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Evaluating the Effectiveness of Customer Relationship Management

Case: Lennol Company.

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# THESIS ABSTRACT

Faculty: Business School

Degree programme: International Business Administration

Specialisation: International Business

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Title of thesis: Evaluating the effectiveness of Customer Relationship Management: Case: Lennol Company.

Supervisor: Isaacs Cory

Year:        2011        81 Number of pages:    6 Number of appendices:

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The objective of this thesis was to study the CRM of the Lennol Company which is a linen company situated in Finland, Jalasjärvi.The Company wanted to know if their CRM is effective and how they can make it more profitable for the company. The theoretical framework is constructed using materials on theories on Customer Relationship Management. This part consists of characteristics of effective CRM and benefit of CRM. The author also mentions the reasons for failure of CRM and also how business can improve effectiveness of CRM.

Qualitative and Quantitative methods were used to gather the information needed to conduct this case study. The results of the research reveal that Lennol has being benefiting from CRM by creating customer satisfaction and loyaty.The author of this study recommend Lennol  to create a clear customer strategy to maximize the CRM.They need also to be doing evaluations of the metrics for CRM.

Keywords: Customer relationship management, Customer, customer satisfaction, and customer royalty and customer –centric.

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# 1 INTRODUCTION

## 1.1 Back ground of the study

Today business world is becoming more competitive and every business is trying the best to get, keep, and increase customers. Traditionally business depended on the 4ps (product, price, place and promotion) for increase in sales and profit for the company .Today the world is moving more in direction of relationship business. This is why CRM has become so important to every business which wants to succeed and keep their customers. Pepper and roger (2004, 4) mention that "For many years enterprise dependent on gaining the competitive advantage from the best brands. Brands have been untouchable, immutable and inflexible parts part of twentieth -century mass marketing era. But in this twenty –first century, enterprise is instead strategizing how to gain sustainable competitive advantage from customer relationship."

Every company or an enterprise is competing for customer may even be the non-profit making companies are also competing for their donors who we can refer to them as their clients. Due to this competition of customers, companies and enterprise twenty –first century are focusing more on customer relationship management. Customer relationship management is becoming the weapon and tool to compete in the world of business.

According to Anderson and Kerr (2002, 2)   Today in business environment carrying out CRM is a nonnegotiable. It does not matter whether your customers are internal or external, or consumer businesses, or if they connect with you by face to face, or connect electronically, across the town or across the world.Customer relationship management is the ticket to success.

Now when every company is focusing on customer relationship management to be solution and strategy for completion so is Lennol Oy.Lennol has being focusing on customer relationship for the last few years. This study is to evaluate how if there CRM is effective and how they can improve it for the benefit of the company.

**1.2 Case Company-Lennol Oy**

Lennol Oy is a successful Finnish textile company, which was founded in 1967. The company is designing and producing home interior textiles and padding for furniture industry. The product range includes also curtains and curtain accessories, blankets and pillows, wadding and inner cushions. The company philosophy is to be the leading producer of textile based home interior collections in Finland and neighbor countries. The plant and headquarters of the company are located in Jalasjärvi, western part of Finland and has 30 employees.

The company products are sold by furniture shops, interior shops, handicraft shops and warehouses in Finland, Sweden, Russia and Baltic countries. Lennol Oy was rewarded in 2009 with the INNOFINLAND 2009-prize from the President of Finland. The theme was "From PET bottles to furniture padding". Lennol Oy has developed and brought to market ECOSOFT and ECOSEAT furniture padding made of recycling materials. At Habitare 2009 exhibition Tunturikukka cushion and throw designed by Seija Ranttila was awarded with the Toimittajien Tusina prize.

Lennol his customers are business to business customers. They are consists of small and big companies. The company launches new products twice a year in autumn and spring for his customers. These products are designed by Seija Rantilla and Jukka  Rintala Lennol believes in desirable, sensible ,high quality, durable, ecological ,and trendy products. Lennol strategy for customer is customer relationship management   where client are handled according to their needs. They differentiate customers to build customer value and be able to serve their customers well.

## 1.3 Research Problem

Lennol CRM strategy is to make customer the centric in their organization. The company has CRM software from Nova which helps in storage of customer data and coordinating the activities within the company departments. The customer data is available for every management personnel for access. The management uses this data to making decision concerning the clients. Their data is well updated and segmented into cluster of customers for the easy use and purpose of sales and marketing.

The company uses the data to make the decision pertaining each of their client and try to meet their needs in individually or as differentiated group. This has helped the company to build strong relationship with his customers and being able to reduce the costs of marketing by retaining their customers. The company also uses the data to do sales decision concerning their customers.

 Lennol CRM has helped the company to know their leads and serve them better for the benefit of increasing profit .Due to CRM lennol has being able to satisfy his clients and also created the customer loyalty for be success of the company. The company communicates with his customer by use of, telephone, email, mails, faxing, and feedback from their website and web shop. However Lennol would like to know if they are maximizing their CRM.This presents a research gap for this study. The researcher will be evaluating to reveal if the CRM of Lennol is effective and how they can improve it.

## 1.4 Objective of Research

CRM is becoming the tool for business to expand and increase the profits of the company. The leading research question in this study is how effective is CRM of Lennol company and how can they improve it to be able to get full benefit of it. The researcher will be evaluating to reveal if the CRM of Lennol is effective and how they can improve it .This will enable Lennol to use CRM to the fullness and also gain more customers.

This study will look at the way Lennol uses its CRM and how it is benefiting the company and use the theoretical literature about CRM to evaluate the performance of it. This will show where the company needs to improve their CRM.

**1.5 Central concepts and definition.**

*Customer* is a word which many companies are still trying to define, this word came first into lexicon about 100 years ago .A customer may take many forms as following;

- "Consumer – who buys products or services at the retail level.
- Distributor –someone who buys products at the wholesale level for distribution
- Business to business organization – a company that buys products and integrates them with their own.
- Internal department – a department that buys products from other department (Duanne E 2003 ,2)"
- In his book Buttle (2009, 126) define customer in two ways. The firm customer is the end user: a person or a household. The business to business customer is an organization, a company (manufacturer or reseller) or an institution.

*Customer relationship management (CRM)*

Customer relationship management is a" methodology, a way of creating and evolving your organization in the marketplace and at the same time in the mind of each individual customer." The entire process of what you are involved in must be considered, whether this is a service or a product manufactured by an organization and it must involve every aspect of what you do –from suppliers through to the end application, from your internal staff through to your customer`s customer .(Phelps &Graham 2001 , 2)

*Customer satisfaction*

Pepper and Roger(2004 ,316) define customer satisfaction by other experts ,customer satisfaction is the seriousness to which customer feels his needs are met by the enterprise .It is the relative value to him of what is supplied compared with the satisfaction of purchase from other enterprise.

*Customer loyalty*

Gremler & Brown (1996) state one definition of customer loyalty, the degree to which a customer show out repeat purchasing behavior from a service provider, having acquired a positive attitudinal disposition toward the provider, and with careful examination of using only this provider when a need for this service arises.

*Customer –centric:* According to Reynolds (2002, 32) "the customer centric is a philosophy which allows customer to interact with a certain company when, where, and how the customers wants. This leads to company being able to capitalize on every opportunity. In this philosophy the customer is recognized to be more value than the end user in the chain. Customer is regarded as part of product/service process."

Sharp (2003, 22) customer centric means the customer should be at the center of the vision. This requires the management to examine and rationalize with organization vision and product strategy to be able to allocate the customer in the core of the enterprise model of functions.

## 1.6 Customer relationship management

There are more than one definition of CRM.Various companies have greatly debated the exact definition of CRM this is because many view CRM from different aspects; some from a business perspective, others from an Information Technology (IT) point. CRM is defined as an information industry term for methodologies, software and usually Internet capabilities that help an enterprise manage customer relationships in an organized way (Buttle, 2009).Kristin Anderson and Carol Kerr

(2002) Customer relationship management is a broad scope approach for creating, maintaining and enhancing customer relationships.

Phelps and Graham (2001) define CRM is a methodology, a way of creating and evolving your organization in the marketplace and at the same time in the mind of each individual customer. It must look at the whole process of what you`re involved in, whether this is a product or a service driven organization and it must involve every aspect of what you do –from suppliers through to the end application, from your internal staff through to your customer`s customer . In its simplest form it recognizes that each customer is an individual and has a choice. It looks at ways to treat customers more as individuals and exercise their choice positively towards your organization.

CRM is a series of decisions and process that support and executes relationship goals for the enterprise. In other words is to say CRM is a series of strategies and a way that form new and mutual value for individual client in an organization. (Ian Gordon ref 10th January 2011).

Customer relationship management (CRM) is a customer-focused business strategy that dynamically combines entire sales, marketing and customer care service in order to form and increase value for the company and its customer (Ricardo et al ref on 15th January 2011)

Shelly and Vemaat (2010, 478) highlights that customer relationship management (CRM) controls information about customers, interactions with customers, past purchase, and interests. They said customer relationship management mainly is used in entire sales, marketing, and customer service departments. Customer relationship management software tracks leads and requests from customers, stores a history of all correspondence and sales to a customer, and enables for tracking of outstanding issues with customers

In his book Buttle (2009, 4) revealed that customer relationship management was classified into four categories namely Strategy, Operational, Analytical and Collaborative. He said strategy CRM is a core customer-centric business

strategy that aims at winning and keeping profitable customers while Operational focuses on the automation of customer-facing processes such as selling, marketing and customer service. Analytical focuses on the intelligent mining of customer related data for strategic or tactical purposes and collaborative applies technology across organization boundaries with a view to optimizing company, partner and customer value.

Having many definitions for CRM makes it the duty for every organization to choose what they believe the CRM is and follow it and implement that in their company strategy. The main focus of CRM is the customer. The company has to know who their customer is, for them to be able to have a good relationship management with them. Due to many different definitions of CRM, in this study Strategy customer relationship management shall be the focus in the Lennol Company.

**1.7 Successful customer relationship management.**

CRM strategy is to make the company a customer value oriented. This involves everybody in all departments in the company for a company to have an effective CRM. A company can only achieve successful customer relationship by training his employees to value the customer in everything which the company delivers to the customer. Company cannot only train his management on how to handle the customer and believe that they will be able to get good results; CRM involves every department in the company. (Pepper &Roger 2004)

In his bookloyalty.com Frederick Newell state that, to succeed at CRM, the company must involve everyone onboard, and they must train all the players to understand CRM as a benefit to them and to their customers. It is significant t to understand that CRM and the CRM dialogue become tools to help you understand the power of your brand and the image it forms in the client`s mind .The importance of these hurdles is raised in selling of CRM to management ."A company dedication to CRM as a way of doing business will require fundamental changes within organ-

ization. Understanding the value of CRM requires a significant shift in mind set – learning to value qualitative rather than just quantitative benefits." New managers to CRM must comprehend that tapping its real power requires a new way of doing business.

Don and Roger (2004, 360) the enterprise need to have picture of customer being in centric position. This leads to a people to clear strategy for the company and each one will be able to commit to rethink of customer –centric model.
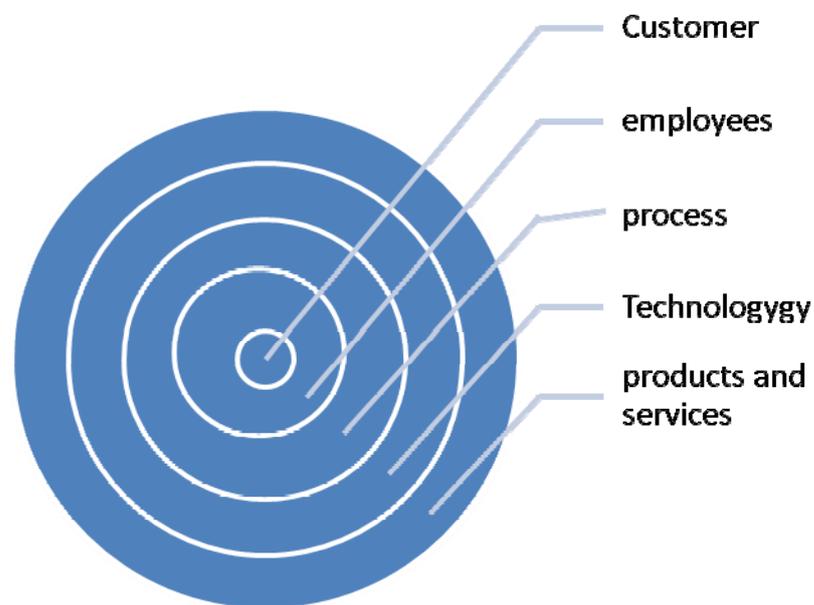


Figure 1 Don and Roger (2004, 361) Customer –centric Business

The figure 1 above is a model of organization structure where by the customer is in the center of every activity .This make the focus of all in the company to the customer. The activities are organized in away customer being considered, in the companies where the product is the strategy of the company then everything is around the product. The chart is displaying the customer being in the core of the company strategy and every other thing around it.This enables the company to increase customer value.

Anderson and Kerr (2002, 2) define CRM as way of doing business that considers all departments of a company. However if CRM is delegated to one area of an organization, such as IT, customer relationship will suffer. This is also the results if an area is left out of CRM planning; the organization puts at risk the very customer relationships it seeks to maintain.

In her book Reynolds (2002, 3) CRM to be successful within the corporate environment, "the executives and management must view CRM as an opportunity to shift the business`s focus on an emphasis to serving the individual customer .This requires a critical review of all business process and orientation of the corporate culture." Every employee, from the Chief executive and department heads to the customer service representatives, invoice clerks and warehousemen; need to know that they have a direct hand in building the right relationship with each and every customer. This means the whole company must buy into the CRM culture and learn to think in a customer-oriented manner

"A company to be successful in becoming customer centric there are few things they have to do .It is not a one day work and then a company is said to be customer oriented. It takes strategy, time, training, and money for the whole process to be achieved. "The whole corporate must change the way it thinks about its customers for a right CRM implementation. This includes, who are they? What do they want? How can they be served better? This is objective of CRM, it results in changing a company`s mindset and, therefore, the first step is to overhaul the company `s business plan. This is the strategy. Technology comes later, to enable the strategy so as to reach the business `s CRM objectives. (Janice Reynolds 2002, 3).

