

Application of Customer Relationship Management in Chinese Retail Industry

Case: Lianhua Supermarket

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<p>Abstract</p> <p>As the most dynamic retail form, the chain supermarket has maintained rapid development in the the early 21st century. However, the market of chain supermarket is approaching saturation level and an increasing homogenization also causes fiercer competition. Therefore, how to survive and develop in a growing competitive environment has become a serious problem for retail industry and brought customer relationship management into focus.</p> <p>Customer relationship management originated from the theory of relationship marketing, which aimed to support enterprises to identify the most valued clients and maintain long-term customer relationships. The objective of the thesis was to explore the existing practical problems when implementing customer relationship management for Chinese retail industry. Through a research on the case company, Lianhua supermarket, the thesis aimed to propose suggestions concerning how to improve customer satisfaction and loyalty in the future competitive market.</p> <p>There might be several problems at Lianhua supermarket, such as inaccurate marketing positions as well as vague identification of target customers. However, the research result has indicated the potential valued customer group based on the analysis of demographic variables. Additionally, the implementation of a membership system could also enable to contribute to the increase in loyal customers.</p>			
<p>Keywords</p> <p>Customer relationship management, customer satisfaction, customer loyalty</p>			

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1 INTRODUCTION

In the next decade, the global pattern of the retail industry will experience a considerable change. There will be a continuous phenomenal growth for emerging markets both for new customers and per capita spending, McKinsey & Company suggests (2014). In fact, China is the most noteworthy market. According to AT Kearney, China ranked first in 2015 Global Retail Development Index although with a weakening economy. (Roberson 2015)

The advancement of Chinese society and economy has promoted the evolution of prosperous retail industry, as well as the progress of residents' consumption ideas (BRIC Spotlight Report 2011, 2). However, China's retail industry still has to face various challenges, despite the fact that there is enormous potential and growth capability. In the context of rapid development of Chinese retail industry, managing and competing customer resources has become fiercer since there are increasing number of rivals entering the market. From the consumer's point of view, they usually give priority to reliable products and responsive service. Therefore, one of the most powerful weapon for organization to attract and retain customers is to meet their expectations and win the favour of customer satisfaction. (Buttle 2016, 2)

The contemporary human life has been changing as the rapid advancement of modern science and technology. As the result, customer needs and customer purchasing behaviour also change accordingly in such context. In terms of Chinese domestic retail brand, it has tremendous development space, nevertheless, there still remains a challenge as for cultivating customer loyalty. Research indicates that customers have gradually emerged as a significant factor for the future development of organization. Therefore, in order to adapt to the situation of social development and gain a competitive advantage, enterprise is requested to grasp the approaches of customer relationship management. (Buttle 2016, 2)

The retail market of China is approaching a critical point since the shift from consumption to customer experience and the increase of online purchase has become more challenging for traditional retailers (Fung Business Intelligence Centre 2015). Therefore, the reformation of chain retail corporation has become indispensable to survive in an increasingly competitive environment. The objective of the thesis was to explore what practical problems exist when implementing customer relationship management for Chinese retail industry. Through a research on the case company, Lianhua supermarket, the thesis aimed to propose suggestions concerning how to

improve customer satisfaction and loyalty in the future competitive market. Besides, the thesis sought to identify the factors that affected customers' choice of Lianhua supermarket from the perspectives of customer perception. Based on the research objectives, the research questions were put forward and designed accordingly.

Research questions:

1. What are the factors that affect customer choice of Lianhua supermarket?
2. How can Lianhua supermarket maintain relations with customers?
3. How customer perception influence on customer satisfaction and loyalty of Lianhua supermarket?
4. Which aspects do you suggest Lianhua supermarket develop concerning CRM?

The thesis basically consists of six sections. Initially, it begins with the theoretical knowledge about customer relationship management derived from different literature resources. Then, it concentrates on the application of CRM by Lianhua Supermarket. The whole research process is stated in Chapter 4 covering research methodologies, data collection and data analysis. A conclusion containing the summary of research results, recommendations for Lianhua Supermarket as well as validity and reliability of the research is elaborated. Ultimately, the thesis concludes with a discussion of the author's whole writing experience.

2 CUSTOMER RELATIONSHIP MANAGEMENT

Payne (2008, 6) seemed to be claiming that customer relationship management, or CRM, had increasingly drawn attention from the public in early 2000's, such as executives, academics and the media. In fact, the idea behind customer relationship management is not new, even the earliest businessmen understood that establishing a connection with customers contributed repeat business (Jobber 2004, 514). Nowadays, a growing number of enterprises are beginning regard customer relationship management as a cardinal task of future development (Payne 2008, 4).

2.1 The definition of customer relationship management

The contemporary meaning of CRM was regarded as a business strategy from 1990s, and subsequently developed to choose and manage the most valuable customer relationships (Tavana et al. 2013, 63). In general, Gartner Group first theorized the concept of customer relationship management in 1999. It defined CRM as an enterprise-scale business strategy, which aimed to segmenting customer markets, cultivate customer satisfying behaviour and combine maximize profit, revenue and customer satisfaction.

The upshot of Roger Cartwright's (2000) article is that customer satisfaction is no longer the ultimate goal for the enterprise, but only when customers feel pleasure and are willing to bring a sustained and repeat business, then it proves to be the most significant for corporation.

From Paul Temporal and Martin Trott's (2002) point of view, who are the most outstanding and the world's top experts in the field of brand creation, development and management, they discuss the principles of CRM in the process of brand building. On the other hand, it is illustrated that the prerequisite of being prosperous for one specific brand is to completely concentrate on customers, strictly establish a customer-centric company, and authorize employees to provide with excellent service.

Developing customer relationship management has become an inevitable choice for a corporate to increase both competitive capacity and profits. On the basis of five aspects of CRM, the S.C.O.P.E. model of customer relationship management has been introduced. Customer (C) is the central constituent element in the model. The rest of other four components represent suppliers (S), owners (O), partners (P) and

employees (E) respectively. It is necessary to organize and harmonize these five constituencies, in order to generate optimized value propositions and distribute it to selected customers. (Buttle 2016, 6)

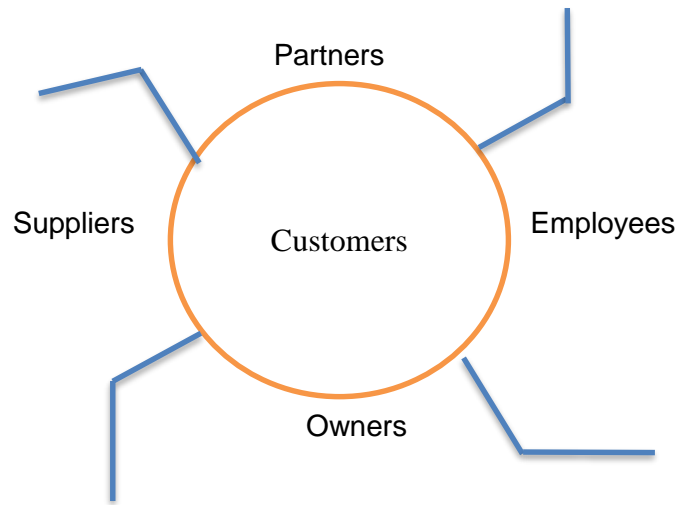


FIGURE 1. The S.C.O.P.E model (Buttle 2016, 7)

As can be seen from above figure, customers are located in the central position. While other four elements are around customers in the model. It is widely acknowledged that organization will generate revenues from external customers. On the contrary, the other four aspects will result in reproduction of expenditure and cost. But people seems to claim that the most significant elements is internal customer as well as employees. Since employees will offer favourable service to external customer when they feel satisfied in work. Hence, employees play an increasing important role for organization because customer satisfaction originate from interaction with employees. (Buttle 2016, 7)

2.2 Types of CRM system

Gavrila and Boldeanu (2009, 646-650) suggested the three components constitutes CRM architecture, which is collaborative CRM, operational CRM, and analytical CRM respectively. The following figure has exhaustively illustrated the overview of CRM architecture.

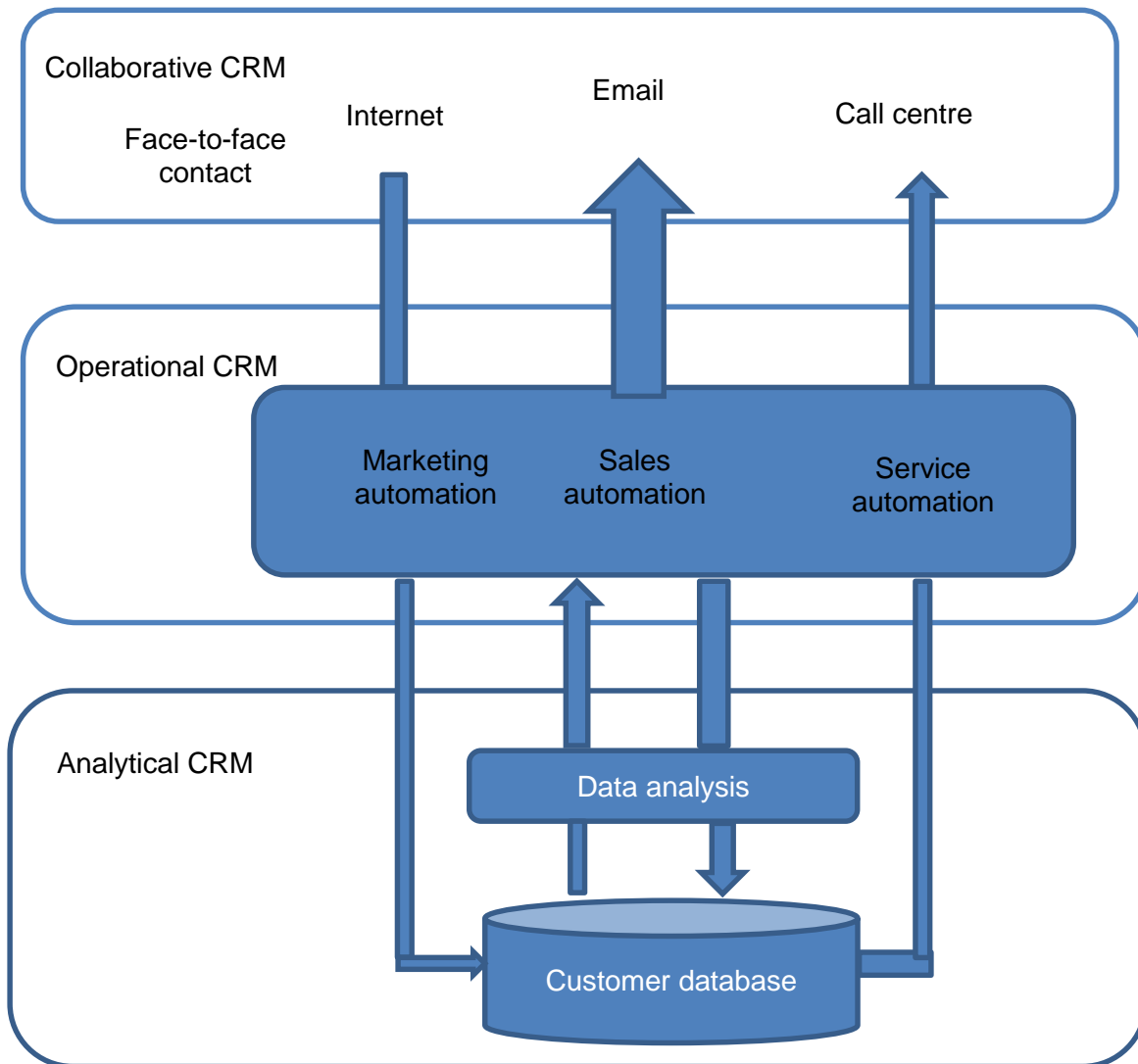


FIGURE 2. General structure of CRM (Garvrial & Boldeanu 2009, 646-650)

