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AI in Customer Relationship Management for Local Enterprises

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ABSTRACT

This study examines the role of Artificial Intelligence (AI) in customer relationship management (CRM) for local enterprises, with particular attention to sales performance and customer data management. The analysis highlights that younger respondents with modest income levels form the primary group engaging with AI-driven CRM practices. Findings suggest that AI contributes significantly to improving sales processes by reducing manual work and offering meaningful business insights. In the area of customer data management, AI is recognized for enhancing data accuracy and providing a deeper understanding of consumer behaviour. The results indicate a strong acceptance of AI as a supportive tool in managing customer relationships. Overall, the study concludes that AI-driven CRM can empower local enterprises by improving efficiency, supporting better decision-making, and strengthening customer engagement, thereby enabling sustainable growth in competitive markets.

KEYWORDS: Artificial Intelligence, Customer Relationship Management, Local Enterprises, Sales Efficiency, Data Accuracy

INTRODUCTION

In today's competitive business environment, maintaining strong relationships with customers has become essential for the success of local enterprises. Traditional methods of customer relationship management (CRM), such as manual record-keeping and generic communication, often fall short in meeting the expectations of modern consumers who seek personalized and timely interactions. Artificial Intelligence (AI) offers an innovative solution to this challenge by enabling businesses to automate routine tasks, analyse customer data, and gain actionable insights. For local enterprises, which often operate with limited resources, AI can enhance efficiency, reduce errors, and support more informed decision-making. Beyond efficiency, AI-driven CRM empowers businesses to understand customer preferences, predict behaviour, and deliver tailored experiences that strengthen loyalty and satisfaction. By integrating AI into CRM processes, local enterprises can not only streamline operations but also build meaningful, long-term relationships with their customers, ensuring sustainable growth and competitiveness in the market.

STATEMENT OF THE PROBLEM

Many local enterprises struggle to manage customer relationships effectively, as traditional methods like manual record-keeping or simple spreadsheets often fail to capture the full picture of customer needs, preferences, and behaviours. This can lead to missed opportunities, inefficiency, and lower customer satisfaction. Artificial Intelligence (AI) offers promising solutions by automating routine tasks, analysing customer data, and providing personalized insights. However, adoption among small businesses remains limited due to lack of awareness, resource constraints, and uncertainty about implementation. This study explores how AI can support local enterprises in improving customer relationship management, making interactions more meaningful, and enhancing overall efficiency, highlighting ways in which small businesses can build stronger customer connections and remain competitive in an increasingly technology-driven market.

OBJECTIVES

- To identify how AI can help local businesses collect, store, and manage customer data more easily.
- To assess how AI can improve sales by prioritizing the best leads for local businesses.

LIMITATIONS OF THE STUDY

- The study focuses only on local enterprises within a specific area, which may limit the generalizability of the findings to businesses in other regions or industries.

- The research relies primarily on respondents’ opinions and perceptions, which may introduce subjective bias and may not fully capture the complete impact of AI on customer relationship management.

REVIEW OF THE LITERATURE

Li, F., & Xu, G. (2022). Artificial Intelligence (AI) is changing the way businesses handle customer relationships by making processes faster and more accurate. AI-driven CRM helps companies understand their customers better and provide personalized services. Research shows that customers are aware of AI tools and respond positively to AI-supported interactions. Studies also highlight that AI improves business performance, strengthens customer loyalty, and helps enterprises work more efficiently.

Roba, G. B., & Maric, P. (2023). Globalization has pushed businesses to adapt quickly, and Artificial Intelligence (AI) has become a key tool for gaining a competitive edge. Customer Relationship Management (CRM) helps companies build stronger, long-term relationships by integrating people, processes, and technology. Research highlights that collaborative CRM improves communication with clients, while analytical CRM uses data to understand customer needs and preferences. Together, AI and CRM enable businesses to make faster decisions, personalize services, and enhance overall customer satisfaction.

Hossain, Q., Hossain, A., Nizum, M. Z., & Naser, S. B. (2024). Research indicates that integrating Artificial Intelligence (AI) into Customer Relationship Management (CRM) significantly improves business performance in e-commerce. AI enhances customer satisfaction, streamlines service operations, and enables personalized marketing through advanced data analysis. While implementation challenges like high costs and data privacy concerns exist, studies show that the benefits outweigh the drawbacks. Overall, AI-driven CRM empowers companies to make smarter decisions, engage customers more effectively, and gain a competitive advantage in the digital marketplace.

RESEARCH METHODOLOGY

The study collected data from respondents to understand the impact of AI on sales performance and customer data management. Surveys were used to gather information on demographics, sales automation, and customer data practices. The responses were analysed using percentage distributions to identify patterns and trends. This approach helped provide a clear picture of how AI influences operational efficiency and customer relationship management in the surveyed group. The sample size of the study is 55 respondents.