Strategic, organizational and technological issues are all significant in acquiring CRM success (Roberts et al., 2005). Companies who have successfully executed CRM initiatives develop a clear business case and implementation framework, with an aimed plan to make it happen (Almquist et al., 2002). Such companies adopt a pragmatic, disciplined approach to CRM implementation, launching highly

focused projects that are relatively narrow in their scope and modest in their goals (Rigby and Ledingham, 2004). While both technology and business processes are critical to CRM implementation, successful companies must see technology as a tool to help create profitable customer relationships while recognizing that individual employees are the building blocks (Almquist et al., 2002; Chen and Popovich, 2003). Research supports the contention that CRM strategies that are clearly linked to business objectives have a much greater likelihood of success (Agrawal, 2004). "Top management support and commitment is a key success factor for the implementation of CRM in organizations. Employee resistance is a risk associated with CRM implementation which can be overcome by involving end users in all stages of the CRM development process. " (Kennedy Aileen et al ref 21st march 2011)

Roberts et al (2005) there are parameters which result to a successful CRM in a organization .Most of these factors change according to business nature and also the strategy and visions of an organization. CRM implementation in an organization results to be greatly successful if it is facilitated by senior management commitment and leadership, clear strategic planning and coordinated and targeted programme which successfully combine organizational and process changes with the introduction of new technology (Rigby and Ledingham, 2004). Companies also require adopting a long-term perspective to develop and implement a strategically embedded CRM approach. A long term commitment to organizational alignment and continuous process improvement are key prerequisites for achieving successful CRM deployment which delivers satisfactory returns on investment.

## 1.7.1 Customer relationship management strategy

A business to have a successful CRM it must be a vision for the entire corporate .By perceiving its goal it becomes a clear path for each one in the business to try to follow and achieve for the success of the business. CRM is all about how prepared the organization is in implementing customer-focused strategies, whereby it

results to customer interactions mutually being rewarding for both the firm and its customers (Hansotia, 2002). Pass and Kuijlen (2001) "maintain that investments made by each party must be exceeded by the profit gained for it to be a meaningful long-term relationship with mutual loyalty." However, despite the popularity of CRM and its obvious benefits to companies, success in implementing CRM is proving elusive (Bull, 2003; Roberts et al., 2005).

The strategy development process is essentially the first process which is supposed to be consider as it defines the overall objectives and factors for the organization`s CRM activities .The whole process has a dual focus on the company`s strategy and its customer strategy. The aim of addressing business strategy, as part of the CRM strategy development process, is due to its importance in determining how the organization`s customer strategy should be developed and how it will evolve in the future. (Kennedy and Aileen et al ref march 2011).

Kennedy and Aileen et al 2005 (ref April 2011) A company that considers customer relationship management seriously and operates it successfully is one where the customer acquire the central focus for all operations and decision making.(Perlps and Graham 2001 , 17).Many Authors and writers have talked much about the changing of the company goals to align with the ideal of customer –centric in the company.  Most companies will need to rearrange and reorient many aspects of their operations in order for them to become customer centric and seamlessly effective from end to end. Some of the changes will be in the fundamental processes of the business, requiring time and high cost for process reengineering, but are essentially operational in nature. Others will need a fundamental transformation in organizational culture, a shift from a functional, product-oriented mindset to one that is customer centric and not bound by functional and product constraints. This calls for an enterprise entire programme of the enterprise management.

**1.7.2Technology as an Enabler of CRM Success**

Although technology is believed to be an enabler of CRM success, other marketing and organizational issues are major factors of successful CRM implementation (Roberts et al., 2005). CRM technology is at its most valuable when it enhances customer friendly business processes that actually drive the bottom line and when employees seize on it as a tool to improve customer relationships (Harding et al., 2004). An important critical issue in evaluating and designing CRM business systems is the comprehending that business goals and strategy should always take precedence over technological capabilities (Kotorov, 2003; Rigby and Ledingham, 2004). In the past, many organizations experienced difficulties in implementing effective CRM programmes because instead of selecting system which could match with their strategy and functions they allowed software vendors to drive their CRM projects or, alternatively, they unsuccessfully tried to retrofit a customer strategy to match the CRM technology purchased (Rigby et al., 2002). In contrast, successful companies formed cross-functional teams to carry out identified organizational changes within each department or business unit prior to proceeding with their CRM implementation (Kotorov, 2003).

The success of CRM implementation can be greatly credited to how well an organization can analyze its business process and change them by effectively integrating CRM technology.(Hammer and santon 1999;Keen and McDonald (2000)"CRM technology can be tailored and adapted to meet company needs. However, in all technology ,the user`s ability is essential to the success of CRM implementation." They state the importance of match between the task and the technology as essential for successful CRM adoption. These results can be achieved through customization of the package and through enough training

Matthew J.Boyle (2004) an important element of any CRM software is ease of use. This is due to different end users who are often of different ages, backgrounds, and skill level with technology .The CRM software selected must be user friendly yet flexible enough to be customized for the company many functions plans. It should also have the flexibility to sync with and build on information already stored by the company. The CRM software it should be able to track current clients, fu-

ture prospects, and referral sources, as well as make that data accessible to the whole company and be able to have appropriate security safeguards.

Finnegan and Willcocks (2007, 44) the importance of understanding the entire process of adaption is critical for several reasons. Further development and research activities are often helped by the user adaption to technology in use. (Dutton &Thomas, 1985, 1984)The operation efficiency ultimately achieved with new technology depends heavily on users' conversion. Modifications affect the technology in use and physical and organizational context (Leonard -Barton, 1998).The perceived usefulness is a strong correlate of user acceptance. Thus an adaptation and acceptance phase provides an interesting opportunity to investigate not only how the CRM system has being adapted by its shareholders, but also how the system is been evolved over time as the users find new ways and uses of working with the system.

Kaushik et al (2009) state that, the choosing of the CRM technology and the application should be undertaken by a committee comprising representatives from all departments that are stakeholders for the CRM implementation. By doing this the company is able to meet the needs and concerns of the users from the various departments need to be taken into account when making the choice. Also, the top executives who are the drivers of the CRM should also be a part of the CRM technology selection process since the objectives of the CRM are best understood by them and they would help to champion the cause for which the selection is being made. The selected technology must fulfill the purpose of CRM.

 If better personalization and higher customer value delivery are the goals, then the choice of technology must be done to enable the fulfillment of these objective .CRM tool offered by the vendor should be checked with real data and with the volumes that it is expected to handle when put into use. Also, the stage of the technology in terms of the evolution of the technology and its future path should be considered to ensure that the investment results in a long-term payback period. The scalability and robustness offered by the technology and the CRM application in particular should be of great concern

to the team entrusted with the job of making the choice. (Mukerjee, Kaushik et al 2009 ref 3rd April 2011)

### 1.7.3 The Organizational Challenge of CRM

An organization planning to implement CRM needs to restructure the existing functional silos within the organization and form a structure that focuses on the entire scope and life cycle of customer relationships. Indeed, to successfully implement CRM the whole organization may need to be modified to focus on the customer (Roberts et al., 2005). Although the multi-channel management seems to be a hallmark of a successful CRM strategy, the challenge for the organization is one of coordination, the absence of which can result in failure by delivering an incomplete and distorted view of the customer (Crosby and Johnson, 2002; Kotorov, 2003).

A customer –centric management system consists of organizational structure and processes focused on customers rather than functional areas (day 2000).a customer –centric management system helps maintain focus of the organization`s attention on customer interactions and ensures that expertise from different functional areas is deployed to enhance the quality of customer experience. A customer –centric management systems will also reward performance based on metrics that reflect the quality of customer experience (day 2000; 2003).The customer – centric orientation will enable CRM to be successful .Moorman (1995) observes that information process are likely to be influenced by organization systems.(Kennedy&Aileen et al ref march 2011).

Having set up a customer-centric organization, there is always scope for learning and continuous improvement to maintain the performance excellence and competitive advantage resulted by virtue of customer centricity. According to Day (1999) using the power of positive examples and success stories to motivate learning throughout the organization. He further highlight this by giving example, during Wal-Mart's regular Saturday merchandising meetings, managers with outstanding achievement share their success stories with other store managers organization-wide through a satellite link. (Kenneth &Aileen et al March 2011)

Shah and Denish et al (2006 ref April 2011) point out, the cycle of learning and continuous improvement can often breed innovation in customer-centric firms. This has being revealed by Past research of CRM showing that a customer-centric culture is more conducive to an organization's innovativeness throughout its entire business system as opposed to solely in goods or services (Parsons 1991). Han, Kim, and Srivastava (1998) established that customer orientation has a positive impact on innovativeness in the technical and administrative areas of the firm as well. Thus, companies can further leverage their journey down the path to customer centricity by making continuous learning and improvement an integral part of their operations.

## 1.7.4 Adopting a Pragmatic Approach

For a successful CRM implementation, company need to start it from a point to another. Starkey and Woodcock (2002) suggest that the results of those companies which are categorized as high CRM performers tend to already have a well-developed people and systems infrastructure and a mature customer-centric culture prior to implementing CRM in their organizations. Successful companies take process and system integration seriously and do not rush to produce customer level results without having first obtained a 360 degree view of the customer (Kotorov, 2003). Agrawal (2004) highlights that the companies who have successfully implemented CRM have largely adopted a pragmatic, disciplined approach to implementation, launching highly focused projects that are relatively narrow in their scope and modest in their goals. Rather than using CRM to transform entire businesses, they direct their efforts towards solving clearly defined problems within their customer relationship cycle (Rigby and Ledingham, 2004

Perlps and Graham (2001, 17) emphasizes on importance of having the structure of your company or department being customer focused. "For example, many companies will use a linear organization chart to describe functions and job specifications. While this is a useful method of presenting information it does tend to reinforce a hierarchical approach .A better alternative is to visualize departments and job functions as interconnecting circles with the customer at the center. In day

–to –day practice this makes it much easier and much more satisfying for the customer to remain a customer."

Companies need to adopt a pragmatic, disciplined approach to CRM. Highly focused projects are more easily managed and monitored. Firms must remain clearly focused on growing customer value and on building customer relationships that results to the long-term flow of profits to the company. If the scope of the CRM project is clearly defined (Kotorov, 2003) it helps to create the way for the tactical implementation of CRM projects.

### 1.7.5 CRM Management Support and Leadership

According to Rigby and Ledingham (2004) to achieve successful introduction of CRM in an organization appears to be greatly facilitated by senior executive commitment and leadership, clear strategic planning and a coordinated and targeted programme which successfully combines organizational and process changes with the application of new technology.

"Without top management support and commitment, even the most brilliant CRM deployment and implementation initiatives are doomed to fail" (Kale, 2004). When implementing CRM, companies need to introduce an enterprise-wide programme of change management to facilitate the transformation of the organizational culture into a customer-centric one (Roberts et al., 2005; Xu et al., 2002). Indeed, Rigby et al. (2002) warn that the lack of enough change in management can often lead to CRM failure. CRM success largely depends on the leadership team taking the responsibility of ownership of the strategy and ensuring that the organization has the knowledge, skills, resources, measures and tools, management processes and systems to make customer relationships a reality (Crosby, 2002).

While Ryals and knox (2001) point out how CRM requires a cross-functional approach, involving not only the marketing department, but the whole enterprise. Identifying a cross –functional approach to CRM needs to identifying the key processes and their major components. Implementing a CRM system is a complex undertaking, requiring buy-in and effort across the organization (Roberts et al.,

2005). As with other IT applications, top management sponsorship and the presence of a champion expert to drive the intervention are widely recognized as essential factors for successful CRM implementation (Wilson et al, 2002).It is the work of the management to help their employees to understand and follow the culture of CRM. This is successful if the employees are well in informed and trained to acquire the skills they need.

### 1.7.6 Employee Buy-In and Training for CRM

Many business researchers and scholars (Buttle, Kumar et al) have talked much about the employees training and being informed in the progress of introduction to CRM in the company. Most scholars attribute a success in the CRM rely heavily on how the employees are involved in the whole process and how they are trained to use the CRM systems which are challenge to many due to many functions.

Although both technology and business processes are important for a successful CRM implementation, even the best CRM strategies and applications stand little chance of succeeding lacking employee buy-in (Agrawal, 2004; Xu et al., 2002). Having business users as part of drive process designers makes it more likely that they will create solutions that are practical and will not be rejected (Harding et al., 2004). Efforts to ensure employee alignment with CRM strategy should also include a well-planned training programme incorporating skills development and also important is to have tools to gather and address feedback and ongoing communication strategies (Agrawal, 2004, Xu et al, 2002). A CRM implementation will succeed only after the organization and its processes, job descriptions, performance measures, compensation systems and training programmes have been redesigned in order to better meet customer needs (Rigby et al., 2002).

End user participation is considered an important success factor in CRM adoption, increasing levels of user satisfaction and enhancing perceptions of the usefulness of CRM processes and applications (Avlonitis and Panagopoulos, 2005).CRM implementation success is result of Managing employee resistance in organizations which are characterized by very personal and highly profitable relationships between end users and their customers this is particularly critical aspect. (Landry et

al 2005). Neville and Mohally (2004) emphasize the importance of involving end users from the start of the CRM project, communicating consistently at the beginning to build confidence and throughout the project to communicate progress and get feedback how essential it is. Employees being regularly briefed on the CRM project and numerous workshops being also conducted with all customer-facing employees at all level are important issue. In addition to end user participation and accurate expectation setting, organizational training is a pivotal factor in the user acceptance of CRM and is positively related to user attitudes towards the system (Avlonitis and Panagopoulos, 2005).

In his book Greenberg (2010, 44) state that; many times companies do a mistake of thinking communication should happens at the launch of their CRM initiative and training happens just before the launch of the CRM systems. This is very far from the truth. Successful CRM initiative include a communications plan that describes which users influencers will receive what types of information about the CRM initiative ,when ,and in what format. This is important aspects of management whereby are expected to take time to think through where user hesitancy and even resistance is most likely to play out and when proactively turn this around

Janice Reynolds (2002, 63) the most essential aspect in assuring the CRM initiative is successful is addressing how the end user interacts with the systems which are helpful in CRM .Because CRM systems are mostly built in large part by IT resources, many times the end user is one of the last items considered in a CRM strategy plan and this is where the whole failure thing starts. She emphasize that the companies should not to let time run out, they should take steps prior to implementation process to provide optimal training and support resources for the affected employees. "Even a best –of –breed CRM system may be rendered useless if the staff isn`t properly trained. Training cannot be one –time affair; it must be an ongoing process ".Failure for the company not to train their employees properly in the use of the system and continually reinforce the training effort, the investment in the strategy of CRM are wasted

In his book Buttle (2009, 67-70) Individuals employees who are trained on the system and who use the system soon after its implementation are likely to retain much of their training .On the other hand he emphasis that even the most seasoned learner are able to benefit from periodic remedial training updates, and especially if there are new systems releases that include new functions and features. He further states that remedial trainings sessions are better received if they are scheduled within six months after system has been implemented and at least once a year thereafter. He summaries the training issue by" emphasizing to address the need for comprehensive training, an effective help desk ,and systems administration functions up front .He further state that case after case has shown that these items cab be the deciding factors in rolling out a successful CRM in real –time initiative".

This chapter has covered a successful implementation of CRM and definition of CRM.A successful CRM need a lot of planning and putting in the account the main factors which lead to a successful and fruitful CRM. These factors differ from a business to a business due to different business strategy .Important things to consider are mention as making a strategy, employees training and being involved all through the process, management to be leading, and also choosing the right technology. These are just few factors to put in account there are many more.