- Operational CRM

Operational CRM is used for the purpose of automatic business process integration, which includes marketing automation, sales automation and service automation. Its business processes and technologies facilitate the efficiency and accuracy of regularly customer-facing operations. (Buttle 2009, 6) One person is supposed to be responsible for the entire process of customer communication, whether from marketing, sales to aftersales service and the acceptance of customer feedback. Only afterwards are the sellers and service engineers capable of accessing the history of their clients. (Johnson & Ström 2002)

- Collaborative CRM

In terms of collaborative CRM, Jill Dyché (2002) defines as a specific functionality: it achieves bidirectional interaction between corporates and customers; furthermore, the quality of customer engagement is thought to be enhanced through various channels, including email, internet, and phone. Managing its cooperation partners of enterprise is the essence of collaborative CRM. There probably consists of agents and other business shareholders, however, it does not include direct clients. The emphasis is to boost business coordination while maintaining relationships with partners.

- Analytical CRM

As we can see from figure 2, analytical CRM analyses customer data that is produced from the above two types of CRM, and generates customer intelligence so that enables to provide support for strategic decision of enterprise. (Cunha & Manuela 2009, 480-481) Additionally, the application of a set of tools and techniques contribute to gather and process data from above operational CRM until customer recommendation enable be delivered to relevant officials within the shortest time (Gray & Byun, 2001)

Data mining is applied to exploit any interesting information, which might be previously unknown and potential useful (Sundari & Padmapriya 2012, 107). CRM data mining technique is a helpful discovery and learning tool, which is conducive to achieving targets of CRM through extracting or distinguishing hidden customer characteristics and behaviours from a large number of relevant customer databases (Farooqi & Raza 2011). Technically, some of the needed information is able to be generated automatically since CRM data mining system using infiltrated way. In order to realize the goal of deeper mining, the professionals of enterprise statistics, scientific decision-making and computer science are required to collaborate together. (Sundari & Padmapriya 2012, 108)

Data mining technology not only have functions of simple search, enquiry and transfer which aims at special database, but it is also responsible for carrying on measuring, analysing and reasoning macro and micro data in order to facilitate solve practical problems. Sometimes, the existing data could be applied to predict future events. Nowadays, there is a various number of software tools have been developed and launched to the market for better managing customer relationship, for example, the software tools include customer evaluation and segmentation, client behaviour analy-

sis, customer communication and customized service. (Sundari & Padmapriya 2012, 108)

Analytical CRM could also be regarded as a useful tool to guide sales for companies. It provides a practical marketing approach, but it varies from customer groups. To be more specific, the customers who have high potential value are worth of being provided with more considerate and thoughtful service, such as face-to-face selling. However, as for low value customers, it is possible to process deals through keeping in touch by telephone or emails. (Buttle 2009, 10-11) Considering that not every customer is comparatively remunerative, corporates should optimize their resources and invest to clients who have high potential value in order to achieve profits (Gupta & Lehmann 2005, 44-45). The following figure 3 illustrates how to identify customer value and make a strategic decision.

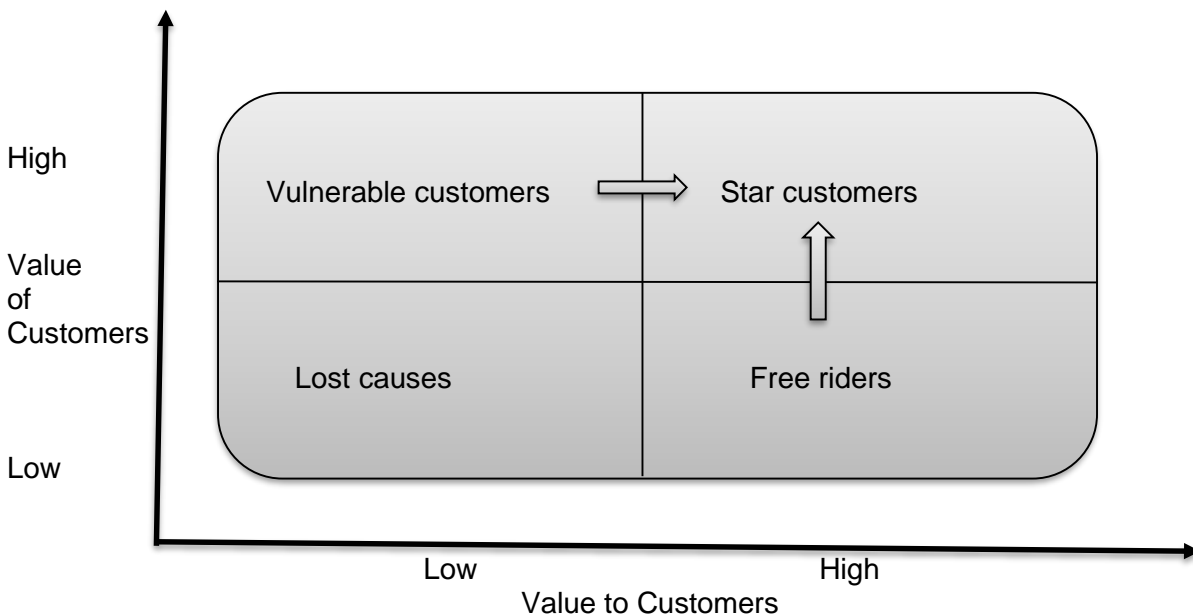


FIGURE 3. Comparison of value of customers (Gupta & Lehmann 2005, 44)

From figure above, it is obvious that star customers acquire high value of the products and service from the company just because they are certain to make contribution to high value for enterprises with their higher loyalty and longer retention time.

Therefore, this relationship is strongly suggested to establish and maintain not only customers could get exceptional value, but also firms will win more customer loyalty and profitability at the same time. Hence, its is equal and beneficial for both customers and companies. In the view of lost causes clients, they ordinarily do not gain abundant value from the products or services. Moreover, when their primary value

accumulates enough, it brings with giant market sales. But if lacks of economies of scale and the enterprise is unable to transfer to high profitability, it would be better to curtail investment or even terminate on these clients. (Gupta & Lehmann 2005, 44-45).

On the other hand, they do not maintain a balanced and steady relationship for these two types of customers: vulnerable customers and free riders. In this case, although vulnerable customers contribute high value to companies, they do not have access to acquire any expected service. The reason may be attributed to clients who purchase plentiful products during their first time. Therefore, once identifying these kinds of customers, prompt actions must be taken in case of customer loss. On the contrary, free riders enjoy exceptional service, which is not proportional to their inputs. So it is urgent for company to adopt strategies to reduce loss of profits: lowering the quality of service or raising the price level. (Gupta & Lehmann 2005, 45-47).

- Strategic CRM

Strategic CRM emphasis on providing interactions between organization and customers. And to some extent, it boosts maximizing lifetime value of customer and maintain long-term relationship with enterprise. Successful strategic CRM is a complicated variety of campaigns that lay a foundation for a continuable and inimitable competitive advantage. (Kumar & Reinartz 2012, 35)

2.3 Features of customer relationship management

As a new management mode, customer relationship management has the following features by comparing with other management modes (Sundari & Padmapriya 2012, 107).

- Emphasizing on relationship marketing

Nowadays, from a long-term point of view, establishing emotional connections with clients has become imperative whenever the corporate desires survive in the fierce competition. As companies gradually and increasingly transfer their attention from promoting products to offer better service to clients. (Saarijärvi, Karjaluoto & Kuusela 2013, 584) By replacing with high-quality products and dedicated service, enterprise is capable of earning trust and dependence from customers so that to maintain a sta-

ble and permanent relationship between enterprise and customers. Ryals and Knox (2001, 535) also claim that the purpose of customer relationship perspective was to retain long-term consumers.

- The amount of information exchange

There seems to be a great opportunity for establishing a good bond and obtaining key message when enterprises interact with their customers every time. The earlier interaction is proceeded; the more productive relationship is built. What's more, it is generally believed that nothing is more effective than an explicit and efficient communication with your clients whenever developing relationships. On the basis of mutual trust and respect, corporations are capable of overcoming any difficulties since they already hold a stable position. ("iSixSigma," 2016)

The implementation of information communication between enterprise and customer has become one of the most important aspect for customer relationship management. The sales do not always exert an effect on the development of organization. However, when referring to offer superior service for clients, communication seems to be more powerful for any firms that wish to succeed. In general, corporations are inadequate to satisfy every customer although they dedicate themselves to serving clients, it becomes possible to convert any negative situation to positive experience only if organizations communicate their concern about customers' satisfaction. In that case, with clear communication, the problems will be solved effectively since customers are willing to share their terrible experience. (Klazema 2014) Therefore, companies enable to obtain evaluation and opinions from the customers through information communication between enterprises and customers, and companies can make appropriate adjustments accordingly for better serving clients in the future and promoting their own development.

