and technologies in the digital age. The most used CRM features are lead and customer management, sales automation, contact management, and analytics and reporting. Challenges faced by SMEs include limited financial resources, lack of technological expertise, resistance to change, and lack of management support.

Opportunities faced by SMEs include customer retention and loyalty, cost reduction through automation, competitive advantage, and increasing operational efficiency. The majority of respondents (30%) chose these options for customer retention and loyalty, cost reduction through automation, competitive advantage, and increased operational efficiency.

The benefits of using CRM include improved customer satisfaction, enhanced customer communication, streamlined marketing efforts, increased sales and revenue, better customer data management, and improved decision-making based on customer insights. 15% of respondents preferred these benefits, while 29% preferred not familiar at all.

Assessing alignment of CRM strategies with overall business objectives is crucial. Respondents' familiarity with CRM strategy was found to be very familiar, somewhat familiar, neutral, neutral, or not familiar at all. The effectiveness of CRM was evaluated based on respondents' satisfaction with the system's features and functionalities.

The most impacted department with CRM is the marketing and sales department, with reports and analytics being the most used CRM. The challenge faced by SMEs is resistance to change and lack of management support.

In conclusion, the study highlights the importance of CRM in SMEs, particularly in the marketing and sales department. The most used CRM features are reports and analytics, and resistance to change is a significant challenge. By leveraging CRM strategies and technologies, SMEs can gain a sustainable competitive advantage in the digital age.

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#### **5: Summary, Findings & Interpretations**

The study examines the leveraging competitive advantage of customer relationship management (CRM) in small and medium-sized enterprises (SMEs) operating in the digital age, focusing on the food processing industry AGRICHE LTD. The main objective is to assess the alignment of CRM strategies with overall business objectives in SMEs, examine effective approaches for customer engagement through CRM tools and digital channels among SMEs, and analyse how SMEs can leverage CRM to gain and sustain a competitive advantage in the face of competitive pressures from larger enterprises.

A case study was conducted at AGRICHE LTD company, and qualitative data was collected from various staff members. The study revealed that 51% of the company employees adopted the CRM on a day-to-day basis, mainly in the marketing and sales department. However, the adoption and implementation of CRM have been challenging due to financial resources and resistance to change from some staff.

The study found that CRM has improved transaction processes across various functions and integrated information flow among all departments in the company. The various modules used have reduced costs of operations in accounting and achieved significant savings due to automation. Lead time for orders has also reduced, and there has been an improvement in customer services, with faster response times from the team.

The increase in communication across various users of the CRM has led to minimal theft of stock in the organization. Information flows from the sales and planning team to the procurement team and to the sales team using the Oracle system, which is an ERP. Documents such as quotations and invoices are transmitted using the system, and users do not need to physically exchange documents. Audit trails used in the organization have also led to minimal theft of stock.

Limited responses were received from the respondents, mostly due to tight schedules, and the lack of some employees adapting to CRM, which posed a barrier. Most respondents were a bit conservative with information, fearing that the information might be shared with competitors, which decreased the accuracy of the data collected.

Delay resulting from postponement of most set appointments with the respondents meant that the researcher had to visit the premises more times than planned and had to make changes on their schedule. Additionally, bias from the respondents since the researcher was a former employee of the organization that was being studied.

In conclusion, this thesis has delved into the pivotal role of CRM in Small and Medium-sized Enterprises (SMEs) operating in the digital age, with a specific focus on the competitive advantage gained by a food processing company through the strategic implementation of CRM practices. Companies should embrace the use of CRM to minimize cost and maximize revenue, with more focus on the planning and sales function to regulate buying since customer demands are high and can cost the company millions of dollars.

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