## 2 CUSTOMER RELATIONSHIP MANAGEMENT BENEFITS.

When we talk about the benefits of the CRM differs from every business this is due to different strategies and also the definition a company believes as the meaning of the CRM. But one thing common is that the CRM is leads in one common factor which is customer centric organization. Having this in mind then it makes it easier to understand the benefits are resulting from a better relationship with customer. Some of the benefits of CRM are

- Customer loyalty
- customer satisfaction
- increase in profits
- decrease in costs
- Enhanced relationship
- easy functioning activities in the organization etc

According Buttle (2009, 43) an important rationale for CRM is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty, as show figure 2. This figure it shows the process whereby the customer satisfaction results to customer loyalty leading to a good business performance. As suggested by Buttle, there is correlation between the customer satisfaction and customer loyalty. He further clearly states the benefits of each one in the whole process.

Figure 2, CRM benefits by Buttle (2009, 43)

| customer satisfaction | customer loyalty | Business performance |
|---|---|---|
| • understanding customer.<br>• meeting customer expection<br>• delivering customer value | • Behavioural loyalty<br>• Attitudinal Loyalty | • revenue growth<br>• share of customer<br>• customer Value |
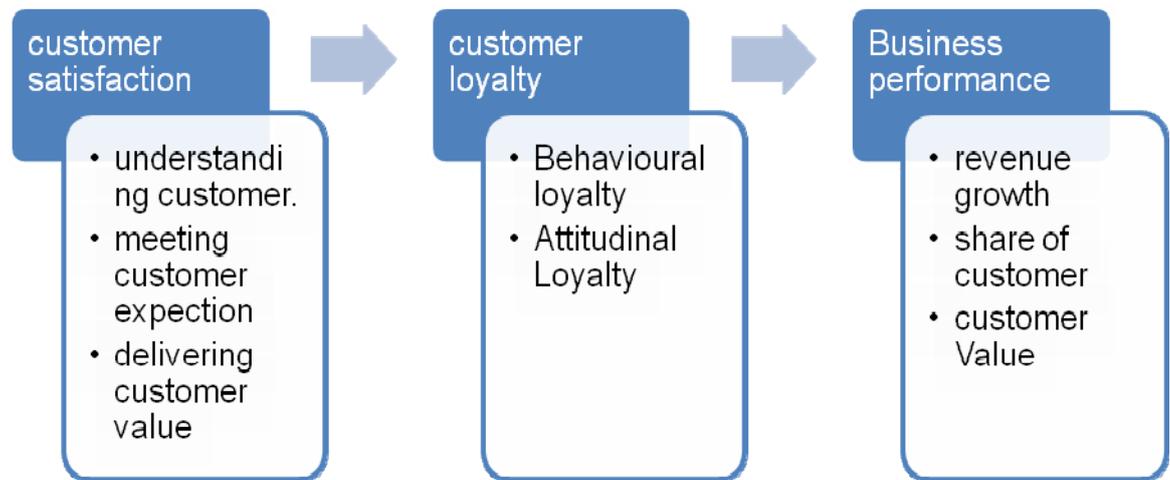
Kumar and Sharath et al (2011 ref April 2011) cements the above presentation by highlighting that Some years back the business usually attained competitive advantage through access to low-cost raw materials, energy sources, or financial capital and an ability to invest in physical capital to achieve economies of scale and scope. Nowadays, value creation comes from mobilizing and managing the company´s intangible resources, especially loyal and profitable customer relationships; high-quality and responsive operating .The others which also create value are supply chain processes; information systems and knowledge; and motivated, skilled, and empowered employees. Leaders need new measurement and management systems to align their tangible and intangible assets to deliver a coherent and integrated strategy which leads to enhances mutual profitable relationships with customers.

In her book Reynold (2002, 28) shows the benefits of CRM through some charts. The charts consist of two major things which are, increase in revenue and decrease in cost. She further hoghlights the way each one of this factor is achieved through different activities .The figure 3and 4simultaneously show this activities

.
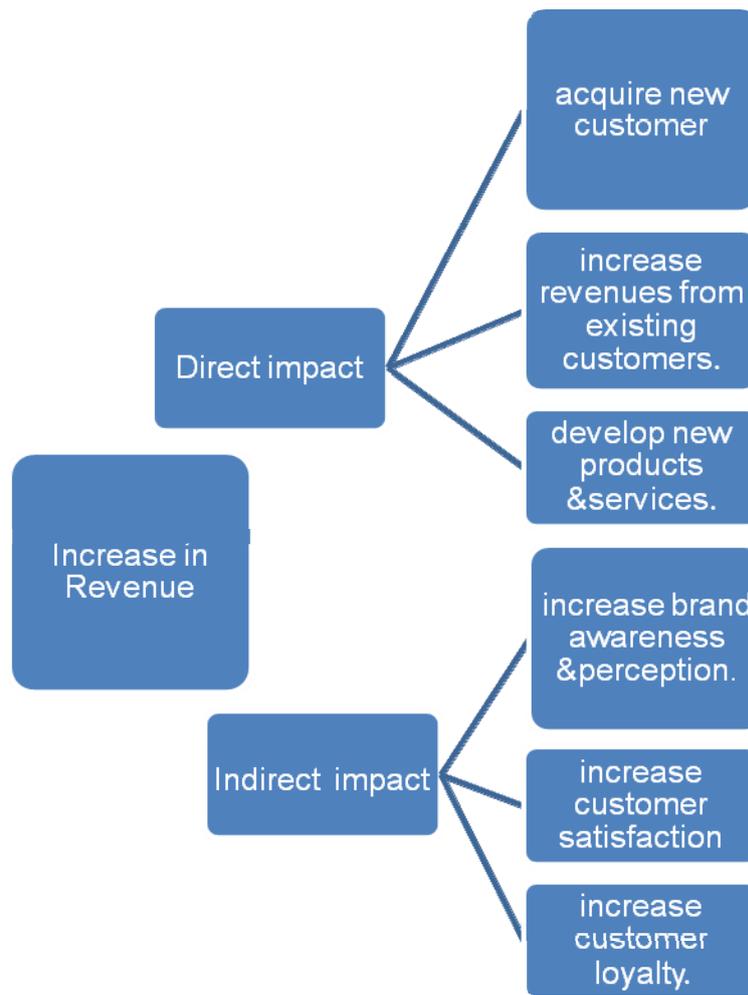


Economic factors of CRM by Reynolds figure 3 (2002, 28)