2.4 Process of customer relationship management

Customer relationship management is composed of three sectors: customer, relationship and management (Al-Badawi & Enayattabar, 2006). From an emergent point of view, it is apparent that CRM emphasizes on the "relationship" instead of the "transaction" and regards customer relationships as key business assets. The whole process of CRM is throughout whole customer life cycle, which start from customer identification, customer acquisition, customer retention, customer satisfaction, and eventually to customer loyalty. (Rouse 2014)

2.4.1 Customer identification

CRM aims at raising the value of this business asset through identifying the most profitable clients and establishing bonds with them. (Payne 2008, 12) To put it simply, customer identification is a process of exploring new customers and maintaining old customers. According to any available data of customer characteristics, customer behaviour, and customer purchase records, it aims to recognize the potential clients, customer needs and the most profitable customers for the company through adopting a series of technologies. These clients will be the implemented objective for enterprise customer relationship management. (Shen 2008, 138-139)

Customer recognition is a new concept, which essentially differs from customer segmentation and customer selection. Traditional marketing considers the selection of target market as the focus, and segments the entire customer group on the basis of different factors, then finally choose target customers for enterprises. However, under the circumstances of the determination of target market, customer identification is capable of recognizing clients who are profitable and valuable from the target market customer base, so that regards these customers as the objective of the implementation of customer relationship management. (Shen 2008, 138-139)

Vriens and Hofstede (2000, 5-10) seem to be claiming that the primary task of business is to identify right customers or valuable customers, because the largest cases of market transactions and the largest volume of sales profits tend to come from relatively small customer group. Activity Based Classification, also known as the Pareto curve (Zeithaml, Rust & Lemon 2001, 118), reveals that if enterprise segments clients in accordance with the firm's profit, then 80% of a corporate's profit is achieved from 20% of A type of customers, besides, an additional 20% of the profits come from B type of customers (occupy for 70% of total customers), and the rest of 10% customers (C type) do not generate any profit for the corporate. On the contrary, these 10% customers are also the creators of negative contribution margins to enterprises, which will reduce the level of corporate earnings.

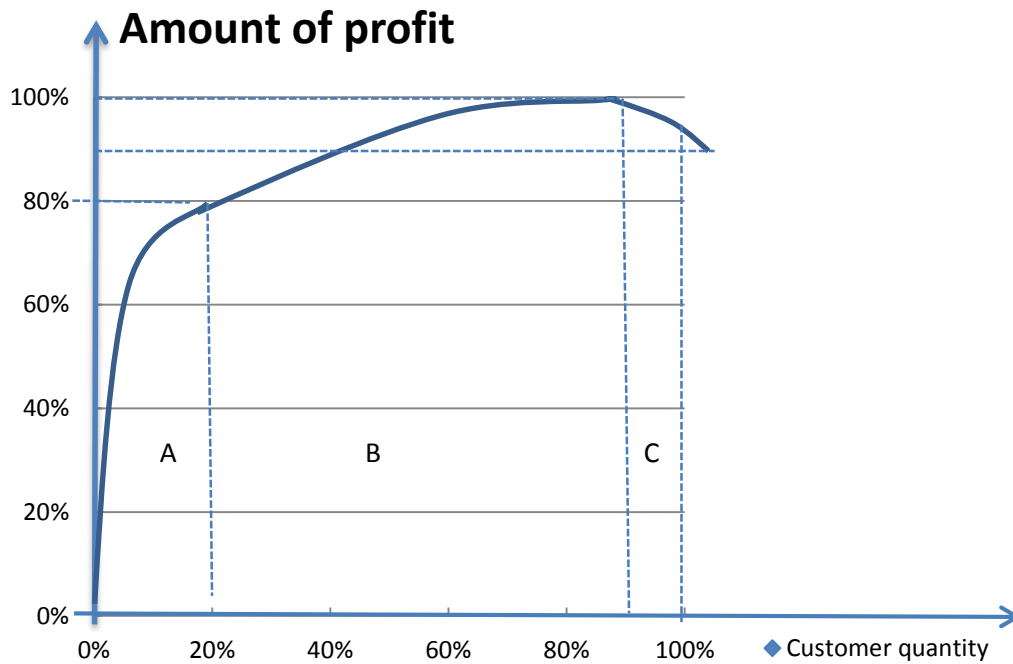


FIGURE 4. Activity Based Classification Curve (Zeithaml, Rust & Lemon 2001, 118)

In general, as we can see from Figure 4, ABC (Activity Based Classification) curve implicates that the enterprise is required to cultivate strategic thinking competence which contributes to optimization of marketing resources. Specifically, applying significant marketing resources to customers of category A; as for B type customers, enterprise is supposed to maintain or even reduce resources investment appropriately. Finally, it is possible to freeze any other resources inputs to C type customers. (Zeithaml, Rust & Lemon 2001, 118)

Ultimately, the competitiveness of enterprise is enhanced during the process of influencing the chain of customer value and creating value for customers. Buttle (2016, 3) claims that even though customer is an important asset for corporation, not all clients are equally significant. Because CRM concentrates more on strategically important customers. Reichheld and Scheffer (2000, 105-113) consider that valuable customer group plays a pivotal role for business growth. Especially, organizations could seek and then focus more on highly profitable, highly valuable and highly loyal.

2.4.2 Customer acquisition and customer retention

Establishing and maintaining relationship with customers is critical for corporation after identifying the potential customers. Swift (2000) states that the aim of CRM is to establish a deep relationship with customers and to maximize customer lifetime value

(CLV) for organization. In customer relationship management, CLV determination has become an increasingly significant tool to understand and evaluate a firm's relationship with customers (Tukel & Dixit 2013, 469)

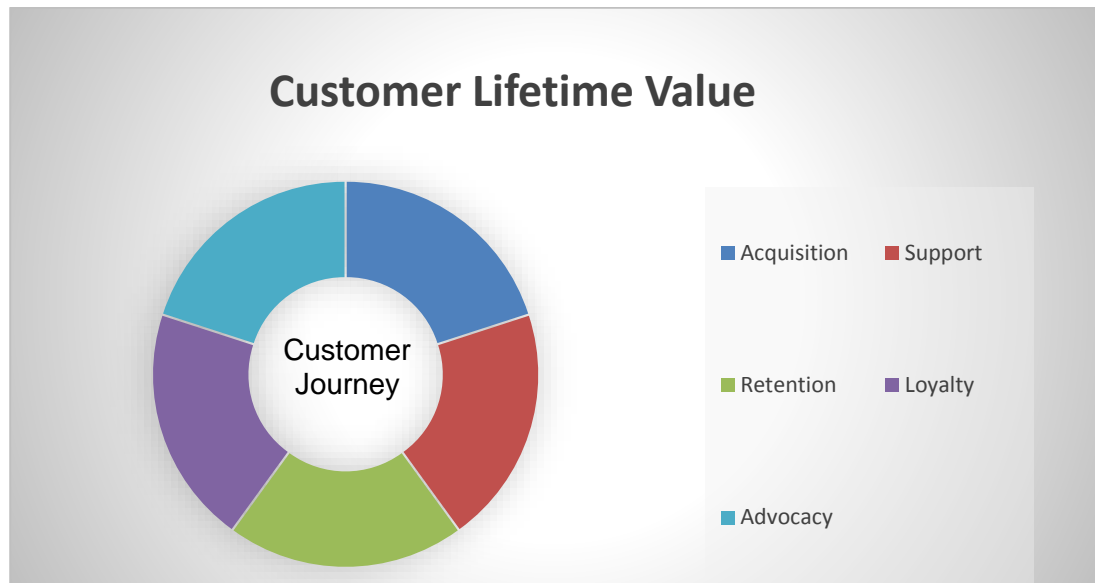


FIGURE 5. Customer Lifetime Value and Customer Journey (Bassett 2013, 2)

From the figure 5 above, it demonstrates the stages of customer journey: customer acquisition, customer support, customer retention, customer loyalty and customer advocacy. The organizational efficiency is improved through concentrating on internal processes and resources, as well as the impact of customer acquisition and support. While as for how to increase revenue, it requires the focus on clients and the influence of customer retention, loyalty, and advocacy. (Bassett 2013, 2)

Acquisition

The whole process of customer acquisition consists of research, select and purchase. Some promotional campaigns could be performed if the corporation hope to attract new customers, such as distributing free samples or granting price discount. That is, an effective means of acquiring new customers is the initial step for company to continue maintaining customer relationships. (Bassett 2013, 2)

Support

Customer support is the most vital stage of the customer journey. Not only because the eventual value of client exerts tremendous influence on corporation, but it also foresees the potential growth of the organization according to its performance. In detail, the accession of customers who are at the stage of support indicate plentiful potential opportunities and risks for organization. Since at first company is only re-

sponsible for solving general problems or some technical aid with their product or service, however, at the later stage, some guaranteed resources are required such as maintenance or quality warranty. (Bassett 2013, 2-3)

Retention

A great deal of research data has indicated that many firms strongly pay more attention to acquire new customers instead of developing current clients (Christopher, Payne & Ballantyne 2002, 56-57). Nonetheless, by comparing with the large capital investment of customer acquisition, paying more attention to customer retention is suggested due to the benefits of cheaper cost in serving regular clients and subsequent growth of profits (Edward & Sahadev 2011, 327).

The objective of the customer retention strategy is to maintain the majority of clients who have high value through diminishing customer defections. Retention also aims at particular customers, because not every client deserves organization to spend time and capital maintaining. (Buttle 2009, 257) When customer journey has developed into this stage, it implies that clients have remained consumption of the product or services for a certain time period. The higher retention it keeps, the longer relationship and the higher CLV it maintains. Hence, when organizations are more capable of offering products or service, customers become more willing to continue making transactions and regard companies more valuable. (Bassett 2013, 3)

Loyalty

In early 21st century, customer loyalty has become one of basic factor as a measurement of enterprise's survival and development. A loyal customer is considered as a competitive asset for a corporation (Chen, 2012).