ANALYSIS AND INTERPRETATION

TABLE-1 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

DEMOGRAPHIC VARIABLES		PERCENTAGES
Age	Below 20	70.80%
	21 - 30	26.20%
	31 - 50	3.10%
	Above 50	0%
Gender	Male	81.50%
	Female	18.50%
Monthly income	Below 20,000	72.30%
	20,001 - 50,000	15.40%
	50,001 - 1,00,000	7.70%
	Above 1,00,000	4.60%

INTERPRETATION

The majority of respondents are young, mostly below 20 years, with a smaller portion aged 21–30. Male participants dominate the survey, while females form a minority. Most respondents have a monthly income below ₹20,000, with very few in higher income brackets. This indicates that the study primarily reflects the views of young, budget-conscious individuals.

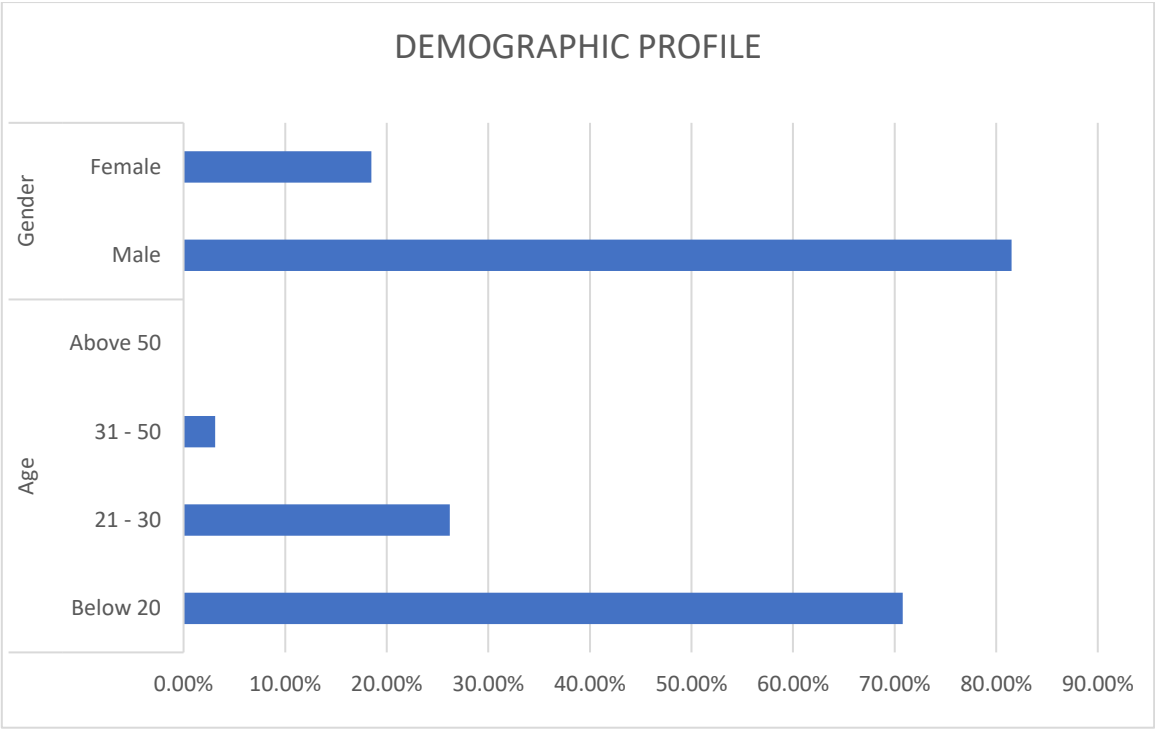


TABLE:2 SALES PERFORMANCE

FREQUENCY	PERCENTAGES
Automates tasks	46.20%
Provides insights	24.60%
Both	29.20%

INTERPRETATION

The data shows that nearly half of the respondents believe AI primarily helps in automating tasks, making day-to-day operations more efficient. Around a quarter feel that AI mainly provides useful insights for decision-making. Interestingly, close to one-third of participants recognize that AI contributes to both automation and insight generation, highlighting its dual role in enhancing sales performance.