In the chart above it shows clearly how increase in revenue has effects in the company. Increase in revenue impacts this directly or indirectly. In the chart below it show how the decrease in costs has impacts in the business operations and how different costs are reduced

```
                                        ┌──────────────────┐
                                        │     improves     │
                                        │ productivity and │
                                        │   information    │
                                        │     leverage     │
                                        └──────────────────┘

                     ┌──────────────┐   ┌──────────────────┐
                     │ Direct impact│   │  displace cost.  │
                     └──────────────┘   └──────────────────┘

  ┌──────────────┐                      ┌──────────────────┐
  │              │                      │  reduce capital  │
  │ Reduce cost  │                      │   investments    │
  │              │                      └──────────────────┘
  └──────────────┘
                                        ┌──────────────────┐
                                        │  increase speed  │
                                        │   to the market  │
                                        └──────────────────┘

                     ┌──────────────┐   ┌──────────────────┐
                     │Indirect impact│  │      Reduce      │
                     └──────────────┘   │     customer     │
                                        │     contacts     │
                                        └──────────────────┘

                                        ┌──────────────────┐
                                        │      Reduce      │
                                        │ fulfillment and  │
                                        │ customer errors. │
                                        └──────────────────┘
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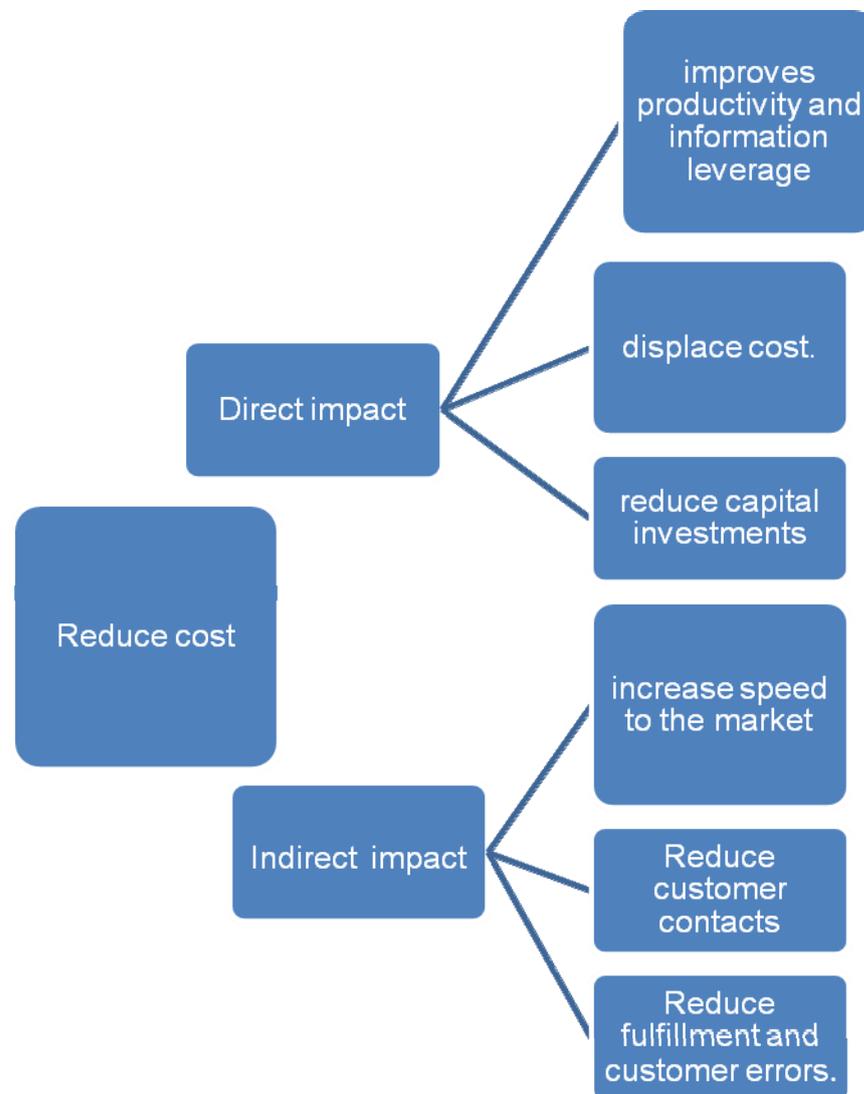
Economic benefits by Reynolds Figure 4 (2002, 28)

Kalakota &Robison (200)1and Tiwana (2001) point out that, the role of CRM in-
cludes the acquisition of new customers, the enhancement of the profitability of
existing customers, and retention of profitable customers. This is deemed as suc-
cessive phase, each result to support increased intimacy and understanding be-
tween organization and its customers. We here define CRM as the combination of
marketing efforts, business process and technology that allows the firm to under-
stand its customers from multiple perspectives. The company takes the opportuni-

ty of having the knowledge to increase customer satisfaction and gain customer loyalty. (Hsin Hsin Chang2007 ref April 2011)

## 2.1 Customer Loyalty

Customer loyalty has being defined by many writers and scholars over the years. Some attribute the customer loyalty is a result of quality service and other say it is customer relationship management, but all it is the same think because good quality service is a part CRM

Kumar et al (2009) stated that good quality of service will yield in high customer satisfaction and increases customer loyalty. Heskett et al (1997) argued that profit and growth are generated primarily by customer loyalty and loyalty is a direct result of customer satisfaction. Singh and Sirdeshmukh (2000) define the customer loyalty as "the market place currency of the twenty-first century". Ndubisi (2005) and Pfeifer (2005) state out that the cost of serving a loyal customer is five or six times less than a new customer. This statement shows the importance of customer loyalty. Walsh et al. (2005) point out that it is better to keep the existing customer before thinking acquiring new customers. (Siddigi, Kazi Omar et al 2011)

Loyalty is defined by Schiffman et al as "The commitment of a consumer to a product or service, measured by repeat purchase or attitudinal commitment". Loyalty can exist in two forms: behavioral and attitudinal. Behavioral loyalty is explained exists when a consumer repeatedly purchases a product or service, but does not necessarily have a favorable attitude to the brand. This may occur out of convenience, habit or because the barriers to change are too great. The other type of loyalty is attitudinal loyalty. Jacoby and Chestnut define attitudinal loyalty as 'The consumer's predisposition towards a brand as a function of psychological processes. This includes attitudinal preference and commitment towards the brand. (Fitzgibbon, Christoph et al 2005 ref 5th April 2011)

"Loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations" (Teich, 1997). Kotler et al. (1999) states the cost of attracting a new customer may be five times the cost of keeping a current customer happy. Gremler & Brown (1996) offers one definition of customer loyalty, "the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists."(Kheng ,Loliang et al  2010 ref April 2011)

According to Foss and Stone (2001), customer loyalty is connected to what customers think and do (or try to do). "Most customer loyalty experts would agree that loyalty is best defined as a state of mind, a set of attitudes, beliefs, desires "etc. Loyalty is developed by approaches which reinforce and produce a positive state of mind and the associated behaviors'. The exchange of information is one of the major keys of loyalty, and provides a critical bridge between state of mind and behavior. Loyal customers are more likely to reveal information to the service provider (because they trust the service provider and expect from the service provider to use the information with discretion and to their benefits). Managing loyalty is essential because it means not only managing behavior but also managing a state of mind.

Bloemer & Kasper (1995), "loyalty is interpreted as true loyalty rather than repeat purchasing behavior, which is the actual repurchasing of a brand, regardless of commitment. "Zeithaml et al. (1996) states loyalty is a multi-dimensional construct and it has both positive and negative responses. However, a loyal customer may not necessarily be a satisfied customer. Colgate et al. (1996) also state that it is not always the case that customer defection is the inverse to loyalty, while Levesque and Mc Dougall (1993) suggested that, "even a problem is not solved, approximately half of the customers would remain with the firm". This may be a result due to switching costs, without of perceived differentiation of alternatives, location constraints on choice, time or money constraints, habit or inertia which are not related to loyalty. (Bitner, 1990; Ennew & Binks, 1996).

Creating and nurturing loyal customers has always been one of major priority for marketing teams within organization which large and small. Today the most innovative companies are looking for the best ways to go beyond the frequent buyer program and transform the loyal customer into an essential extension of the company's sales, marketing and product development teams. Essentially the difference is whether the loyalty is founded in behavioral criteria or as a result of a strong positive attitude towards the company. Nowadays, management thinking has moved from a focus on customer acquisition to an understanding of the value of retaining customers and the need to build up loyalty among those customers. ((Fitzgibbon, Christoph et al 2005 ref 5th April 2011)

Finally Gee et al. (2008) stated the advantages of customer loyalty are as:

- "The service cost of a loyal customer is lower than new customers
- They are  willing to pay higher costs for a set of products; and
- For a company, a loyal customer will act as a word-of-mouth resulting to be marketing agent".

## 2.1.1 Behavioral loyalty

Pepper and Martha (2004, 302) "Behavioral loyalty exists when a consumer repeatedly purchases a product or service, but does not necessarily have a favorable attitude towards the brand". This may be due to convenience, habit or because the barriers to change are too great. The behavioral loyalty is based on proclivity to buy or preference for a company

Shiang-lih Chen and Bowen (2001) state that; behavioral measurements consider consistent, repetitious purchase behavior as an indicator of loyalty. The problem with behavioral approach is that repeat purchases are not at all the times mean the result of a psychological commitment toward the brand (TePeci, 1999). For example, a traveler may stay at a hotel because it is the most convenient location. When a new hotel opens across the street, they switch because the new hotel offers better value. Thus, repeat purchase does not always mean commitment.

## 2.1. 2Attitudinal loyalty.

Pepper and Martha (2004, 302) defined the altitudinal loyalty is about preference and liking. Attitudinal loyalty is defined by Jacoby and Chestnut as "The consumer's predisposition towards a brand as a function of psychological processes. This includes attitudinal preference and commitment towards the brand." Attitudinal loyalty has been found to result in lower price sensitivity, meaning incentives are generally not needed to generate repurchase. Attitudinal loyalty also incorporates a strong positive attitude, which is likely to result in word of mouth (WOM) advertising, with customer acquisition benefits. Customers who have attitudinally loyal are considered to be more profitable than behaviorally loyal customers, thus there seems to be a natural fit in using CRM to generate attitudinally loyal customers

Having attitudinally loyal customers can results to maintaining higher profits, by not having continually to use promotions and price discounts to generate repurchase." Rather a company can generate regular and loyal purchasing behavior, even at a premium, without having to offer any additional incentive other than the brand, because of the positive brand attitude created over time"(Fitzgibbon, Christoph et al 2005 ref 5th April 2011)

## 2.2 Customer satisfactions

Scholars and writer have tried to explain customer satisfaction. When we talk about customer satisfaction we have to talk about customer loyalty as this is as a result of customer satisfaction. Over the years writers have tried to define the customer satisfaction and its benefits to the business. Customer satisfaction is important to marketers because it is usually assumed to be a significant determinant of recurring sales, positive word-of-mouth, intention to repurchase, and customer loyalty. It is worthy to consumers because it reflects a positive outcome following the outlay of limited resources and/or the positive accomplishment of prior needs. As a consequence, maximizing satisfaction is seen as a significant objective, collectively for both the firm and the consumer (Mouri, 2005).

Pepper and Roger (2004, 316) the fact is that an enterprise does not make a customer loyal in order to satisfy him, nor will simply satisfying the customer be sufficient to make him loyal. There are several points of view on how to define customer satisfaction and relate it to loyalty. For instance, Gartner Group maintains that an enterprise can have satisfaction without loyalty but not loyalty without satisfaction. What all this means is customer satisfaction is helpful, but ot condition for maintaining customer loyalty .moreover ,in many industries ,a high level of customer satisfaction has become virtually a competitive requirement ,becoming a parity offering in the category ,rather than competitive advantage ,despite the fact that satisfaction by itself does not guarantee loyalty.

There is a major positive correlation between customer satisfaction and customer loyalty (Donio et al., 2006; Story and Hess, 2006; Cheng et al., 2008). Many of the researchers found that customer satisfaction is the predictor of customer loyalty (Faullant et al., 2008; Leverin and Liljander, 2006; Terblanche, 2006). Pont and McQuilken (2005) found that Customer satisfaction and customer loyalty are related to each other; furthermore, they reveal out that satisfied customers are not at all times loyal customers. Al-Wugayan and Pleshko (2010) and Pleshko (2009) reveal out that there is no relationship between customer satisfaction and loyalty. Al-Wugayan and Pleshko (2010) mentions that, their findings contrast with most of the researchers. They mention that their finding is only applicable for banks as related to Mutual funds. (Siddigi, Omar 2011 ref April 2011)

Parasuraman et al. (1991) say that satisfaction is a decision made after experience while quality is not the same. An increase in satisfaction has been shown to result in increased customer loyalty (Donio et al., 2006). From the above arguments it is hypothesized that:

- Customer satisfaction has a direct positive relationship between intentions to word-of-mouth.
- The Cognitive satisfaction has a direct positive relationship between intentions to word-of-mouth.

- There is a direct positive relationship between emotional satisfaction and intention to word-of-mouth.

Overall satisfaction with an experience does lead to customer loyalty (Caruana, 2002). Bearden and Teel (1983) argue that customer satisfaction is imperative to the marketer because "it is generally assumed to be significant determinant of repeat sales, positive word of mouth, intention to repurchase, and consumer loyalty". Similarly, Bloemer and Poiesz (1989) have also argued that "satisfaction can be thought of as an important determinant of customer loyalty", while Selnes (1993) argues that it is satisfaction with a brand or service that leads to customer loyalty. This view is also supported by Dick and Basu (1994). LaBarbera and Mazursky (1983) show empirically that brand and service loyal customers had a lower probability to substitute brands or service due to higher levels of satisfaction., customer satisfaction is indicated as having a function and acting as a mediator in the link between salesperson presentation skills and customer loyalty (Lim, 2004).: (Omar &Maznah Wan 2009 ref April 2011)

## 2.3 Increase in profits

Customer profitability has being defined as a customer-level variable which refers to the revenues which one particular customer produce over a given period of time. Customer profitability appears in two temporal forms in marketing literature. First, it appears as an historical record. In this sense, a customer profitability analysis is similar to the firm's analysis of its profits and losses." The main difference is that a customer profitability analysis refers to one particular customer, whereas a profit and loss statement refers to all customers". (Donia, Jean et al 2006 ref April 2011)