At this phase, clients are still willing to keep regular communication with company. Although it is considered that the literal meaning of loyalty differs a little from retention, loyalty is irrelevant with how long they maintain the relationship. On the contrary, it means a client's buying behaviour and activities that occur in this relationship. Normally, the majority of additionally value-added services are purchased by customers who are more loyal; nevertheless, less loyal clients will seek other places to enjoy these services. Therefore, when organization is competent to establish a valuable and sustainable relations with clients, the organization has higher customer lifetime value then. (Bassett 2013, 4)

Advocacy

The campaign of customer advocacy is launched by the current loyal customers, who aim to disseminate information about a product or share their experiences about brands and corporations to their family members, colleagues and friends. What's more, they will also encourage those consumption group to buy these products. (Fiorella, 2015) Although the information is usually informed by acquaintances, the receiver of information can gradually find it on various social media platforms. There is one successful example: word of mouth, which directly influence the customer behaviours through their personal experience. There is no doubt that customer advocacy exists disadvantages: a negative advocacy exerts a passive impact on customer purchasing behaviour. (Bassett 2013, 4)

In conclusion, in the customer journey, the corresponding step with retention, loyalty and advocacy is promote/detract and renew. Strengthening the cultivation of customer retention, loyalty, and advocacy is imperative once organization has acquired and supported a new client. There are certain commonly used methods in the period of these stages, such as boosting conversion efficiency, averaging order value and adopting cross-selling strategies. (Bassett 2013, 4-5)

2.4.3 Customer satisfaction and customer loyalty

There are several facts that cannot be overlooked before considering the significance of customer satisfaction. 55% of clients have intended to make deal with the firm, but finally abandon their transactions due to poor customer service (American Express 2012, 9). 87% of customer would like to share good experiences with others (Zendesk 2014). There are only 28% of dissatisfied customers intend to keep making transactions with company (Dixon, Freeman & Toman 2010).

The above data emphasize the vital role of satisfying customers, which will eventually benefit for the increase of corporation's profits. Considering that if sales perform an engine control to the organization, then a high level of customer satisfaction and dedicated customer service provides with continuous fuel supply (Tracy 2012). Customer satisfaction and loyalty are two main criteria for each enterprise to achieve success. However, only relying on customer satisfaction is far from prosperity, but it is in more urgent need of the support of customer loyalty. Therefore, effective implementation of CRM strategy and positive influence on customer satisfaction is requisite to improve customer loyalty. (Long & Khalafinezhad 2012, 6) the following three steps explain how to establish customer satisfaction and customer loyalty.

➤ Meet customer expectations

The undeniable fact is that delighted customers, like free advertising, playing a significant role to customer satisfaction (Long & Khalafinezhad 2012, 6). If clients are not highly satisfied with service or products provided by enterprise, they will tell others about their negative experience, which will tarnish the image of enterprise as well. It is not beneficial for corporations' long-term development. (Tracy 2012)

But customer will gradually become satisfied with the firm when their expectations are met, which is also the minimum requirement for organization to survive in this fierce market. Customer satisfaction will be higher while they acquire much better experiences than previous imagination during the period of purchasing and using products. And when customer psychological needs and satisfaction are enhanced, the customer loyalty will be formed and improved progressively. However, if the competitors do not merely intend to meet customer expectations, but they are competent to do better, in this case, your clients will absolutely lose. Meanwhile, a single failing of meeting customers' expectations, they might abandon you forever and choose other organizations that are able to provide. (Tracy 2012)

➤ Exceed customer expectations

Today, satisfying customers is not the only goal for organization, they also struggle to figure out more effective and efficient methods about how to survive in the competitive market and stay ahead of other competitors to achieve their goals (Kotler and Armstrong, 2011). It is widely acknowledged that the main objective is to achieve profit for every organization. The point of Kumar and Shah's (2004, 317-331) article is that obtaining and maintaining loyal customers might be proved as an effective method to realize this goal.

When clients feel surprised that the products or service provided by organizations is more than they expect, then the higher level of customer satisfaction is achieved. Therefore, if corporations offer a fast, friendly and favourable customer service, they become possible to lead other competitors in the market and will be based on the position. Moreover, at this stage, customers are willing to pay for the service that exceed their expectations, in other words, the corporation have wined customer loyalty, which is beneficial for them to raise prices and thus improve profit margins. (Tracy 2012)

- Establish emotional connections and provide favourable customer service

Customer satisfaction is a prerequisite for customer loyalty (Abdinnour-Helm, Chaparro & Farmer, 2005). Bowen and Chen's (2001, 213-217) argument seem to be that it is just not enough to have satisfied clients, but there has to be really satisfied customers since customer satisfaction direct with customer loyalty. As the objective of CRM, customer loyalty enables clients to make repeat transactions with the retailer and being pleased with their decisions. In general, there is an emotional connection between loyal customers and the retailer. Their relationship is more like friends. (Harlam 2008, 306-308) So once you have won your customer loyalty, it becomes quite difficult to snatch customer resources for competitors. Therefore, creating emotional connection with customers is necessary not only due to customer loyalty, but also indicates that organizations have opportunity to earn exceptional and higher profits.

Gallup Group once conducted a customer interactions study, which analysed the overall service efficiency and service quality during the process of creating brand engagement, which was an essential aspect for retaining customer loyalty. And it finally drew a conclusion that clients are six times more willing to participate in brand interaction if they were offered with faster and better service. (Ciotti 2012) Absolutely, there are numerous cost-efficient methods to delight your clients and create customer loyalty. For instance, a majority of airlines give concerns on passengers by providing top-notch service. (Tracy 2012) Besides, ensuring that customers have easy access to interact with enterprise, either way, clients should be offered with dedicated service. Meanwhile, paying attention to the cultivating of staffs' quality, they directly contact with customers after all. Maintaining a positive and enthusiastic service attitude towards consumers contribute for a long-term development for enterprises. All in all, the more effort you put on pleasing your clients and offering favourable customer service, the bigger success you will achieve in your business. (Tracy 2012)

3 APPLICATION ANALYSIS OF LIANUA SUPERMARKET

This chapter primarily demonstrates the application of customer relationship management on the case company, namely, Lianhua supermarket. The chapter is divided into two parts, firstly it is going to provide an overview of Lianhua supermarket, and it subsequently follows with practical implementation of CRM in Lianhua supermarket.

3.1 Overview of Lianhua Supermarket

Lianhua Supermarket Holdings Company Limited, Lianhua Supermarket or the Company, began operating in 1991, which was also the first supermarket company which featured on developing chain operations in Shanghai. On the strength of expanding through an integration of organic growth, franchises, merger and acquisitions, Lianhua supermarket has become a chain retail operator after the development of more than 20 years, which enabled to provide with complement retail segments. Lianhua supermarket has occupied the pole position in the FMCG retail industry in China. (Lianhua supermarket holdings company limited 2016) Up to December 31st 2015, the group has a total of 3883 outlets, which included 157 hypermarkets, 2123 supermarkets and 1603 convenience stores (Lianhua Supermarket 2016, 14).

THE TYPES OF RETAIL STORES

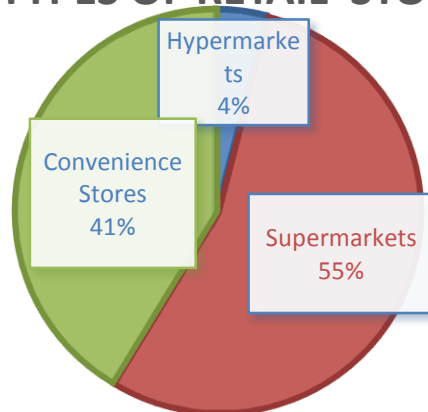


FIGURE 6. The types of retail stores of Lianhua Supermarket Group (Lianhua supermarket 14-15)

From absorption and application of foreign advanced management mode, Lianhua supermarket provide consumers with cheap, safe and fresh products, superior one-

stop-shop service as well as comfortable shopping environment. The philosophy that Lianhua supermarket sticks to is that customers should always be given priority to the first place. It also adopts a client-oriented marketing strategy, which aims to provide a wide variety of high-quality goods and value-added services with competitive price. For example, along with offering free mailing service, free delivery service and free gift package service, they claim to have brought more benefits and convenience to consumers, so that customers would enjoy a more delightful shopping experience.

3.2 Application of CRM of Lianhua supermarket

In the current competitive context, Lianhua supermarket has applied customer relationship management strategy in order to acquire new customers and maintain existing customers (Huang 2013 & Bailian Group 2013).

- Collecting customer data and implementing membership system

According to Nielsen's survey, there were approximate 57% of Chinese respondents pointed that the retail channels they shopped would offer membership services. The membership service is a variety of marketing activities that contribute to mobilize the purchasing initiatives through various incentives. Among these respondents, 96% of them indicated that they were more willing to patronize these retailers that provided membership service. (Feng 2013)

In 2014, Lianhua supermarket adopted a hierarchical member system in order to offer the best goods to clients at the maximum preferential prices. This member system divided the member card into three types: gold card, platinum card and normal card, and all of the classification depends on how many bonus points customers accumulated. Therefore, members with different level of cards would be provided various service. For example, the gold card members could enjoy free parking service when they are shopping at Lianhua, while others two card members could not. Ultimately, all of the membership measures intend to attract the consumption of members and maintain a long-term customer relation so that promote customer loyalty for Lianhua supermarket. (Winshang 2014)

- Analysis of CRM system in Lianhua supermarket

As for CRM system of Lianhua supermarket, it generally consists of three parts: Membership management system, customer feedback system and data analysis system (Huang 2013 & Bailian Group 2013). The detailed structure could be illustrated as following:

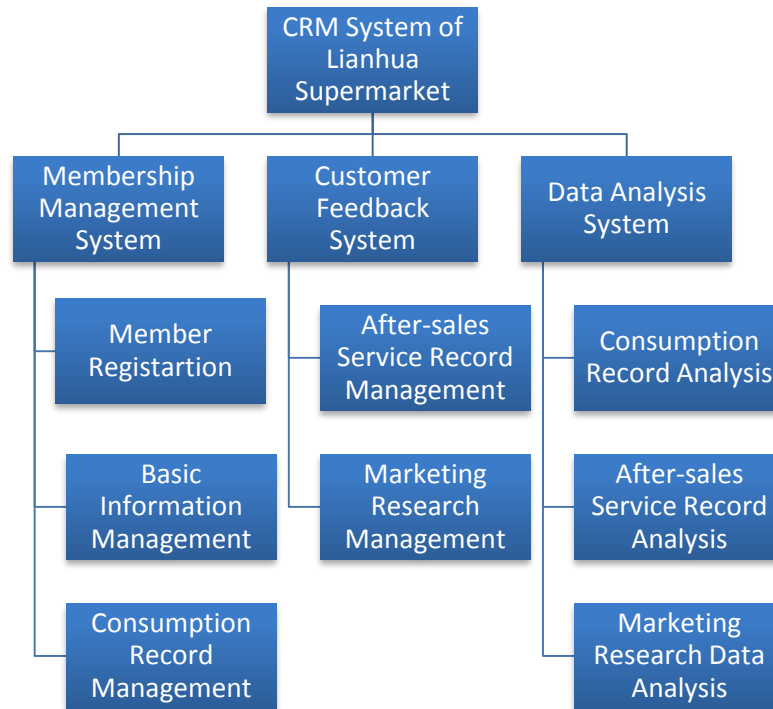


FIGURE 7. CRM system of Lianhua supermarket (Huang 2013 & Bailian Group 2013)