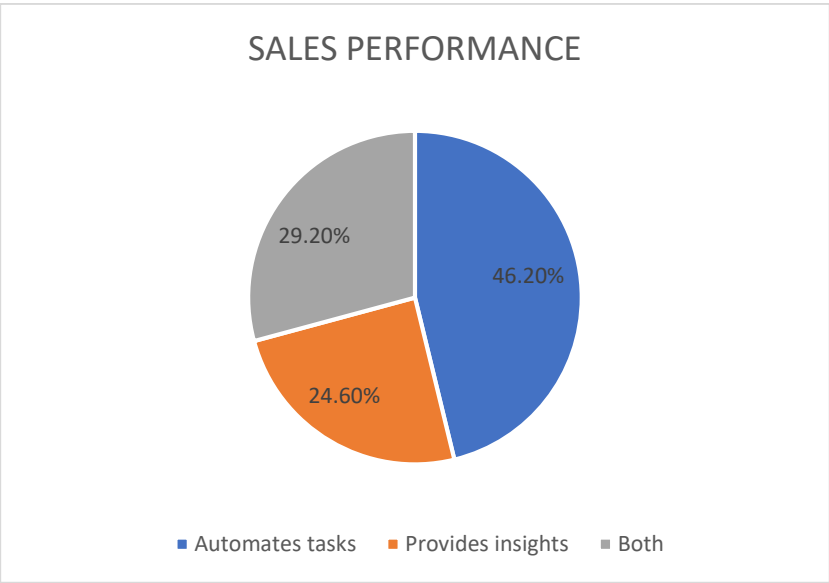
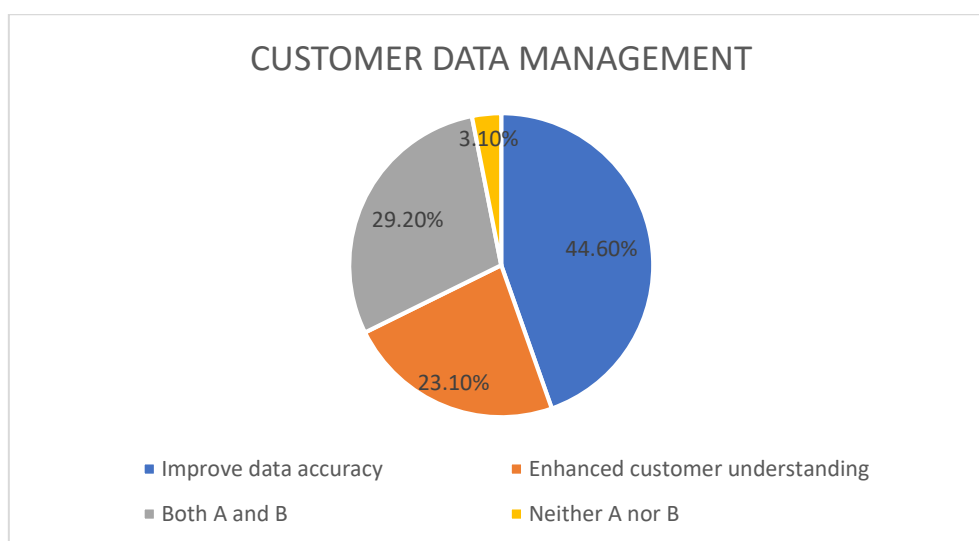


TABLE:3 CUSTOMER DATA MANAGEMENT

FREQUENCY	PERCENTAGES
Improve data accuracy	44.60%
Enhanced customer understanding	23.10%
Both A and B	29.20%
Neither A nor B	3.10%

INTERPRETATION

Most respondents believe AI improves data accuracy, making information more reliable. A smaller portion feels it helps understand customer behavior better. Around one-third see benefits in both areas, combining accuracy and insights. Only a few reported no impact, showing that AI is generally valued for managing customer data.

**FINDINGS OF THE STUDY**

- Most respondents are young and budget-conscious, with a majority being male.
- AI is widely seen as useful for automating tasks in sales.
- Some respondents view AI as a tool for providing insights to support decision-making.
- AI is perceived to improve customer data accuracy and understanding of customers.
- Overall, AI is considered a valuable tool for enhancing efficiency and customer relationship management.

SUGGESTIONS

- Local enterprises should consider integrating AI into their sales processes to automate routine tasks and improve efficiency.
- Businesses can use AI tools to analyze customer data, gaining insights to make more informed decisions.
- Companies should focus on personalized marketing using AI to enhance customer engagement and loyalty.
- Staff training on AI technologies is essential to maximize the benefits and ensure smooth adoption.
- Enterprises must address data privacy concerns by implementing secure systems and transparent practices.
- Small businesses should start with cost-effective AI solutions that fit their scale and gradually expand usage.
- Regularly monitoring and evaluating AI applications can help businesses identify areas for improvement and optimize customer relationship management.

CONCLUSIONS

The study highlights that Artificial Intelligence (AI) plays a significant role in enhancing customer relationship management for enterprises. Most respondents recognize AI's ability to automate tasks, improve data accuracy, and provide actionable insights, which helps businesses operate more efficiently. While some challenges exist, such as data privacy concerns and implementation costs, the overall benefits outweigh the drawbacks. AI enables enterprises to understand customer behavior better, personalize interactions, and strengthen loyalty. Integrating AI into sales and CRM processes can provide a competitive edge, streamline operations, and support sustainable growth, particularly for young and resource-conscious businesses.

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