Customer profitability analysis can be made at several levels. A common point is to calculate the contribution margin (gross contribution margin), based on "sales revenue less all product-related expenses for all products sold to an individual customer during one particular period of time" (Wang and Splegel, 1994). Then, depending on the availability of data, sales, general and administrative expenses traceable to the individual customer are subtracted (Cooper and Kaplan, 1991]

Howell and Soucy, 1990). The answer for this calculation is the operating profit generated by the customer. An extension of this line of thinking is the computation of "customer return on assets", i.e. customer profitability divided by, e.g. the sum of accounts receivable and inventory (Rust et al1996).

Customer profitability is also referred to in a future sense in the literature. In this case, it often takes the form of the output from a net present value analysis. The output is sometimes referred to as the "lifetime value" of a customer (Heskett et al, 1997; Peppers and Rogers, 1993; Petrison et al, 1993; Rust et al, 1996). It has been defined, for example, as the stream of expected future profits, net of costs, on a customer's transactions, discounted at some appropriate rate back to its current net present value (Peppers and Rogers, 1997, 32).

Increased focus on profitability at the customer level is a reflection of a movement within the marketing discipline towards a less aggregate view of markets. In another words it means, the individual customer - rather than segments of customers - is increasingly stressed as the unit of analysis. Customer profitability is emerging as an essential dimension in which each (unique) customer can be described. Despite the growing interest in customer profitability, identifying profitable customers is likely to be easier said than done for most firms. The major reason is that few firms have an internal accounting system which enables for an analysis of profitability at the individual customer level. Anyway, profitability lies at the heart of the marketing concept (Kohli and Jaworski, 1990; Narver and Slater, 1990). Buttle, 1996 (Donio,Jean et al 2006 ref April2011)

Understanding the intricate links between customer loyalty and business profits is an area which needs more in-depth understanding and discussion (Uncles et al, 2003). Previous research on loyalty has advocated that if customer loyalty is gained, profits will follow (Chen and Chang, 2006; Reichheld, 2002). Reinartz and Kumar (2002) state the past mantra, "Win loyalty, therefore, and profits will follow as night follows day". Garland (2005) agrees stating, "Customer loyalty has been widely regarded as a necessary precursor to individual customer profitability". The

viewpoint that gaining loyalty automatically generates profit is now under scrutiny. (Gee&Robert 2008 ref April 2011)

In their book Pepper and Rogers (2004, 307) state that the benefit of managing individual customer relationship is that loyalty, patronage and value of an individual customer engaged in relationship will increase. while, the improvement in any customer`s overall value to the enterprise will only be realized during future financial periods ,as the customer remains loyal for a longer periods and buys more things. "The most fundamental long term benefit derived from an initiative to build learning Relationship is that it will increase the overall value of the enterprise customer base"

## 2.4 Decrease in Cost

Don and Roger (2004, 324) highlight that, Company CRM investment results into many benefits that are either intangible or difficult to forecast. Because it is difficult to quantify these benefits, many companies approach the cost justification process by demonstrating a cost saving rather increase in revenues.

Kale and Sindhir H (2003) state that, there are two ways to justify CRM investment which are increased revenues and through reduced costs. A good CRM solution should ideally enhance the bottom line in both these ways. Effective CRM improves productivity levels, workplace environments, and customer retention, thus increasing revenues and cutting costs (Rembrandt, 2002). High customer retention means savings in acquisition costs for replacing customers who would otherwise be lost to competitors. Appropriate segmentation, precise targeting, and thorough understanding of customer lifetime value achieve high levels of customer retention. Effective CRM also results in savings in the cost of servicing customers. A good CRM system will accomplish these results without compromising customer service. Reynolds clarifies this better in her book,

   If a CRM has a call center, after the first customer touch point, there are both operational and strategic benefits to the business, inherent in preemptive alerting. This process eliminate     unnecessary ,costsly,non-revenue-

generating inbound customer contact, resulting in increased customer satis-
faction, dramatic cost-per –call savings, call elimination, better service levels,
as well as a reduction in number of agents required in call centers. "CRM can
reduce cost of sales and customer service while increasing revenues through
improved cross –selling capabilities. (Reynolds 200, 166)

In the same way Buttle (2009, 70) Proclaims that CRM can reduce cost in different
ways. "The following are some of the ways the costs can be reduced.

- It results to  lead generation and qualification
- reduce  costs of customer acquisition
- More efficient account  management
- Less waste in marketing campaigns
- decrease in customer service costs
- More fluent front –office processe"s.

**2.5 easy functioning activities in the organization**

In their book Blokdijk and Gerard (2008, 34) Companies need CRM solution to
deliver business information faster and better. A CRM solution is necessary for
each business that focuses mainly on how to serve the customer better. Obtaining
the services from various CRM solutions in the internet can help change their
businesses to a better and organized company. This solution can also increase
the productivity and increase revenues to small and large companies.CRM solu-
tion makes it easier for sales people to get essential leads and other deals. It is
important in sales  to have complete purchasing information of clients in order to
form an effective marketing plan and promote appropriate products to the cli-
ent.CRM is indeed a wise step to a better and faster customer service. Not only
that, it also helps other departments in business to boost their productivity.

Customer relationship management if well implemented has many benefits .The
main benefits covered in this chapter are customer satisfaction, loyalty, increase in
profits, and good business performance.

# 3 FAILURES IN CUSTOMER RELATIONSHIP MANAGEMENT

Research has being done and still it is going on for the reason why most of the CRM do not succeed when implemented in a business. With reference to Singh and Sangeeta et al(2004) the biggest reason for the failure of so many of the CRM programs has been that a large majority of these companies do not have a clear understanding of what CRM really entails. Most of the companies that jumped onto the CRM bandwagon believed that merely investing in CRM technology would result in gaining access to the promised land of loyal and profitable customers. Although technology is a key facilitator to attaining these goals it can accomplish little by itself, that is, without a customer strategy, because customer relationship management is the creation of a customer-focused strategy and processes to boost customer loyalty, supported by CRM technology. Recognizing the true potential of a customer relationship management program one requires far more than technology.

Rigby, Reichheld and Schefter (2002)2" have warned of what they call the four perils of CRM that should be voided at all costs in order for a CRM initiative to be successful. One of these perils is implementing CRM before creating a customer strategy". Kotorov (2003) also suggests perceiving at CRM as a strategy rather than as a solution, which is what many of the firms fail to do. It is due to lacking of attention to having a strategy that there are numerous examples of CRM programs failing. According to the Gärtner Group, are search and advisory group, as many as 55% of all CRM projects do not yield results and the failure rate is expected to reach 80% in 2003 (Kirby et al 2003)

In the same way Singh and Sangeeta et al (2004) asserts that another critical failure factor identified is an adequate elevating the CRM strategy from the department to the corporate level. This not only helps define a fit for the CRM strategy with the needs of the business but also helps determines the scope of the project. As a result it helps identify the necessary cross-departmental infrastructure

changes that make it possible to face the tactical challenges of business process and systems integration (Kotorov 2003).

According to Wu and Yi –Te (2010) Most CRMs fail due to unplanned project budget revisions, lacking enough return on investment, and without employee confidence and diversion of key management time. Another attribute is, they fail because of an adequate clear strategies needed to efficiently and properly implement CRM. Therefore, before implementing CRM systems, companies should carefully plan what strategies to adopt and perils to avoid. In order to avoid peril, they suggest attention to 4 key points. First, creating a customer strategy is crucial. Implementing CRM without creating a strategy to clearly target their customers, conduct segment analysis and decide marketing objectives is like building a house without engineering measures or architectural plans. Most executives believe CRM systems can fully meet their needs and achieve their goals. As a result, they do not create customer strategies in advance.

Companies need much change to match CRM systems. A survey done by scholars on CRM indicates that 87 per cent of managers failed to implement CRM due to lack of adequate change management. This reason relates to the organizational social issue. Management should estimate if CRM is essential for their organizations. Most top managers regard CRM as a very important approach and adopt it to create a competitive advantage even thought their companies are not prepared to implement CRM. Treating customers properly is difficult. Most CRM projects focus on the wrong target customers or use wrong approaches to treat proper customers (Wu&Yi-Te 2010 ref April 2011)

Kale and Sudhrir H (2003) CRM implementation budget usually it under-budget the training area. Many times, companies forget that ultimately it is people who implement the CRM initiative. Results of recent survey conducted by crmindustry.com, the researchers found that 63.2 percent of the companies surveyed did not have a formal training program in place to help gain employee acceptance and usage of CRM applications, but only 11.8% of companies reported this as their

major internal challenge (crmindustry.com, 2001). Lacking adequate acculturation and training, it is hard for those responsible for making CRM happen to take appropriate ownership of the program. No amount of money invested in CRM architecture and software will in itself ensure success of the project buy-in from users.

In his book Buttle (2009, 74) he states the importance of Technology. CRM results are impeded by the poor interoperability of IT systems .For example IT systems that support web operations may be incompatible with IT system that supports the call centre. More Technology Is Not Necessarily Better: CRM does not have to be heavily technology-intensive. Putting customer strategy first allows companies to make wise decisions about where software technology can help and where low-tech solutions make more sense.(Kale and Sudhir H 2003 ref April 2011 )

In their research Kale and Sudhir (2003, ref April 2011)"CRM failures suggests that lack of adequate change management was the primary cause of failure in 87% of the cases investigated." The results of this research suggest that without a true customer-centric, outside-in corporate culture in place, the best CRM software is doomed to fail. The other big reasons for failure of CRM projects include lack of enough communication and integration problems. Lack of communication between everybody in the customer relationship chain results to an incomplete and fragmented picture of the customer. Poor communication often also leads to technology being implemented without proper s CRM roadmap effort without senior-level sponsorship and with little cross-unit influence never succeeds. Lacking a drive from the very top, there will not be many supporters of the CRM   project at middle- and lower-management levels. Define the purpose and where CRM is required.

Woodcock and Neil (2001) Point out that, as with all journeys, to be able to see the destination is only half the story. If the beginning point is not known it contributes planning the route very difficult indeed. In fact, lack of knowledge as to the competency of the company in managing customers is one of the major reasons for CRM project failure. They define competency as a combination of knowledge, attitude and skills. Companies develop competencies, through the combination of the

competencies of their people, partners, and customer ready progress: moving steadily towards a customer management vision, while recognizing that the vision will continue to change. For larger organization, often with a background of several customer management initiatives, this is usually the better option. Some of these initiatives may be succeeding and some not. There is also usually a mixed history of relationships between marketing and IT people especially in the area of data warehousing projects. A very strong programme management discipline is required as a series of projects are implemented out across the business. They often start with pilot projects to establish possibilities and capabilities etc., before rolling out a customer management activity to the rest of the business. Tough choices have to be made about where to begin, and where not to, and indeed whether parts of the business should be left untouched and technologies.