➤ Membership management system

The main function of membership system is to provide customers with membership registration service, and it is also responsible for recording basic information and personal consumption history of members. Meanwhile, the shopping information will be recorded once the customer register as a member of Lianhua supermarket, and the information will be used for data analysis system. (Bailian Group 2013, 16-20)

The implementation membership system has brought numerous benefits. Firstly, it establishes a long-term and steady consumption market. Under organizational restrictions, an unsteady stream of consumers of Lianhua supermarket are transferred into regular customers, which also contributes to enhance turnover and market share of Lianhua supermarket. (Shanbai 2013) Secondly, implementing membership system is beneficial to cultivate a large number of brand loyalists. To be more specific, if

consumers register to be the member of Lianhua, then their long-term shopping experience will definitely affect the formation of consumption habits. Hence, members will gradually form loyalty to the brand of Lianhua supermarket. (Feng 2013)

➤ Customer feedback system

As a well-known retailer of China, Lianhua supermarket not only focus on low-cost strategy, but emphasize on quality of service. Because the essence of parity is to provide customers with value-added services. The quality of service depends on the gap between customer expectations and customer perception towards service. The gap is often explained by that enterprises do not understand customers' expectations. Therefore, the main function of customer feedback system is to approach customers and further explore their expectations. (Tracy 2012)

Basically, customer feedback system of Lianhua supermarket includes two parts: after-sales service record management system and marketing research system. Both of these two systems are for better serving clients and meeting their requirements. For example, every time when there is a customer complaint, the former is in charge of recording relevant product information, customer data and corresponding customer requirements. While for the latter, marketing research system, is responsible for managing related data that gathered from market researchers. The data includes frequent shopping time, popular product category and customer advice. (Huang 2013 & Bailian Group 2013)

➤ Data analysis system

The main application of data analysis system is to mine data. At present, a large number of corporations has accumulated abundant data when they are serving their clients. The data is beneficial for analyzing business development process, competition trend as well as customer resources. While the analysis on customers has increasingly become the most competitive advantage for development of enterprise. The data analysis system could help accelerate the process of searching large databases. Besides, it is also beneficial to identify client purchasing patterns and classify customers into groups effectively. (Farooqi & Raza, 2011)

As can be seen from Figure 7 above, data analysis system has function of analyzing consumption record analysis, after-sales service record as well as market research data. Based on the customers' historical spending, data analysis system enables to draw conclusion of consumption habits. For instance, the system could analyze which age group of customers would give preferences to certain products, and when the certain products would sell better. The after-sales service record analysis elaborates the probability and the reasons of complaints concerning on certain products. While in terms of customer purchase tendency or shopping frequency, Lianhua supermarket has access to acquire data from market research data analysis. (Bailian Group 2013, 16-19)

4 RESEARCH PROCESS

This chapter primarily focuses on a research case of customers in Lianhua supermarket. First of all, the research objectives and research questions are raised, and then follows with the application of research method and the elaboration of data collection and data analysis. Next, it continues interpreting the research results on the base of above analysis. Eventually, it ends with summarizing main findings of this research as well as the evaluation of validity and reliability.

4.1 Research method

Quantitative and qualitative research methods are generally acknowledged as two broad categories of business research method in social sciences. According to Aliaga and Gunderson (2002), quantitative research method is to interpret phenomena and analyze gathering numerical data through using mathematical methods. Generally, the numerical data is generated through data collection technique, such as a questionnaire. And the results are usually presented in form of statistics, graphs and tables.

Choy (2014,101) listed the following three main benefits of the quantitative research method:

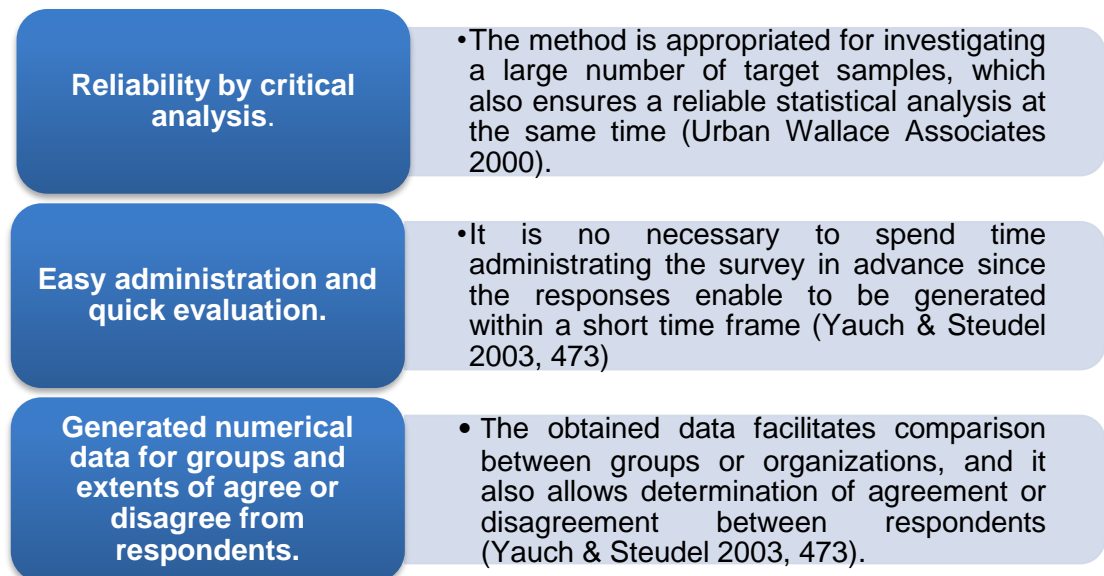


FIGURE 8. The strengths of quantitative research methods (Choy 2014, 101)

The most important consideration is the research questions before choosing a research method (Saunders, Lewis & Thornhill 2009, 109). In this case, quantitative

research method is applied. The primary cause for applying this research method is to know how many customers in Lianhua supermarket have similar features or like a particular idea. It also aims to find out customers' viewpoints and measure customer satisfaction degree to Lianhua supermarket. Because there are a large number of consumers and members of Lianhua supermarket, a questionnaire is designed in order to generate more accurate and reliable data.

4.2 Data collection

A quantitative questionnaire was designed and created by Webropol, which is the most frequently used software tool for conducting quantitative research in Savonia UAS. The questionnaire was designed both in English and Chinese for the reason that target subject aims at all customers as the sample group, including members and nonmembers of Lianhua supermarket Shanghai Branch. There are a total of 14 questions in this questionnaire, which is composed of single choice, multiple choice, scale selection and one open-ended question.

Generally, it was constructed as following:

- Q1-Q5 focus on investigating demographic variables of respondents, including age, gender, education level, occupation and income level.
- Q6-Q9 intend to acquire information about respondents' purchasing behavior, for example, their purchasing frequency as well as the possibility of being loyal customers
- Q10-Q11 seek to find how to acquire new customers and retain more existing customers, and also explore the reasons of choosing Lianhua.
- Q12-Q13 concentrate on respondents' attitudes and satisfaction level towards Lianhua supermarket.
- Q14 is designed as a non mandatory open-ended question, and it aims to collect more suggestions and viewpoints on Lianhua's continuous growth.

Five-point Likert scale, an ordered scale from which respondents choose one option that can best expresses their attitudes, will be used to measure each descriptive statement. In this questionnaire, the method was applied to question 12 and question 13. The goal of question 12 is for measuring how important of the statements influence respondents' choice of Lianhua supermarket. While for question 13, it aims to investigate the respondents' satisfaction degree when they are shopping at Lianhua.

Level of importance and satisfaction is constructed and valued from 1-5:

- Very important/ Very satisfied = 1
- Rather important/ Rather satisfied = 2
- Neutral = 3
- Rather not important/ Rather not satisfied = 4
- Not important at all/ Not satisfied at all = 5

The questionnaire was released on 19th April and ended the survey on 3rd May, which took about two weeks to gather data. Accompany with a cover letter, the questionnaire was sent the members of Lianhua supermarket. Furthermore, it was also shared on several Chinese popular social platforms in order to attract more people who are intended to participate in this survey.

4.3 Data analysis

In this case, there were 212 individuals who had participated in the survey, and the compared groups include 150 members and 62 nonmembers. The quantitative data were analyzed by Webropol professional statistics and Microsoft Excel. These analytical tools are of great convenience for analyzing the results. In addition, the appropriate tables, graphs and numerical measures will be contributed for more professional statistics analysis in this thesis.

- Analysis of demographic variables

The demographic variables, including the general information of respondents' gender, age, monthly income and occupation, are firstly illustrated and analyzed through cross tabulation and the Microsoft Excel. The tools enable to explore the association and seek difference between every variable. Concerning the diversity of respondents' population, figures will be converted into percentages for a better understanding and analysis. The general information of the comparing respondents is presented in the following tables, where comes from Webropol Professional Statistics.

TABLE 1. The gender proportion of respondents by members or nonmembers

	Are you a member of Lianhua supermarket?		
	Yes (n=150)	No (n=62)	All respondents (n=212)
Gender			
Male	37 %	53 %	42 %
Female	63 %	47 %	58 %
Total	100 %	100 %	100 %

As we can see from Table 1, there are 212 respondents, including approximately 70% of respondents who are members of Lianhua supermarket. By comparison with sex rate of respondents, it was obvious that the majority of female group are members of Lianhua supermarket, which accounts for 63%, while only 37% of male participants hold a membership card. 53% male respondents have not become members so far, which is a little higher than the female group. Hence, it is assumed that female individuals more likely registered as members of Lianhua supermarket than male.

TABLE 2. The age group of respondents by members or nonmembers

	Are you a member of Lianhua supermarket?		
	Yes (n=150)	No (n=62)	All respondents (n=212)
Age			
Below 20	8 %	24 %	13 %
20-30	33 %	60 %	40 %
31-40	38 %	6 %	29 %
41-50	16 %	6 %	13 %
Above 50	5 %	3 %	5 %
Total	100 %	100 %	100 %

It can be seen from table 2, the respondents are divided into five age groups, including age under 20, 20 to 30, 31 to 40, 41 to 50 and above 50. In general, the majority of the participants involved in this survey focused on these two intervals of age: 20 to 30 and 31 to 40, which accounts for 70% in total. And these two age groups are more intend to register as members by comparing with other age groups, for the reason that their proportions occupy 33% and 38% respectively. However, what is noteworthy is that 60% of respondents, who are 20 to 30, do not hold a membership card

when they are shopping at Lianhua supermarket. As for respondents' ages between 31 to 40 respondents, only 6% of them are nonmembers. Therefore, the results might implicate those individuals whose ages between 31 to 40 are more likely to register as members in Lianhua supermarket than other age groups. In addition, it is apparent that those ages below 20 and above are in a minority of members, which accounts for 8% and 5% correspondingly.

TABLE 3. The education level of respondents by members or nonmembers

Education level	Are you a member of Lianhua supermarket?		
	Yes (<i>n</i> =150)	No (<i>n</i> =62)	All respondents (<i>n</i> =212)
High school	23 %	27 %	24 %
Bachelor degree	46 %	50 %	47 %
Master degree	21 %	18 %	20 %
Other (elementary, doctor, etc.)	10 %	5 %	8 %
Total	100 %	100 %	100 %

As we can see from above table, 46% of respondents who hold bachelor degree is the members of Lianhua supermarket. Meanwhile, 50% of nonmembers are bachelors. The percentage of bachelor degree is much higher than the proportion of other education level. Although there is approximate a half of nonmembers who also acquire a bachelor degree. As for respondents with master degree, members and nonmembers represent around 21% and 18% respectively.

One can see from table 4 below that the majority of members are employees, whether they work on private business and public sector, which occupy 29% and 25% correspondingly. However, only 5% of employees in public sector do not hold membership card. It could be explained that employees in public sector in China remain a steadier position than other occupation, and public sector staffs were generally awarded better than employees in private enterprises (CCTV America 2015). Therefore, they more intend to spend money at same supermarket.

TABLE 4. The occupation of respondents by members and nonmembers

Occupation	Are you a member of Lianhua supermarket?		
	Yes (n=150)	No (n=62)	All respondents (n=212)
Student	17 %	42 %	25 %
Self-employed	21 %	15 %	19 %
Private business employee	29 %	31 %	30 %
Employee in public sector	25 %	5 %	19 %
Other (unemployed, retired, etc.)	8 %	8 %	8 %
Total	100%	100%	100%

As for respondents who are unemployed or retired, the members and nonmembers contribute a same proportion: only 8%. There is a clear overview that student category shows a distinct difference between members and nonmembers. The percentage of students who belong to nonmembers is roughly 25% higher than members group. It indicates that students are less likely to join membership. In brief, to a large extent, the stability of individuals' occupation results in their choice of being members or not.

TABLE 5. Respondents' monthly income by members and nonmembers

Monthly income (CNY)	Are you a member of Lianhua supermarket?		
	Yes (n=150)	No (n=62)	All respondents (n=212)
Below 2000	16 %	37 %	22 %
2000-4000	22 %	24 %	23 %
4001-6000	29 %	15 %	25 %
6001-8000	23 %	13 %	20 %
Above 8000	9 %	11 %	10 %
Total	100 %	100 %	100 %

On basis of Trading Economics (2015), Chinese annual average salary per capital is approximate 57361 CNY in 2014, which is equal to 4780 CNY (664 euros). As we can see from the table above, approximately a total of 45% of respondents whose wages do not reach an average level. The reason for this phenomenon might be because there are a quarter of participants belonging to students according to data of previous table 4. Nearly 30% of respondents whose monthly income ranges between 4001 CNY to 6000 CNY (556 euros to 833 euros) are currently the member of

Lianhua supermarket. And 23% of members' monthly salaries are in the range of 6001 CNY to 8000 CNY (834 euros to 1111 euros). While for 37% of individuals who do not hold a membership card, their monthly wages are normally below 2000 CNY (278 euros). Additionally, 24% of nonmembers hold the same situation, their earnings are in the range of 2000 CNY and 4000 CNY (278 euros to 556 euros). However, when respondents' income level who has reached above 8000 CNY (1112 euros), they generally will not give consideration to register member or not, because there are only 9% of members and 11% of nonmembers in this case. Therefore, it is supposed that monthly income exerts a important influence on individuals' choice of being a member of Lianhua supermarket or not.

➤ Analysis of respondents' purchasing behavior

Table 6 illustrates two categorical variables, namely, the length of being a member of Lianhua supermarket and their shopping frequency every week. Generally, a total of 63% of members who has registered within one year usually go shopping at Lianhua supermarket less than once every week. No respondents who hold membership card for three years or more than three years choose to purchase at Lianhua supermarket less than once a week. Besides, no matter how long the respondents have been the member of Lianhua supermarket, the majority of respondents tends to consume for one to two times per week, which occupies no less than 45% for all time period.

TABLE 6. Respondents' shopping frequency by the length of being a member(n=150)

Shopping frequency per week	How long have you been the member of Lianhua supermarket?				
	< 1 year (n=22)	1 year (n=18)	2 year (n=44)	3 year (n=21)	> 3 year (n=45)
Less than once	41 %	22 %	7 %	0 %	0 %
One to two times	45 %	67 %	68 %	57 %	58 %
Three to four times	14 %	11 %	25 %	38 %	36 %
More than four times	0 %	0 %	0 %	5 %	7 %
Total	100 %	100 %	100 %	100 %	100 %

Furthermore, 38% and 36% of individuals who have registered as members for three years and more than three years accordingly, these two groups prefer to hang out at Lianhua about three to four times a week. However, merely 11% of respondents who hold membership cards for one year that would choose to purchase at Lianhua for three to four times a week. Another obvious fact is that there are no members going shopping for more than four times a week, except for members who hold membership card for three years or more than three years. And it accounts for a total of 12% concerning on whole time period.

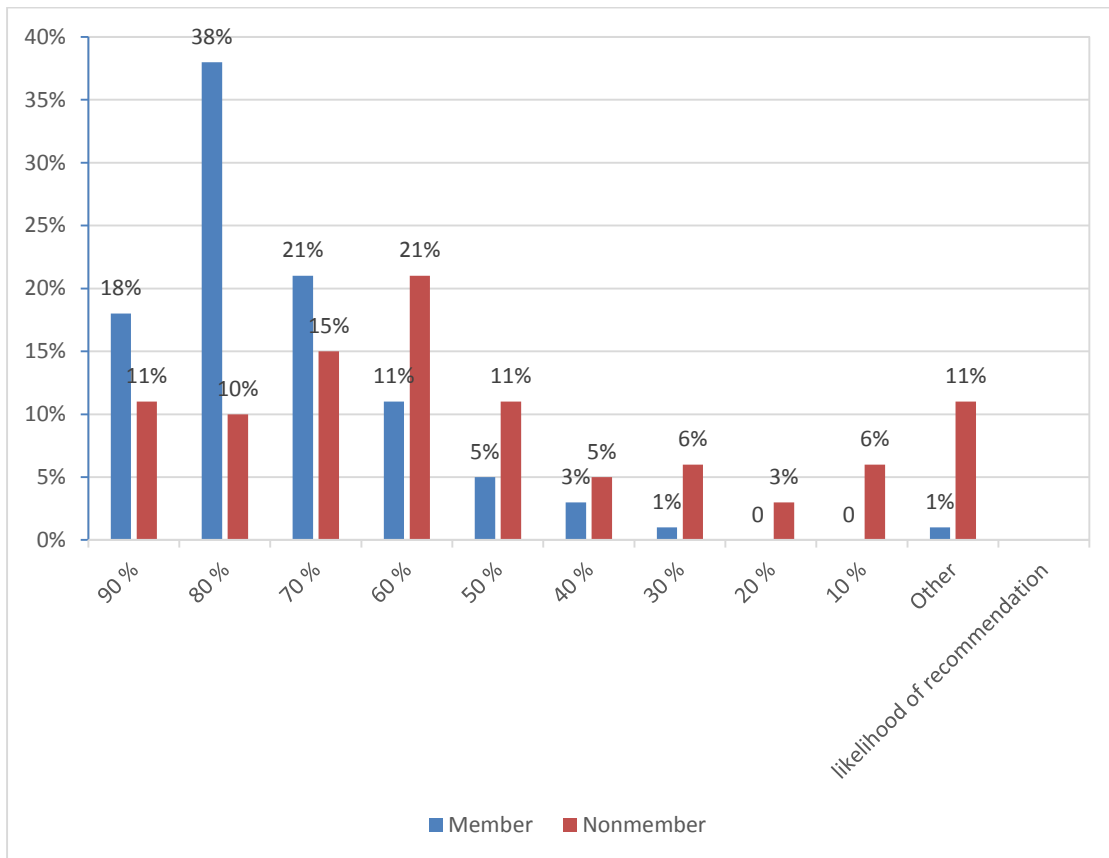


FIGURE 9. Respondents' willing of recommending Lianhua to others

From the perspectives of both member and nonmember, Figure 9 depicts an outlook of the probability of respondents' willing of recommending Lianhua supermarket to others. And the probability is demonstrated in form of percentage: from 10% to 90% of possibility. Generally, regardless of whether respondents are members or not, most of them would be pleased to share their experience with others. It could be proved that the majority of responses focus on the 50%- 90% probability.

When referring to 70%, 80% and 90% probable, it can be noticed that members are more willing to recommend Lianhua supermarket to other people through comparing the percentage differences of members and nonmembers' willingness. Moreover, it seems obvious that there are 38% of members who are quite likely (80% of possibility) to recommend Lianhua to other people. The percentage is far more than the proportion of nonmembers. Nonetheless, nearly a large portion of low willingness (10% to 40% probability) are contributed from nonmembers, which occupies in the range of 3% and 6%. As a whole, we could assume that members are primary contributors to deserved reputation of Lianhua supermarket.

TABLE 7. Respondents' preferred promotions by members and nonmembers

	Are you a member of Lianhua supermarket?		Differences
	Yes (<i>n</i> =150)	No (<i>n</i> =62)	
Popular promotions			
Free gifts	29 %	50 %	-21 %
Two for one deals	47 %	53 %	-6 %
Discounts	71 %	73 %	-2 %
Integral redemption	37 %	19 %	18 %
Bonus points in membership card	37 %	3 %	34 %

Table 7 demonstrates a variety of promotional activities that would be popular for both members and nonmembers. Through sorting data of differences between two respondents group from the smallest to the largest, there is an apparent difference in terms of free gifts. As can be seen that there are 50% of nonmembers desire to receive free gifts when they purchasing products from Lianhua supermarket. While merely 29% of members would hope to accept free gifts when there are promotional activities.