Authors and scholars (Buttle, Greenburg, and Kumar et al) have talked much and researchers have done research of why many CRM cases fail after being introduced to the company. There are many reasons for failure in CRM due to different company strategy and decisions and leaders. However, the main reasons for failure are; lack of change in management, lack of strategy for CRM, poor technology compatibility, lack of training for employees and without communication .Above everything the company has to plan for the whole process where to begin implementing the CRM and which department is last.

# 4 IMPROVING CUSTOMER RELATIONSHIP MANAGEMENT

For a successful CRM the company should try and measure the whole process after implementation. This will enable the company to know if the CRM is meeting the purpose and goals it was intended. Singh and Mukerjee (2009) state that, "After the CRM implementation is undertaken, and the company begins to practice CRM, the performance should be measured against the metrics that had been decided based on the CRM vision and objectives." A large number of CRM initiatives end in failure, special efforts can be made by companies to protect against CRM failures.

Renart et al (2008) state that , is important to review the process by which information is created through the CRM, if the CRM is shared within the company and among departments and channels, and the process by which customer data is transformed into knowledge that can be used to tailor the products to customers' needs. We must consider whether the changes made to the mission, culture and values, strategy, activities and system governance have been effective. Successful improvement will result in enhanced relationship quality, reflecting customers' trust in the company (confidence in the company's honesty and reliability) and stronger customer commitment and loyalty (desire to maintain the relationship

Kale and Sudhir H (2003) successful CRM outcomes need total attention to the project on the part of participants involved: marketing, IT, finance, and HR. With the arduous ownership demands of the project, some managers are bound to feel overworked and overwhelmed during the course of CRM implementation. Solutions, processes, and metrics may, as a result, turn out to be less than totally customer-centric. Having a marketing consultant on the outside looking in will ensure that the CRM project is headed toward the outcome it was intended. The external marketing expert's primary job is enquiring the appropriate questions at all stages of the implementation process, and ensuring that there exists consensus among the relevant constituencies with regard to the answers received. The exercise of continuously counter checking the needs of the targeted customer segments and

gauging how well the company is meeting those needs should be an integral part of any CRM initiative. What the customers deem acceptable today may be perceived as below par tomorrow. Ongoing research is also needed to monitor the relationship between customer delight and customer loyalty on a segment-by-segment basis

Hennig-Thurau and Klee (2008) suggests a three-dimensional model of increasing relationship quality. The first of these is customers' perceptions of product or service quality. The second hinges on customers' trust in the organization's ability and willingness to achieve excellence in execution. And the third rests on customers' commitment to the relationship. The perception of quality is an antecedent of trust and commitment. These authors argue that relationship quality is the main determinant of customer retention. . Specifically, the review of the corporate mission, values and culture must influence customers' perceptions of the company's integrity, honesty and consistency. The purpose is to improve relationship quality so that customers may be able to perceive the company as a partner whom they can trust and who can be relied upon to add value.

Maintenance is an important phase, since a company must at all times be seeking to learn more about its customers. Due to the marketplace is dynamic, CRM requires continual assessment of the performance; and data quantity and quality. IT should continuously work with other functional departments such as marketing, management and production to ensure that the system is meeting the purpose of the decision makers in the firm. This is a critical component as CRM is still in its infancy. As a company learns more about its customer, it will change. In the past, adding a new product or sales channel may have only meant minor changes for an IT department. However, a new sales channel or product may alter the customer interaction points or the types of data that need to be collected. If IT fails to make changes, the company will quickly lose the competitive edge of the customer-centric orientation.( Ranjit and Anderson2002)

Renart and Lluis et al (2008) The empirical studies confirm the need to continuously improve CRM strategies (ranging from the corporate mission, culture and values to the CRM software) and improving relationship quality and long-term brand loyalty. If a CRM program is well-designed and well-implemented, it will strengthen customer loyalty; if not, it will have the opposite effect, destroying customers' trust in the company. The review of the CRM strategy and individual relationship-building activities must tend always in the same direction. If the review increases trust and commitment, a quality relationship between the company and its customers will ensue. We believe that trust and commitment are built up through experience, gradually, after a sequence of transactions in which each party has had an opportunity to judge the other's motivational quality. Customers perceive that the company is not interested exclusively in short-term gains but intends to satisfy their real needs and contribute to their professional and personal development. It is important not to forget that building customer relationships is a long-term process.

This chapter has covered how to improve the CRM.As commented in earlier chapter, this is a process and it need to be checked if it is in the right track.CRM need to be measures against the goals and purpose it was installed to meet.Renart also points at importance of retraining the employees to keep them in the right track and inform them new features they need to know. For a successful CRM requires reviewing the main goals and strategy now and then.

# 5 RESEARCH METHODOLOGY

Research is defined as an original investigation undertaken in order to contribute to knowledge and understanding in a particular field. (Myrers 2009,6) he further say research is a creative activity leading to the production of new knowledge. The knowledge is new in the sense that the facts, the interpretation of those facts, or the theories used to explain them might not have been used in a particular way before in that specific discipline.

Howard and sharp (1983, 6) define research as "seeking through methodical process to add to one`s own body knowledge and, hopefully, to that of others, by discovery of non-trivial facts and insights". Drew (1980, 4) sees research as "conducted to solve problems and expand knowledge .Sanjeev (2010, 1) research is an academic activity. And such term should be used in a technical sense. According to Clifford woody research comprises defining and redefining problems formulating hypothesis or suggested solutions; collecting, organizing and evaluating data, making deductions and reaching conclusions; and last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

Myers(2009,7)Concerning the dependability of research work, the only way to tell the research findings are sound and original is if those findings are open to scrutiny and formal evaluation by experts in a particular field .that is , the findings must be evaluated by those who are experienced and `qualified` to do so. If these experts, in evaluating the research, finding that the results are sound and the findings are new to them then we can say the research project represents an original contribution to knowledge.

## 5.1 Purpose of research

The purpose of research is to discover answers to questions through the application of scientific procedures. The main purpose of research is to find out the truth

which is hidden and which has not been discovered as yet. Though each research study has its own specific purpose, we may think of research objectives into a number of following broad grouping

- "To gain familiarity with a phenomena or to achieve new sights into to ( studies with this objective in view are termed as exploratory or formularize research studies)
- To portray accurately the characteristics of a particular individual ,situation or a group (studies with this object in view are known as descriptive research studies)
- To determine the frequency with which something occurs or with which it is associated with something else.(studies with  this object in view are known as diagnostic research studies)
- To test a hypothesis of a causal relationship between variables (such studies are known as hypothesis testing research studies".(Dhawan Sanjeev 2010,3)

## 5.2 Types of research

Many Authors of research books and other reading materials have been classifying the type of research we have. Due to different types of research done by different researchers every one of them classify them in different names. According to Sanjeev (2010, 3-7) research can be classified as follows

*Descriptive vs. Analytical*: Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. In Analytical research, the researcher has to use facts or information available, and analyze these to make a critical evaluation of the material.

*Applied vs. Fundamental*: research can either be applied (or action) research or fundamental (to basic or pure) research. Applied research aims at finding

a solution for an immediate problem facing a society or an industrial business organization, whereas fundamental research is mainly concerned with generalizations and with formulation of a theory. Research concerning some natural phenomenon or relating to pure mathematics are examples of fundamental research.

*Quantitative vs. qualitative:* Quantitative research is based on the measure of quantity or amount .it is applicable to phenomena that can be expressed in terms of quantity. Qualitative research, on the other hand, is concerned with qualitative phenomenon, i.e, phenomena relating to or involving quality or kind.

*Conceptual vs. Empirical:* Conceptual research is that related to some abstract idea or Theory. It is generally concepts or to reinterpret existing ones. on the other hand ,empirical research relies on experience or observation alone, often without due regard for system and theory .its data –based research ,corning up with conclusions which are capable of being verified by observation or experiment. This is also called experimental type of research.

*Some other types of Research*: all other types of research are variations of one or more of the above stated approaches, based on either the purpose of research, or the time required to accomplish research on the environmental which research is done or on the base of the some other similar factor

## 5.3  A research design

A research design is a plan of action .it is a plan of collecting and analyzing, data in an economic efficient and relevant manner. It is blue print and therefore as it s best only tentative. Changes in the design are allowed and are dictated by considerations during the operations of the project. (.A Kumar 1997, 17)

## 5.3.1 Characteristics of Good Research Design

*Objectivity*: The objectivity of the procedure (either collection of data or scoring of the responses or both) may be judged by the degree of agreement between the final cores assigned to different individuals by more than one independent observer. The more subjective the observation, recording and evaluation of the responses, the less the different observers agree.

*Reliability*: it is not easily tested by either by multiple –form or spilt –half technique. The test retests approach is the most effective measure of reliability as it refers to consistency `through a series of measurement

*Validity*: as in the case of reliability there are a good number of procedures for establishing the validity of test, such as validating the present data against a concurrent criterion or a future criterion or a theory.

*generalization* **:** the aspects of a good research design is to ensure that the measuring instruments used in a research investigation yield objective, reliable and valid data and has to answer the` generalization` of the finding(.A Kumar 1997,17)

## 5.4 Choosing the method

In order to find the perspective  of management  toward the CRM practice in lennol, the primary data were collected by techniques of formal interviews and direct observations by the researcher in order to uncover the  perspective toward CRM

practice in their organization, the qualitative approach was applied because it take the researcher to closer and understand individual's beliefs and perspective in a subjective meaningful ways and generating rich information for deeper understandings of their experience (Lieber, 2009). While quantitative approach was used to measure the effects the CRM had in the customer relationship towards the company. The research in this study used the both quantitative and qualitative.

The qualitative interview method was used to obtain the data from the Lennol management where the researcher interviewed five personnel. This method was used because it is typically produces good detailed data in a small number of people. It also provides depth and detail through direct quotation and well description of situation, events and interaction. The quantitative method was used to obtain data from the customer by questionnaire. This method was used due to advantages of obtaining data which is a broad and generalized also the researcher can obtain much information from a large population.

In this study researcher used the observation method to obtain more detailed data and the real situation in the company because she was there for five months. Quinn Patton (1987, 12) on his book he state "Observation data, especially participant observation, permits the evaluator to understand a program setting to an extent not entirely possible using only insights of others obtained through interviews". He further explains how observation description is to take the reader of the evaluation report into program setting that was observed.Clough and Nut brown (2000) describe observation as a way of `seeing `familiar and routine events in a new way. This involves looking critically at the familiar and asking questions about what you see.

## 5.5 Qualitative versus Quantitative method

Qualitative and quantitative methods are more than just differences between research strategies and data collection procedures. These approaches represent

fundamentally different epistemological frame work for conceptualizing the nature of knowing, social, reality, and procedures for comprehending those phenomena. (Filstead 1979, 45)

In her book roger Piece (2008, 43) classified the characteristics of qualitative and quantitative studies. Figure 3 characteristics of qualitative and quantitative methods

| Characteristics | Quantitative research | Qualitative Research |
|---|---|---|
| Origin | natural science | Social science |
| Philosophic roots | Positive | Naturalism, Feminism |
| Research design | Deductive | Inductive |
| | Systematic | flexible |
| contribution to theory | Theory testing | Theory building |
| | seeks explanation and universal laws | seeks explanation and solutions |
| Researcher | observer, outsider | Participant ,insider |
| Researcher `s attitude | Objective | Subjective, emphatic |
| People are regarded as | Objects | Subjects |
| Location | Research centre or Laboratory | Field based |

| sample or cases | random | Non random |
|---|---|---|
| | large | Small |
| | Focus on universes | focus on minorities |
| | the individual | The group (family,clan,peer group, work group) |
| Records | Frequency | Social meanings |
| Data | Numeric concepts indicators | Non numeric concept |
| Data collection | surveys and structured questionnaires | Personal interview and unstructured interviews |
| Represented by | table and charts | Transcripts |
| Analysis | Statistical | Non statistical |
| Generalisability | High | None claimed |
| costs | High | Low |
| Findings | Nomothetic(general laws) | Ideographic(specific to historical and cultural context |

Marschan and Welch(2004,464) in their book they state that studies with qualitative approach are usually based on open –end interviews and the interpretation other field data such as internal memos and archival texts, but may also convey quantitative data and (usually descriptive statistics). Quantitative research mean studies that use mainly quantitative data, most usually to follow the validation strategy of proposition development and empirical testing. Both of this methods aim at testing a theory driven series of causal relationships, using formal propositions as a device for probing, and formal, statistical testing methods.

### 5.5.1 Strength s of qualitative method

Rubbin and Babbie (2009, 230) all research method have their own distinctive advantages and disadvantages.

*Depth of understanding*: qualitative research is especially effective for studying subtle nuances in attitude and behaviors, and for examining social processes over time. This gives the researcher good understanding.

F*lexibility*: in this method, you may modify your research design at any time. Moreover, you are always prepared to engage tin qualitative research whenever the occasion arises.

Subjectivity: measurements –although in-depth are also often very personal.

*Generalizability*.one of the chief goals of science is generalization. Qualitative researchers get a full and in-depth view of their subject matter; they can reach an unusually comprehensive understanding.

In their book Scott, Johnson (2009, 8) state the weakness of qualitative research .The samples size are usually small and non random,and therefore the findings

may not generalize to the larger population  from which the sample was drawn. This method also it takes a lot of time and the cost to obtain the data is high.

## 5.6 Quantitative research.

Lowe (2007, 13) Quantitative research is considered to be positivist research approach .the chosen methods of collecting data tend to produce numerical information. Some of the mechanism for gathering the data includes surveys, questionnaire, and coded systematic observation.

Metin Kozak in his book (2004,138)Advantages of quantitative study is easy to administer ,simple to code due to structured questionnaire .The data is easy to employ statistical methods and facilitates comparison of several products. The weakness of quantitative approach is that, because the study contains so many participants, the answers research participants are able to give do not have much depth. They have to be superficial, or else the researchers would be overwhelmed by information that cannot adequately be analyzed. In quantitative research the measures are not the unique features of the product.

## 5.7 Data collection.

Data collection is simply a technique that is used to collect empirical research data. It is how researchers gather their information. The six major methods of data collection are questionnaires, interviews, focus groups, tests, observation, and secondary data. (Teddlie and Tashakkori, 298)

According to Dhawan (2010, 98) the researcher should keep in mind two types of data. That is primary data and secondary data. The primary data are those which are collected a fresh, and for the first time and thus happen to be original in character. The secondary data, on the other hand, are those which have, already been

collected by someone else and which have already been passed through the statistical process. The researcher should decide which sort of data he would be using for his study and accordingly he will have to select one or more method for collection data .the methods for collecting primary and secondary data differ since primary data are to be originally collected, while in case of secondary data the nature of data collection work is merely that of compilation. The researcher in this study used interviews and questionnaire.

*Interviews*

The researcher in this study used the semi-structured interview. The same questions were asked to each participant. Lowe, Thorpe et al (2002 ,86) Interview is often claimed to be the` best `method of gathering information ,it is complexity can sometimes be underestimated. He argued that interview is time consuming to undertake properly, but its merit of face to face interviewing provide the researcher with access to the person to be interviewed.

Moses and Kalton (1971) describe an interview as a conversation between the research and the respondent with aim of gaining certain information from the respondent. An interview advantage is interaction of researcher and respondent

*Questionnaire:* A questionnaire is a way of asking questions without personal interaction. Questionnaire can be used for a variety of reasons in a research project. They allow the researcher to collect information from often large groups of people and are useful for generating numerical data(Wilson and Maclean 1994).Questionnaire are used because they provide a picture and also are easy to do comparisons. Because of lack of personal interaction the participants are provoked to be give honesty reponses.Cohen et al (2000) Questionnaire setback is, they can take a considerable amount of time to develop, they need to be piloted, may need refining before use and may provide information that fails to capture of a situation because of the limited flexibility of response.

## 5.8 Validity and reliability of the research

Scientific research it has to be valid and reliable for it to be credible. Reliability means the consistency of the measurements and validity means the accuracy of the measurement used in the research. The research trustworthiness and quality can be tested using validity and reliability. The credibility of the research can be improved by discussing about strengths and weakness of the research. (Ghauri and Gonhaug 2002, 139)

Fujun et al. (2007) mentioned [cited from Nunnally and Bernstein, 1994] about three types of validity: content validity, Predictive validity, and Construct validity. Duggirala et al. (2008) defined the content validity as the assessment of the correspondence between the individual items and concept. Malhotra (2010) defines the content validity as face validity. The validity of the study can be conformed to the objectives .The questions in the questionnaire are based on specified study problem and on the aims, which were given for this study. The questions in the questionnaire are essential for the study and were conducted based on literature and the wishes of the company. The research counter checked the questions to make sure the questions were relevant and will give the right results.

The interviews were done on people the researcher believed had reliable information. The interviewees were allowed freely to give the information and there was no bias as the both researcher and interviewees knew the importance of reliability data and validity was essential for the research. The questionnaire send to customer were relevant to the study and the customers answered them within their own time and there was no influence from the researcher. These customers were being in the company for a longer period and also they buy frequently the products. They were able to answer the questionnaire through their own experience with the company.

## 5.9Limitation of the study

There are several limitations for this study. The researcher had a single case study of private company which is a linen company. The sample which answered the questionnaire is customers from Lennol Company and the researcher believe that they gave reliable answers and this represents the entire company. In this study the researcher had limited literature available which is from recent years since 2009. This is a limitation due to continuous research in the topic of the study.

The researcher in this study also found contradicting literature about customer satisfaction although the authors they classified it to apply only in banks." Leverin and Liljander 2006; Terblanche, 2006). Pont and McQuilken (2005) found that Customer satisfaction and customer loyalty are related to each other; furthermore, they reveal out that satisfied customers are not at all times loyal customers. Al-Wugayan and Pleshko (2010) and Pleshko (2009) reveal out that there is no relationship between customer satisfaction and loyalty. Al-Wugayan and Pleshko (2010) mentions that, their findings contrast with most of the researchers. They mention that their finding is only applicable for banks as related to Mutual funds." This literature was in journal for this year march 2011.reported by (Siddigi and Omar 2011).

## 6 EMPIRICAL STUDY

The general objective of this empirical study was to find out the effectiveness of Lennol Company CRM and how the organization can utilize it for the more benefits for the company and customers. The researcher conducted five semi structured interview and send out questionnaire to about 45 customers whereby 17 answered the questions. The interviews conducted on the company personal who is part of management. The interviewees were five in number and the data analyzing was done by the researcher using literature. The following is the interview questions which semi structured.

*1 Do you train your employees in CRM? And how***?**

The purpose of this question was to enquire if the staff is trained on CRM.All of the five personnel answered they are trained on CRM  but they did not have continuous training after being in company for a longer period .Only one of the staff said she has attended more training which was done by experts of CRM. The four of the trainings were trained by their fellow employees after joining the company and they are told how to use the CRM software and data base.

*2 Are your customers loyal to you?*

The aim of this enquiry was to know if the management knew if their clients are loyal to them. The respondents said that their customers are loyal to the company. They said incase when a problem or mistakes occurred the customers were willing to be patience for them to solve and still they kept on coming back.

*3 How do you get new customers?*

One of the benefits of CRM is increase in customer. The goal for this was to know how company got more clients. The management revealed that they get their new customers through the three fairs they attend in year. They also able to gain more

customers by visiting which are done by sale agent of the company and through the webpage and by word of mouth by other customer

*4 What you do to maintain customer relationship?*

This question was to reveal how the company took care of the customer relationship which is the main purpose of CRM. The company maintained their relationship with customers by visiting them which is mainly for the leads of the company. They also send mails, emails, letters and a gift voucher to their customers. The company has a webpage which has also feedback where their clients can send any feedback to them. The management revealed that they call customers although this is mainly if there is problem.

*5 How many new customers did your company get in the previous year, and of those, how many were recommended by existing customers?*

The goal was to reveal how many new customers the company has being acquiring as result of CRM.The management did not know the exact number of the new customers for the last year. Each of the participant estimated that it is around hundred new customers for the last year. Second part of this question there was no data to show how many were as result of recommendation by other customers

*6 Are your customers satisfied?*

The aim of this question was to reveal if the customers of the company were satisfied. Participants said that their customers are satisfied and this was evident due to loyalty of the clients. They believe their customers are not satisfied, when they have delays in supplier side of material leading to delay of deliveries. This is one area they believed they always don't satisfy customers.

*7How receptive is the customer to trying new or upgraded products from your company?*

The management revealed that their clients are always trying new products which are launched twice in the year by the company. This was evident by many of enquiries of when to launch new products from their customers all through the year. It shows the eagerness of the client to try new product.