By observing above data, it could be found that there is subtle distinction between members and nonmembers concerning both these two promotions: two for one deals and discounts. While it is widely acknowledged that discounts are regarded as the most attractive promotions for both members and nonmembers, which occupy 71% and 73% respectively. Nonetheless, members seem to advocate more about integral redemption and bonus points in the membership card than nonmembers. Especially there is 37% of members hope to add bonus points in their membership card, while only 3% of nonmembers would support this promotion. In conclusion, it is suggested

that Lianhua supermarket could hold more promotional activities, such as discount granted and two for one deals, to acquire new customers and maintain current customers.

TABLE 8. Means of information acquisition by members and nonmembers

Source channels	Are you a member of Lianhua supermarket?	
	Yes (n=150)	No (n=62)
Recommendation from family, colleagues and friends	47 %	29 %
Magazines or newspaper	9 %	15 %
TV or radio	15 %	13 %
Internet	4 %	6 %
Other (direct mail to home, billboards)	25 %	37 %

In order to acquire more potential customers, it is important to find out how individuals learn about Lianhua supermarket. The above cross tabulation is a favorable tool to check how members and nonmembers know about Lianhua supermarket. From observing above data, it could be found that the majority of respondents, including 47% of members and 29% of nonmembers go shopping at Lianhua supermarket from recommendation of family, colleagues and friends.

There is a slight diversity with the channels of magazines or newspaper and TV or radio between the choice of members and nonmembers. To be more specific, their percentages are basically in the range of 9% and 15%. In addition, only 4% of members and 6% of nonmembers hear about Lianhua from the channel of Internet. In terms of other option, it indicates that respondents acquire inform through direct mail to home and as well as billboards. While approximately 25% of members learn about through this channel and the percentage of nonmembers is somewhat higher which accounts for 37%.

➤ Importance of issues for influencing customers' choice of Lianhua

Some significant elements are evaluated when individuals decide to consume at Lianhua supermarket. The respondents rank these factors according to its importance as they consider. The importance of items is composed of five categories: very important, rather important, neutral, rather not important and not important at all. A 100% stacked chart will contribute a better overview of proportion for significant issues when respondents choose to spend money at Lianhua supermarket.

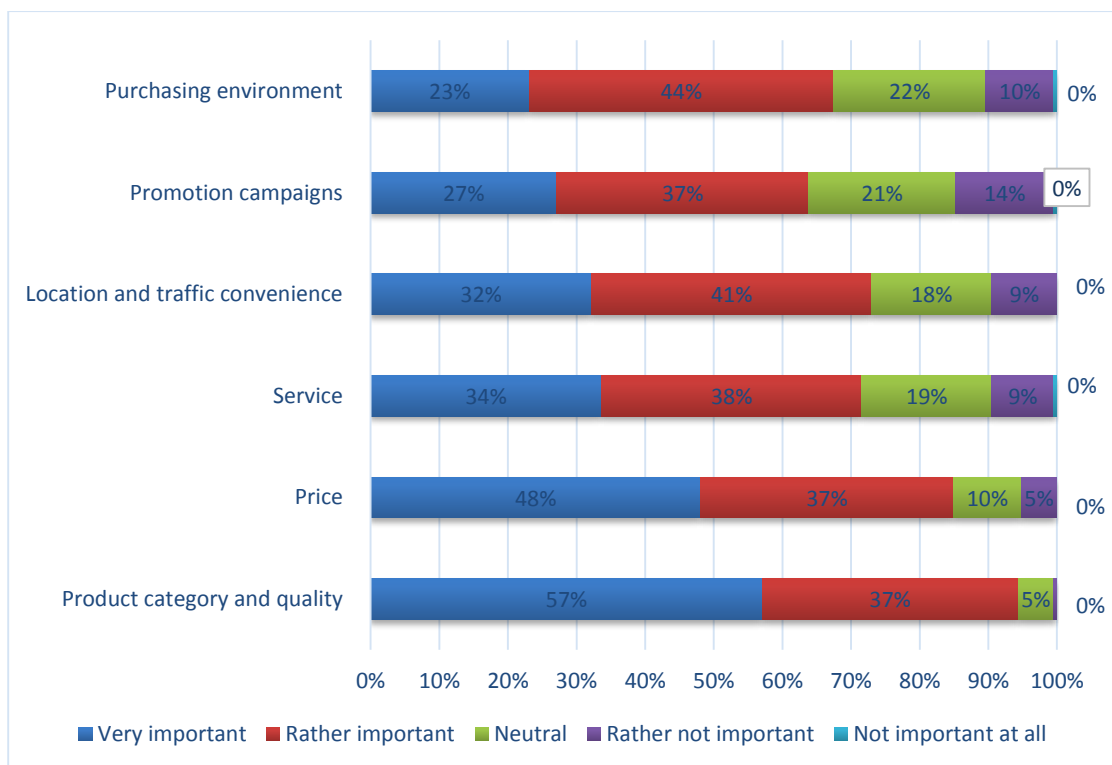


FIGURE 10. Significance of issues for influencing customers' choice of Lianhua

As can be seen from figure 10 above, respondents regard product category and quality as a very important and rather important factor. Since almost a total 95% of respondents who answered this option would give priority to important degree. In terms of the statement “factors chosen by price”, 48% of respondents considers it is very important when they choose to consume at Lianhua supermarket. And 37% of respondents look upon price as rather important.

As for “factors chosen by service” and “factors chosen by location and traffic convenience”, these two categories display a homogeneous distribution concerning on sig-

nificance degree. Approximately 33% of respondents consider these two factors as very important and 40% of them regard as rather important. Furthermore, there are 18% of respondents who choose the neutral option, which might be interpreted that people seldom or even never contemplate these two categories when they go shopping at Lianhua supermarket. Around 14% of respondents think that promotion campaigns are rather not important for them to choose Lianhua supermarket. 44% of respondents feel that purchasing environment is rather important during their shopping period. As a whole, we could draw conclusion that customers regard all above six factors are quite significant to them, because most of responses focus on option of very important and rather important. However, it was incredibly observed that almost no respondents consider above factor as not important at all and the outcomes were similar with nearly 0%.

TABLE 9. Respondents' satisfaction of Lianhua supermarket

Statements	Are you a member of Lianhua supermarket?			
	Yes (<i>n</i> =150)		No (<i>n</i> =62)	
	Mean	St. dev	Mean	St. dev
Supermarket image	2,49	1,00	2,10	0,78
Service	2,29	0,88	2,16	0,77
Serviceability	2,47	0,90	2,47	0,90
Service staff's communication and problem-solving skills	2,53	0,89	2,47	0,88
Customer care	2,66	0,89	2,39	0,91
Responsiveness of after-sales service	2,61	1,01	2,44	0,97

Table 9 demonstrates respondents' attitudes towards various perspectives of Lianhua supermarket, including supermarket image, service, customers care and responsiveness of after-sales service. Respondents are required to evaluate these facts on the basis of their subjective perception and satisfaction. The evaluation consists of five levels, which is also expressed as numbers. The attitudes evaluation includes "Very satisfied", "Rather satisfied", "Neutral", "Rather not satisfied", and "Not satisfied at all", and it ranks from 1-5 on scale.

Based on data from above table, it is apparent that the average value of members' satisfaction focuses on 2.29 to 2.66. Its data distribution pattern also indicates that

members' satisfactory level is in the range of "rather satisfied" and "neutral". The average value of service is 2.29, which is the minimum among members' attitudes. It implies respondents who are members regard service as rather satisfied than other perspectives. While members seem to feel more neutral to customer care of Lianhua supermarket, since the mean value is 2.66. It might be interpreted that Lianhua supermarket pay less attention to the aspect of customer care, even to members. In terms of nonmembers, their overall attitudes towards Lianhua supermarket also concentrate on "rather satisfied" and "neutral" since the average score is 2.10 to 2.47. However, an interesting phenomenon is that the mean of nonmember is generally a little inferior to mean of member category. Therefore, Lianhua supermarket could take measure to improve themselves from various aspects, especially on customer care and service, in order to maintain more loyal customers. Such as establishing emotional connection with clients and provide favorable customer service.

➤ Analysis of respondents' suggestions for Lianhua supermarket

Concerning the last opened question, since the question is not mandatory for respondents, only 27 responses was collected. The answers of suggestions vary from person to person, depending on individual needs and requirements. Some hold that Lianhua supermarket should pay more attention to customer experience and improve efficiency of after-sales service. However, others argue that it would be better if discount information are sent to members' phone for the purpose of purchase in time. Because nearly 70% of respondents are members of Lianhua supermarket, they tend to concern more on benefits that members could obtain. The majority of proposals they offered are related to improvement of member level discount. For example, if they have registered as members of Lianhua supermarket for more than three years, they expect to be provided higher discount privilege than other members based on their spending. According to above analysis, it is suggested that Lianhua supermarket could add acquisition channels of discount information, in order to acquire customers with high potential and high value. On the other hand, deepening the implementation of membership system is necessary for maintaining loyal members.

5 CONCLUSION

In this section, the main findings of this thesis are summarized according to the previous analysis. Afterwards, the research reliability and validity is evaluated and interpreted respectively. Ultimately, the chapter concludes when further suggestions are proposed.

5.1 Summary of findings

In this case, it could be estimated that primary consumers of Lianhua supermarket belong to the age group of 20-40 years old. Nearly a half respondents hold bachelor degree. Research also suggests that female group has higher possibility of registering to be member than male. The respondents who are employed in public sector are supposed to be more potential individuals than other occupation, because the stability of people's occupation results in choice of being members or not. Even though there seems a homogeneous distribution of members' income level, they prefer to register members when their wages are over average per capita income. Virens and Hofstede (2000, 5) claimed that the primary task of business is to identify valuable clients, since the large transactions and sales profits tend to come from relatively small customer group. Therefore, the individuals with above characteristics could be recognized as the most potential and most valuable customers, and Lianhua supermarket could concentrate more on these strategically important clients.

After identifying these strategically significant customers, it is important to acquire these valuable customer resources. The research result reveals that when it refers to promotional campaigns, discount granted is considered as the most attractive activities whether for members or nonmembers. However, only offering price discounts will be easily duplicated by rivals if Lianhua supermarket desires more customer patronages. In this way, clients seem have a partiality for other retailers who offer the most reasonable price instead of establishing long-term relationship with Lianhua supermarket. (Harlam 2008, 306-308) Therefore, finding an effective means of acquiring new customers is the initial step for Lianhua supermarket to continue maintaining customer relationships. For example, in this case, integral redemption and bonus points are quite popular among members on account of holding membership card. Hence, these two promotions also facilitate to maintain relationship with current loyal consumers.

Customer satisfaction and loyalty are two main criteria for each enterprise to achieve success. Because a loyal customer is considered as a competitive asset for a corporation. For example, with regard to customer purchasing behavior of Lianhua supermarket, it is assumed that the longer membership relations that customers maintain with Lianhua supermarket, the more frequent that customers will patronize within certain period, to some extent. In other words, when customer has established emotional connections with Lianhua supermarket, they will give priority to Lianhua and subsequently become more loyal members. And members are more willing to share their pleasant experience and recommend their preference to others due to customer advocacy. Such buzz marketing is undoubtedly the most effective promotional tools to improve and further solidify reputation of Lianhua supermarket.

In general, when clients feel surprised that the products or service provided by organizations exceeds their expectations, then a higher level of customer satisfaction is achieved. According to data from the quantitative research, the reasons of persistent patronize Lianhua supermarket could also be attributed to considerate service and traffic convenience besides above-mentioned factors. As a whole, we could draw conclusion that customers regard all above factors are quite significant to them, because most of responses focus on option of very important and rather important. However, it was incredibly observed that almost no respondents consider above factor as not important at all and the outcomes were similar with nearly 0%.

Satisfied customers gradually become a source of repeat business, who will purchase again and share their positive experiences with other people. While clients who feel dissatisfied usually choose other sellers and calumniate the product to others. (Armstrong et al. 2009, 9) Customer satisfaction is one of the most significant part during the whole process of customer lifetime journey. Improving customer satisfaction could not only maintain current existing clients, but also benefit to develop high level of customer loyalty. On the basis of research results, attitudes towards overall statements mostly focus in the range of "rather satisfied" and "neutral". Among all provided statements, respondents regard service as rather satisfied than other statements. While even members seem to feel more neutral to customer care of Lianhua supermarket, which might indicate that Lianhua supermarket pay less attention to delivered products or service. Therefore, for maintaining more loyal customers, Lianhua supermarket could take measure to improve themselves from various aspects, especially on customer care and service. Such as establishing emotional connection with clients and provide favorable customer service.

5.2 Suggestions for Lianhua supermarket

On the basis of research, it is suggested that Lianhua supermarket could establish a more complete customer information database. The customer information can be obtained from a variety of channels. However, collecting information from internal enterprises could be more reliable and relatively low cost. The process could be completed when there is a contact between sales staffs and customers. And the sales staffs will have a basic understanding and judgment about customer preferences, favored product types and acceptable price through observation and interaction.

Furthermore, Lianhua supermarket could learn how to extract useful data when a variety of customer information has gathered. Establishing a complete information management system is necessary for Lianhua supermarket to store and manage the valuable data. It is beneficial for analyzing and predicting customer characteristics and behavior, which could provide a decision reference for valuable target customers in the future.

Lianhua supermarket could be committed to providing customers with a comfortable and harmonious shopping environment, which also benefits to the establishment of affection between businesses and customers. Establishing emotional connection with customers is necessary not only due to customer loyalty, but also indicates that for Lianhua supermarket have opportunity to earn exceptional and highly profits.

5.3 Validity and reliability

It is significant for every research to measure the validity and reliability. In this case, most of quantitative results could be considered valid and reliable because there are more than 70% of respondents have registered as members of Lianhua supermarket. Generally, the online link of questionnaire was distributed to members through email. Besides, in order to enrich responses from various perspectives, nearly 30% of non-members were also invited to participate since the questionnaire was shared on several Chinese social platforms. Furthermore, anonymous responses from survey ensured more validity of research. However, there are still limited individuals who would like to take part in this survey. Only 212 answers were collected and the response rate seems to be quite low. Still, the research was valid due to different aspects of answers from respondents.

On the other hand, given that the responses about demographic variables, there might be a small quantity of errors during the whole process of data collection. For instance, in question 6, when respondents were required to select whether they are members or not, however, it failed to skip to question 8 if answers were not. Eventually, error was minimized through filtering data for analysis of question 7. In addition, as for the last open question of the questionnaire, only a minority of participants were willing to give their responses, which were might not beneficial to a comprehensive collection of information and finally put forward target-oriented proposals. To some extent, it might reduce the research validity and reliability for final findings.

6 DISCUSSION

The successful practice of customer relationship management has exerted a great influence on a variety of Chinese and international enterprises. In the narrow sense, not only CRM benefit to gather detailed client information, but also contribute to establish sustained relation for maintaining customer loyalty.

In this case, the thesis has analysed and explored several existing practical problems during the process of implementing customer relationship management through a research on Lianhua supermarket. It was found that there were some common problems of Lianhua supermarket, such as inaccurate marketing positions as well as vague target customers. Therefore, the corresponding suggestions were further proposed in order to meet customer requirements and mine the potential value of target clients. Then it was eventually expected to improve target customer satisfaction and customer loyalty. Overall, the thesis really provides me with a great chance to enrich my theoretical knowledge and lay a solid foundation for my research competence. The entire process is rough but interesting by combining the quantitative data with text interpretation.

Generally, the whole working process of this thesis went smoothly, however, there also existed some problems that frustrated me. Firstly, it started from drawing the outline of whole thesis by its structure. I have spent much time on browsing relevant literatures for a more explicit framework. And it was proved that the previous preparation was deserved because it provided an overall background for the following parts. In terms of the process of research, although the questionnaire was released to specific group and filled according to instructions, the authenticity and quality of questionnaire might not be quite ensured. Furthermore, due to limited resources and time, the survey only collected 212 answers from respondents. so the participation group might not be considered as representation and the insufficient results remained to be further verified.

Last but not lest, this thesis could be further improved if a wide range of surveys are covered and conducted. Meanwhile, I would develop a better time management so that there is more time for gathering responses from participants. In this case, the results of research will become more accurate and representative. In addition, if possible, I hope I could combine both quantitative research method and qualitative research method together for ensuring more reliable and valid of the research.

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APPENDICES

Appendix 1. Cover letter for questionnaire

Customer Satisfaction Survey

Hello everyone! / 大家好

I'm a third year student from Savonia University of Applied Science in Finland. I would like to conduct a survey concerning the customer service at Lianhua supermarket. The results of this work will help with my final thesis. I would greatly appreciate if you would like to fill out this short questionnaire. All given information will be treated as confidential material the anonymity of the participants is secured. If you have any questions concerning this study, please contact the supervising teacher: virpi.oksanen@savonia.fi

Thank you for your participation!

我是一名来自芬兰 **savonia** 的大三学生。我希望了解您对经常光顾的联华超市服务的看法，以做研究之用。如果您愿意帮助完成这份问卷调查我将十分感谢。所有调查信息都是匿名保密且将只用于此研究。如果您对此问卷调查有任何疑问，请联系其论文指导老师：virpi.oksanen@savonia.fi

感谢您的参与！

Appendix 2. Questionnaire for customers of Lianhua supermarket

1. Gender 性别 *

- Male 男性
- Female 女性

2. Age 年龄 *

- Below 20 低于 20 岁
- 20-30
- 31-40
- 41-50
- Above 50 高于 50 岁

3. Education level 教育水平 *

- High school 高中
- Bachelor degree 本科
- Master degree 硕士
- Other (elementary school, doctor, etc.) 其他(小学,博士等)

4. Occupation 职业 *

- Student 学生
- Self-employed 个体工商户
- Private business employee 私企职员
- Employee in public sector 国企职员
- Other (unemployed, retired, etc.) 其他(失业,退休等)

5. Monthly income (CNY) 月收入(元) *

- Below 2000 低于 2000 元
- 2000-4000
- 4001-6000
- 6001-8000
- Above 8000 高于 8000 元

6. Are you a member of Lianhua supermarket? 您是联华超市的会员吗? *

- Yes 是
- No 否

7. How long have you been the member of Lianhua supermarket? 您成为联华超市的会员有多久了? *

- Less than 1 year 少于 1 年
- 1 year 1 年
- 2 year 2 年
- 3 year 3 年
- More than 3 year 多于 3 年

8. How many times a week do you go shopping at Lianhua supermarket? 您通常一周去几次联华超市? *

- Less than once 少于 1 次
- One to two times 1 到 2 次
- Three to four times 3 到 4 次
- More than four times 超过 4 次

9. How likely you are willing to recommended Lianhua to others? 您有多大可能愿意向别人推荐联华超市? *

- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%
- Other 其他

10. What the following promotions attract you more? 以下哪些优惠活动更加吸引你? *

- Two for one deals 买一赠一
- Discounts 商品折扣活动
- Bonus points in the membership card 会员卡积分
- Free gift 附赠礼品
- Integral redemption 积分换购

11. How do you learn about Lianhua supermarket? 您是如何得知联华超市的? *

- Recommendation from family, friends or colleagues 亲友同事的推荐
- Magazines or newspaper 报刊杂志
- TV or radio 电视或广播
- Internet 网络
- Other (direct mail to home, billboards, etc.) 其他(直邮广告,户外广告牌等)

12. How important are the following factors influencing you to choose Lianhua supermarket? 在您选择联华超市的时候， 以下这些因素有多重要？

	Very im- portant 非 常重要	Rather im- portant 相当 重要	Neutral 中立	Rather not important 不 怎么重要	Not im- portant at all 一点都不重 要
Price 价格	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product category and quality 产品种 类和产品质量	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchasing envi- ronment 购物环境	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promotion cam- paigns 促销活动	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location and traf- fic convenience 交 通便利性	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service 服务	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. How do you consider the following statements about Lianhua supermarket? 您如何看待以下关于联华超市的描述？ *

	Very sat- isfied 非 常满意	Rather satisfied 很 满意	Neutral 中立	Rather not satisfied 不 怎么满意	Not satis- fied at all 非常不满 意
Supermarket image 超市 形象	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service attitude 服务态度	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Serviceability 服务能力	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Service staff's communi-
cation and problem-

solving skills 服务人员的沟
通和解决问题的能力

Customer care 客户关怀

Responsiveness of after-
sales service 售后服务响
应度

14. What suggestions you would like to give to Lianhua supermarket? (for example, improve quality of aftersales service, increase member level discount, etc.) 您想给联华超市提出什么建议? 例如: 提高售后服务质量, 增强会员等级折扣力度等)



SAVONIA