*8 Which of your product lines interest the customer? Are you familiar with how your various product lines can provide solutions for its business needs?*

In this question the management answered the first part .The eco products and the cushions, bed spread, and silk curtains were named as the products which customers are interested. The second part the management did not understand it .This was failure by researcher to frame the question in a way the interviewees could not understand.

*9 Who can access the customer data to determine what products might best suit them?*

The customer data is available for access to all personnel in management. They can use the data to determine any issue concerning the customers. They use it to design who to send brochures to or to analyze which kind of products a client can be interested .This can be in use do determine which products can be marketed to each customer .

*10 Based on knowledge of the customer's needs, are brochures and samples given to help expand its use of your product line?*

The aim of this question was to determine if the company has being benefiting from data base of the information of the customers. The management said they only send the brochures according to the customer needs. They send also samples according to each customer's needs in line with their products. The personnel said this has helped them to know who to send the sample when they launch new products.

*11 Based on knowledge of the customer's operations, might it be willing to serve as an early test subject for a new product being developed?*

The objective of this question was to reveal if the company uses the knowledge they have about their customers in aid to launch new products. The five Management staff revealed that they consider what their customers would like to have according to the information of the customer .They said they do not do product testing .But they use the knowledge of the customer operation to help them to know what to launch in their products.

*12 Knowing what other suppliers the customer uses, can you make suggestions on how your product could better serve its enterprise?*

The interviewees revealed that they always recommend their products to customer according to their needs which are revealed by the knowledge they have about them. They visit a customer and inform them what they have which can serve them better. This is one of the main works of sales agent. This was uniform answer from the entire respondent.

*13 Does your sales staffs make timely calls to customers aligned with their purchasing schedules?*

All the participants revealed that, they call their customers but only the leads. They also said they don't usually do it always. .The reason for not calling was due to a lot of work which the participants said is consuming all time they have.

## 6.1 Quantitative questionnaire

The questions were forwarded to 45 customers by mail and email and 17 customers answered the questions. The first 4 questions were general information. The

following are questions 5 to 19 which were used to obtain the information about Lennol CRM.

*5 How long have you being buying our products?*

The aim of this question was to find out how long the customers had being buying products from Lennol Company. The figure 5 below is showing the percentage of the respondents. The 29% of customers was in the company over three years.



Figure 5. Duration of being customer
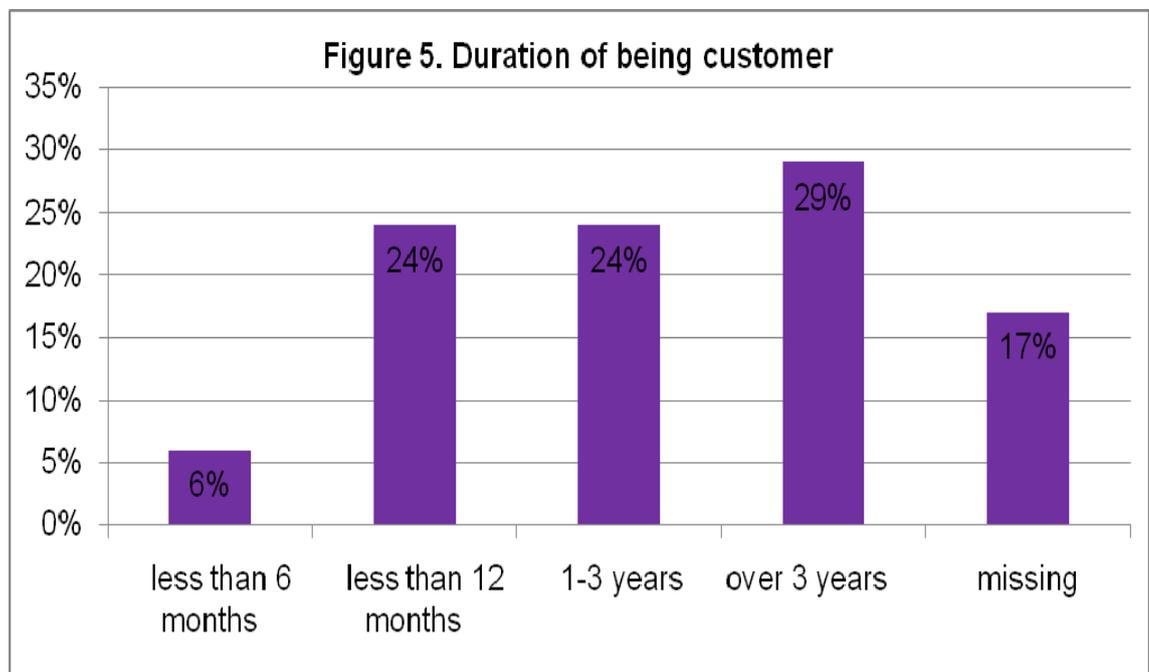
*6 Overall, how satisfied are you with our products?*

The purpose of this question was to reveal how the customers were satisfied by the products. The figure 6 below is displaying the results.71%of the customers were satisfied by the product
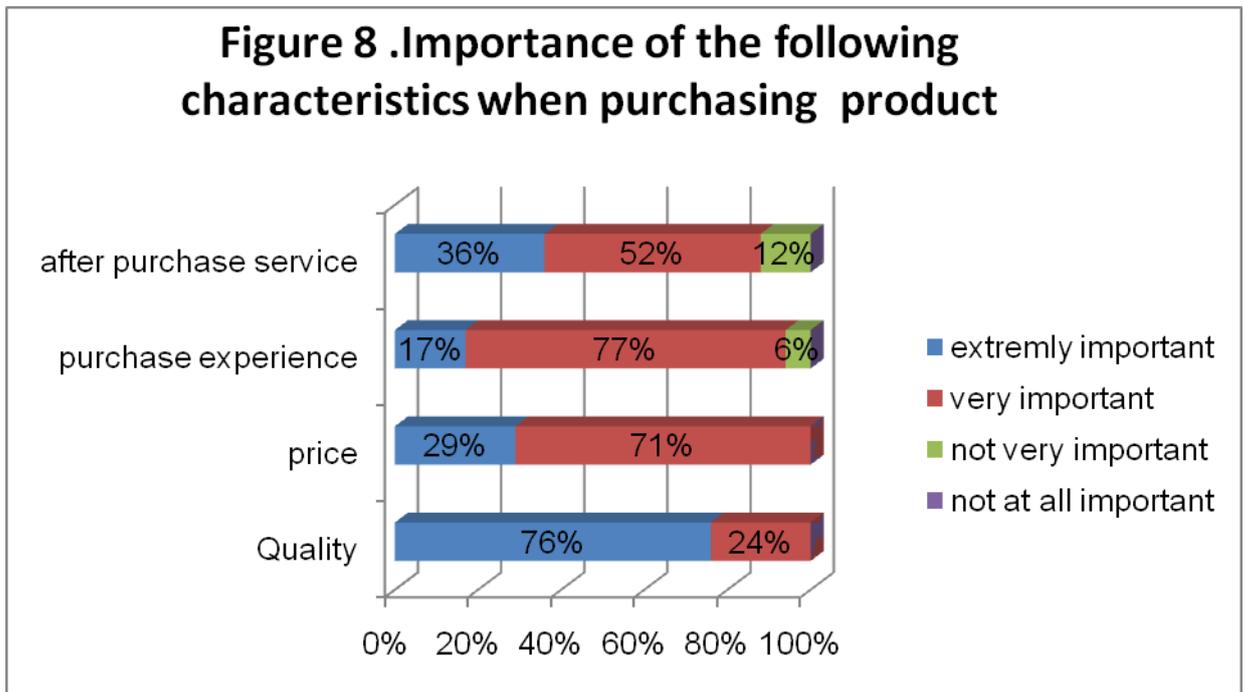


figure 6. satisfaction by the product
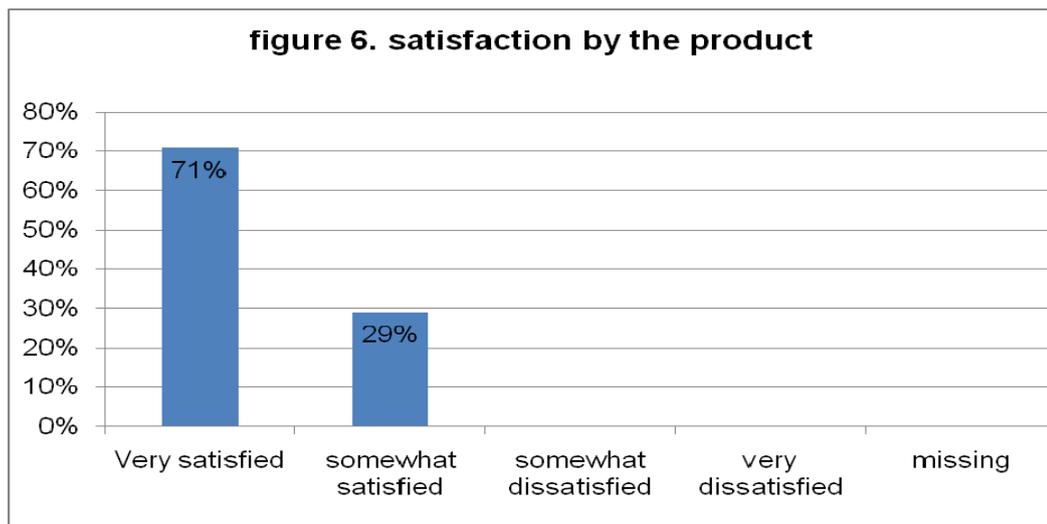
*7 How satisfied are you with the following characteristics of our products?*

The goal of this question was to know how customers were satisfied by the characteristic of the product. Quality satisfaction was high with 88%while customers were some somewhat satisfied with price which had 64%.The 17%of the customers were so somewhat dissatisfied with the price and 47%were very satisfied with after purchase service.



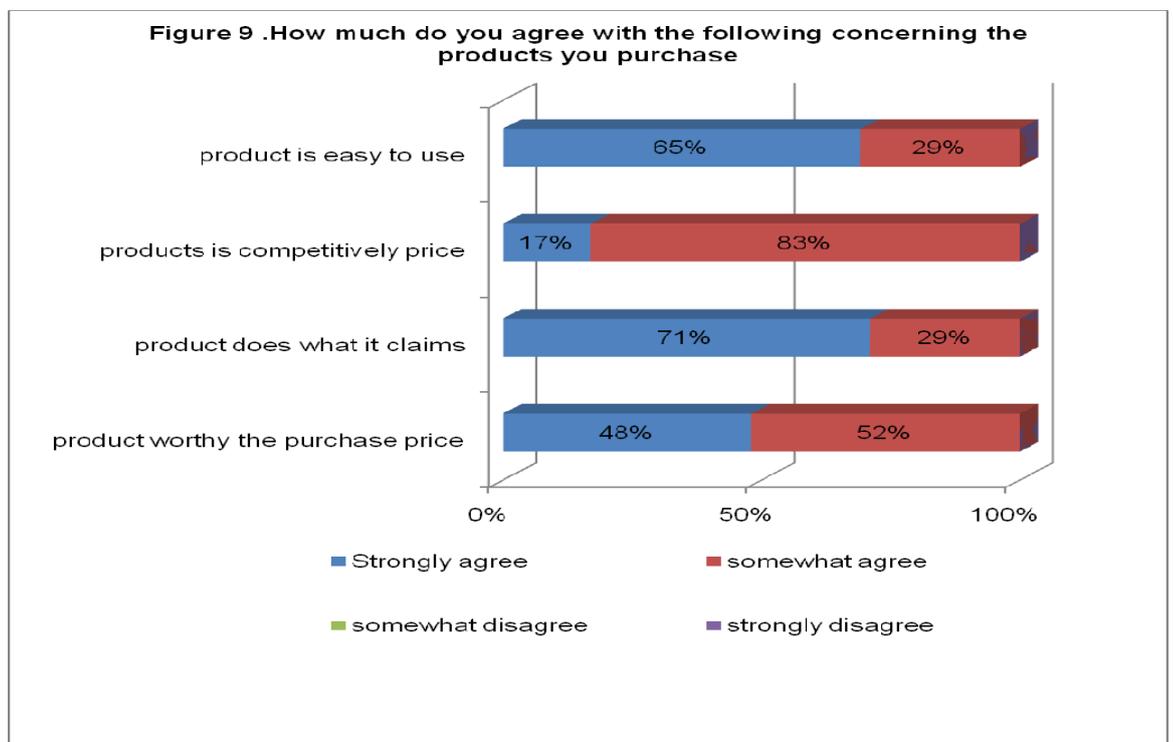Figure 7 .satisfaction with characteristics of product

*8 How important are the following characteristics when purchasing products*?

The goal for this question was to find out what customer value most when purchasing products. The quality had 76% being extremely important and purchase experience was 77%very important. The 12% of the customer considered after purchase service not very important

## Figure 8 .Importance of the following characteristics when purchasing product

after purchase service: extremely important 36%, very important 52%, not very important 12%

purchase experience: 17%, 77%, 6%

price: 29%, 71%

Quality: 76%, 24%

Legend:
- extremly important
- very important
- not very important
- not at all important

Axis: 0% 20% 40% 60% 80% 100%

9. *Thinking of your most recent experience with our products, how much do you agree with the following statements*?

The aim of this question was to reveal how the customers valued the experience of buying products from the customer. The 65% of the customers strongly agreed that the product was easy to use, 71%strongly agreed that the product does what it claims to do. The product worth the price it sold had 52% somewhat agreed while 83%felt that the product is competitively price.

### Figure 9 .How much do you agree with the following concerning the products you purchase

product is easy to use: 65%, 29%

products is competitively price: 17%, 83%

product does what it claims: 71%, 29%

product worthy the purchase price: 48%, 52%

Axis: 0% 50% 100%

Legend:
- Strongly agree
- somewhat agree
- somewhat disagree
- strongly disagree

*10 Thinking of similar products offered by other companies, how would you compare our products offered to them?*

The aim of this question was to reveal how customer perceives our products compared with the competitors' products. Most of the respondent viewed the products at same level.
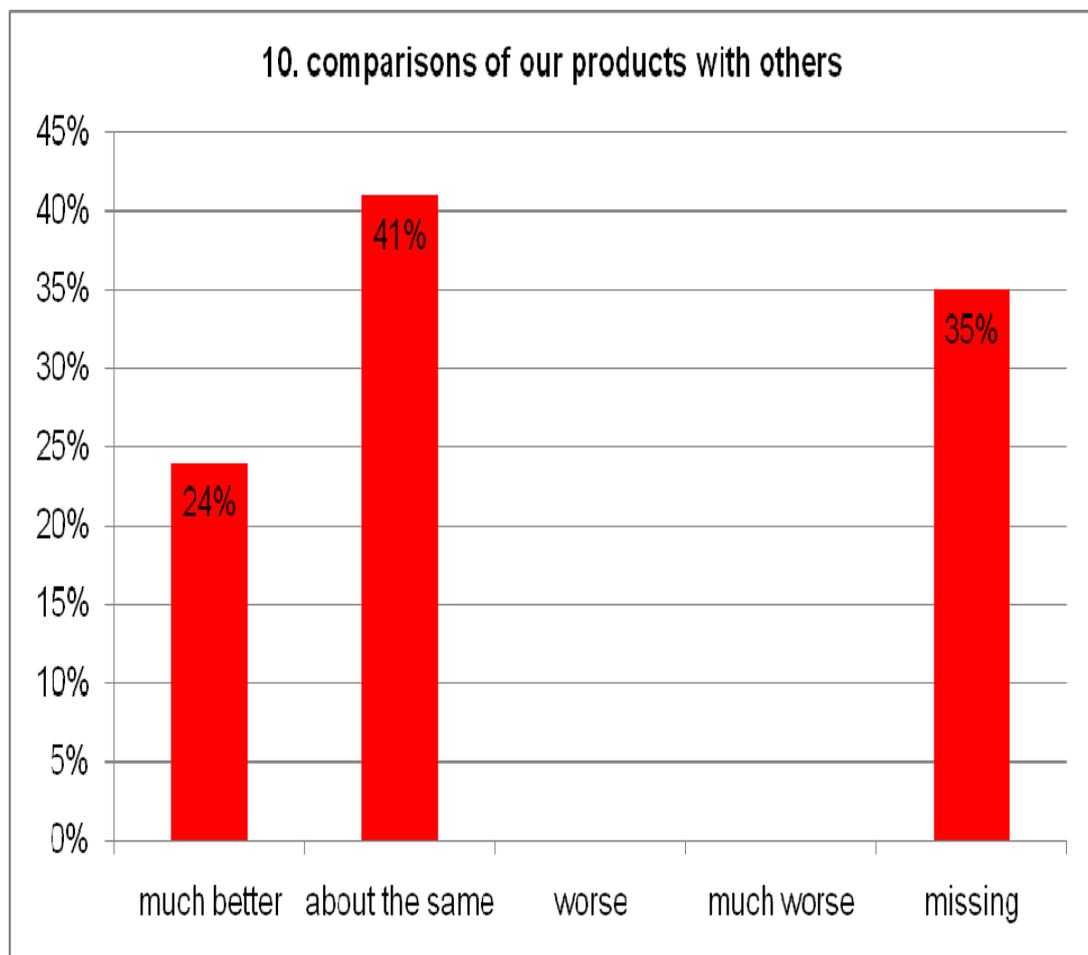


*11 Would you purchase our products again?*

To reveal if the customers could buy products again from the company was the goal of the researcher. The 71%of the customer respondent they will definitely buy again. The 29%of the customers skipped to answer this part
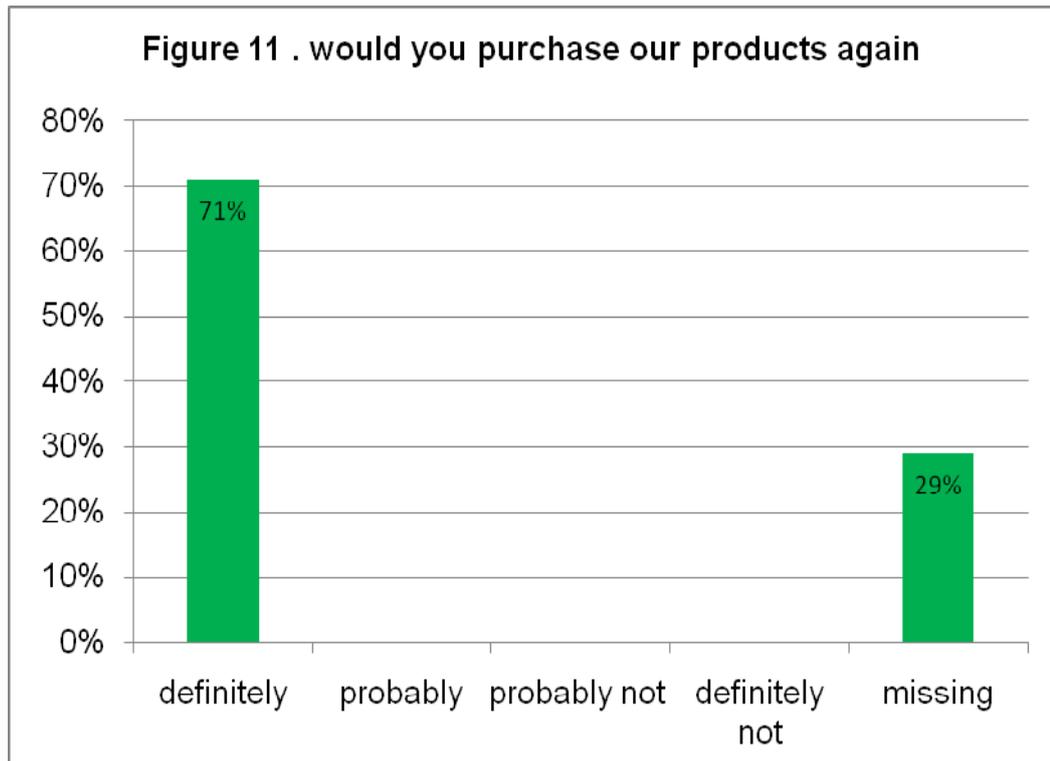


*12 Would you recommend our product to colleagues or contacts within your industry?*

To find out if the customers could recommend the products to others was the aim of this question. The 88% of the customers' respondent definitely they could recommend the products to others. While 12% said they probably do it.

**Figure 12. would you recommend our products to others**
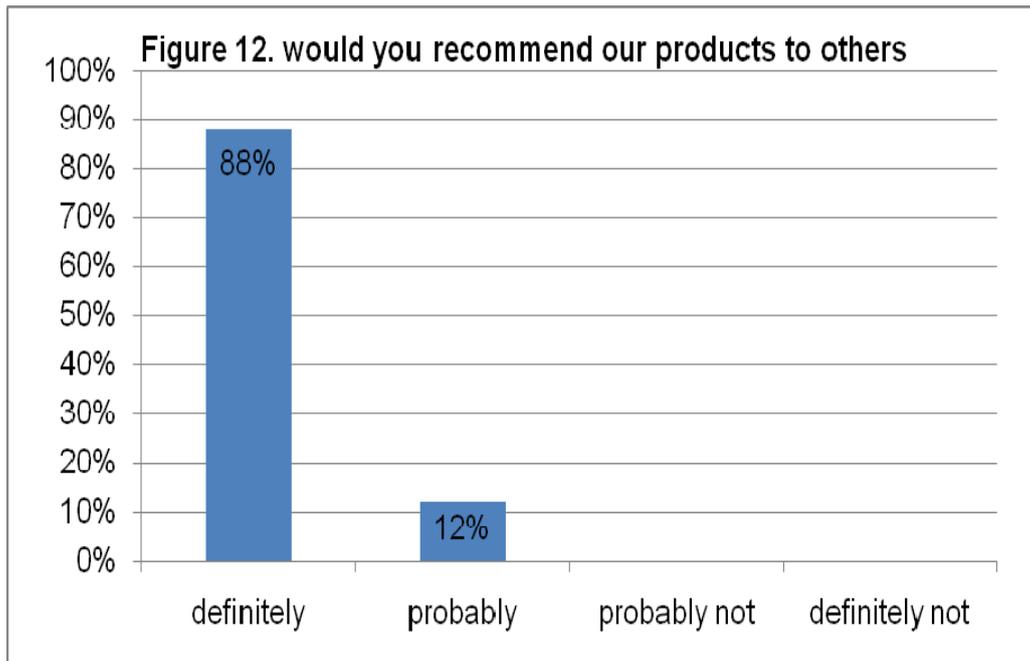


*13 What would make you to recommend our products to others?*

The purpose for this was to find out why customers were willing to recommend the products to others. Out of 17 of the respondent only 7 answered question 13.Th customers revealed that they could recommend the product to others due to its quality, and the fact that it is made in Finland. Another reason to recommend the products was beauty appearance.

*14 Suggestions you have to improve our products*

Only three customers replied this question. They said they would like to have more cooperation and samples, pictures for materials which made products .They re-vealed that they would like to have round shape pillows which are tailored here in Finland. One of the respondent said he has problem with bar codes of the prod-ucts so it could be good for the company to check on that.

*15 Please rate your level of satisfaction with your sales representative in the fol-lowing areas.*

The goal was to find out how customers were satisfied with the service they get from the company staffs. The 65%of the customers their sales representative understood their need while 6%were somewhat dissatisfied with the sales representative. The customers referred to 71% as acting professionally. The 41%were very satisfied with the sales representative responsiveness. There were few participants who did not answer this part as according to the percentage in the figure 13.
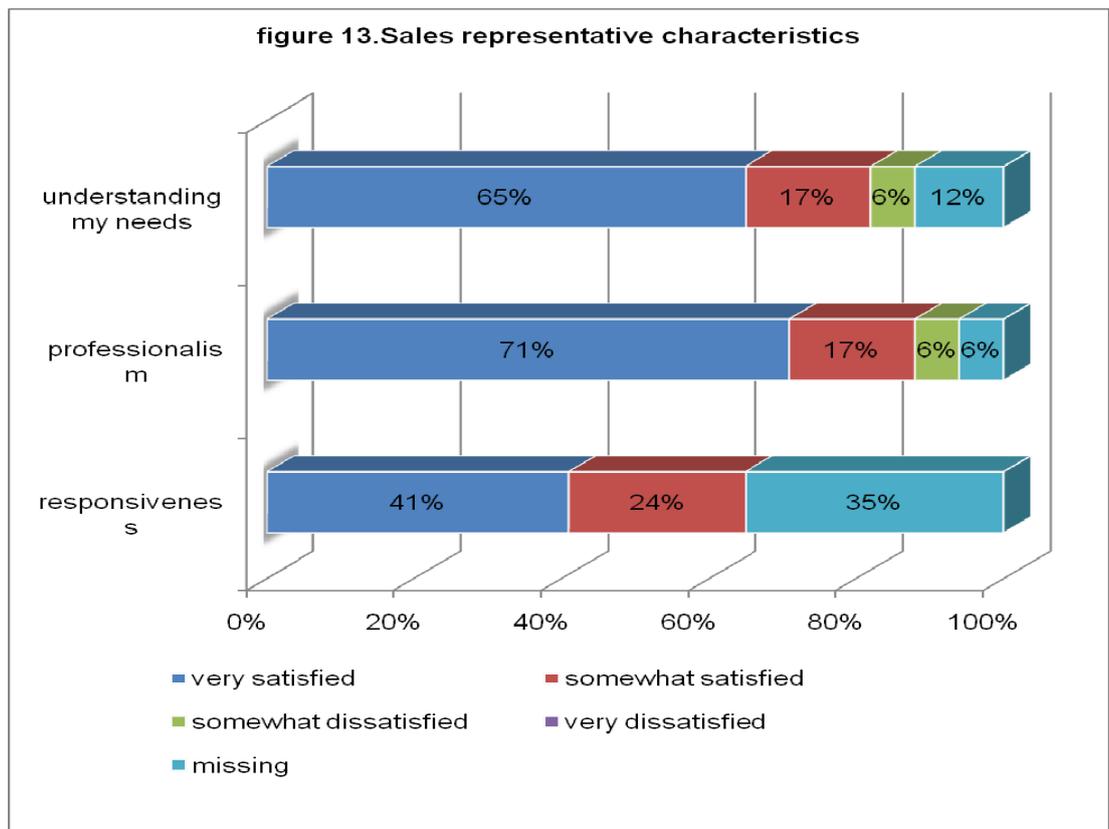


16 *What do you like about our products*?

The 82% of respondent revealed that the quality was one thing made them to like the products. The 6% of the customers acquitted customer service to the reason they liked the products and also the product itself.

**Figure 14 what do you like about our product?**
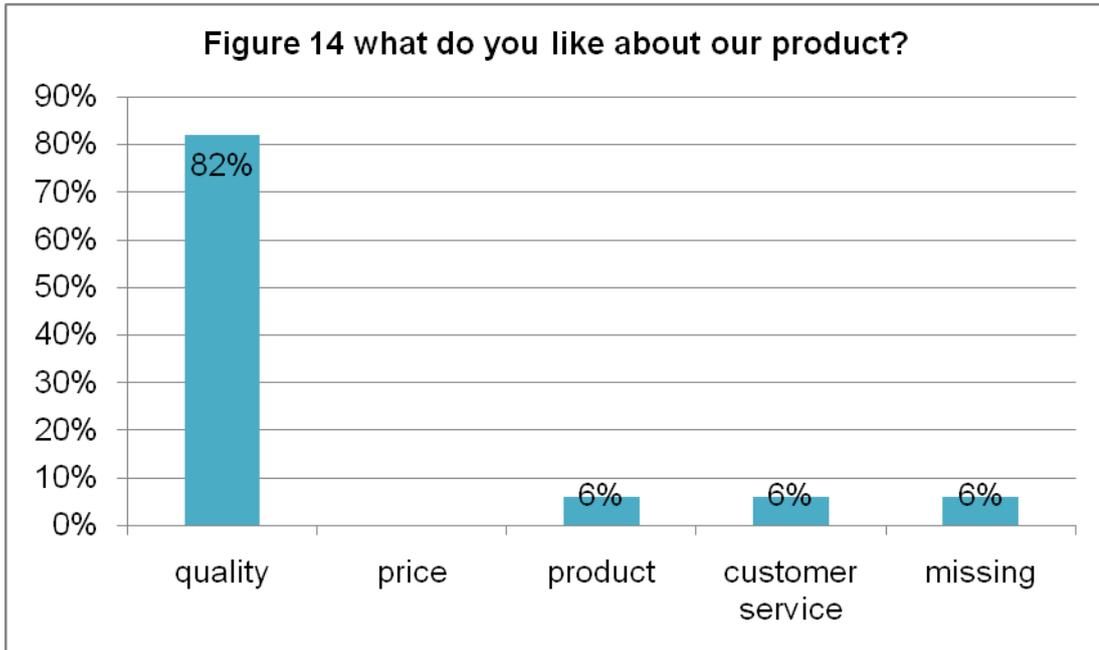


*17 What do you dislike about our products?*

The aim of this was to find out any reason could be behind the product dislike. The 47%of the customers disliked the price of the products, while 6% disliked the customer service and quality. The 42%of the respondents did not answer this question.

**Fingure 15 .what you dislike about our products**

*18 How many times do you have to contact customer service before a problem is corrected?*

The purpose of this question was to find out how long or how many times customer has to contact the customer Service if a problem arises with a product before the mistake was rectified. The 76% said they contacted the customer service once then the mistake was taken rectified.6% of the customers said they contacted the customer service more than three times or twice before any problem could be solved.
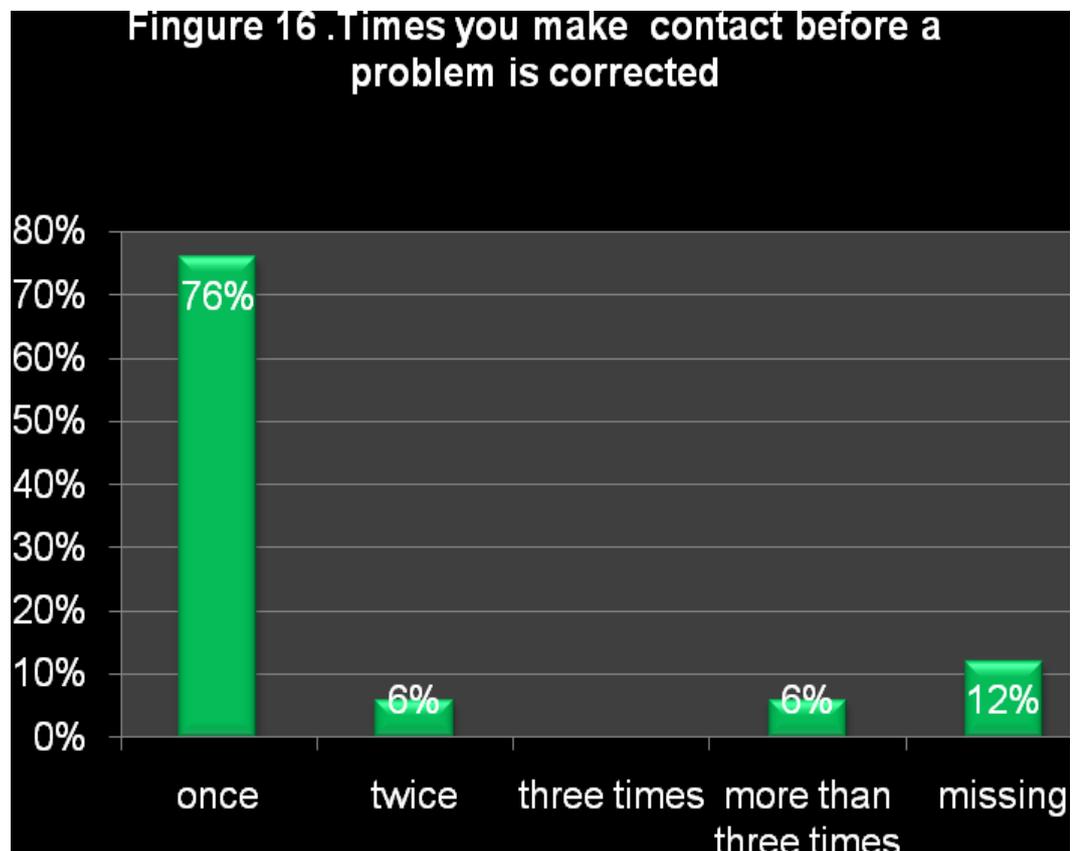


*19 Any other suggestions or comments*

This was the last question in questionnaire but no respondent who answered it. They left it blank.

# 7 CONCLUSIONS AND RECOMMENDATION

The aim of this study was to find out if the CRM of Lennol Company is effective and how the company can make it more effective for the benefits of the company and also to benefit their customers. In the theoretical part of this study there is a lot of literature of how to make a CRM effective and how to improve its performance. Empirical part of the study reveals how the CRM is performing in the present in the company. Below is a summary diagram of the finding of the study and the recommendation.

## 7.1 Results of the research

Through the questionnaire send to customers and interviews to personnel staff the research has being able to find the following results .Lennol CRM has helped the company to have a long relationship with their customers. According to the results it shows that, more customers have being in company more than three years. The company has being able to increase their customers for the last years although they do not know the specific number. The research revealed the company has being able to create customer satisfaction and loyalty by the help of CRM.

The Company has no clear written customer strategy, although it has good business vision and product strategy. By the help of CRM they have segmented their customers well and used the data for the benefit of the company. The result revealed the quality of products is good and the company has not being having continuous training for employees neither evaluating their CRM for example by customer survey.

## 7.2 Recommendation

As suggested by the results of the research the company needs to focus more on creating long lasting relationship .This will help them to cut the costs of marketing and results in profits. Teich, 1997). Kotler et al. (1999) states the cost of attracting a new customer may be five times the cost of keeping a current customer happy. The treasure today in business is to be able to have your customers being loyal. This needs more focus on increasing the loyalty of the clients. The researcher recommends the company to introduce loyalty cards as a way to maintain the customers which will results to increase in sales

The company should organize training for staff who deals with customers every year to enable them to serve customers better. Shah and Denish et al (2006 ref April 2011) point out, the cycle of learning and continuous improvement can often breed innovation in customer-centric firm's service. The company needs to reevaluate the company strategy concerning clients and write it down because this helps each one in the firm to focus to the model of the firm. Robert et al (2005) states that, Strategic, organizational and technological issues are all important in achieving CRM success .It is due to lacking of attention to having a strategy that there are numerous examples of CRM programs failing.

To have a successive and effective CRM it needs evaluation after sometimes to know if it is working according to metrics which it was installed to achieve. Singh and Mukerjee (2009) state, "After the CRM implementation is undertaken and the company begins to practice CRM, the performance should be measured against the metrics that had been decided based on the CRM vision and objectives

## 7.3 Summary

| Effective CRM | Lennol CRM | Recommendation |
|---|---|---|
| Clear strategy | Has no clear customer strategy | Clear written down strategy |
| Management involved | Well involved leadership | continue in the same direction |
| Well trained employees | Have no continuous training | Continuous training needed for employees |
| Good Technology systems | Good systems | This has being achieved |
| Evaluation of goals and vision | No evaluation | Continuous evaluation needed |

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## 9 APPENDICES

Questionnaire. Customer side

1Name    _____

2 Gender     a).Male    b) Female

3Emails_____

4Business Type _____

5 How long have you being buying our products?
- o   less than 6 months
- o   less than 12 months
- o   1-3 years
- o   over 3 years

6Overall, how satisfied are you with our products?
- o   Very satisfied
- o   somewhat satisfied
- o   somewhat dissatisfied
- o   very dissatisfied

7. How satisfied are you with the following characteristics of our products?

|  | Very satisfied | Somewhat satisfied | Somewhat dissatisfied | Very dissatisfied |
|---|---|---|---|---|
| Quality | ☐ | ☐ | ☐ | ☐ |

| | | | | |
|---|---|---|---|---|
| Price | ☐ | ☐ | ☐ | ☐ |
| Purchase experience | ☐ | ☐ | ☐ | ☐ |
| After purchase service | ☐ | ☐ | ☐ | ☐ |

8. How important are the following characteristics when purchasing products?

| | Extremely important | Very important | Not Very important | Not at all important |
|---|---|---|---|---|
| Quality | ☐ | ☐ | ☐ | ☐ |
| Price | ☐ | ☐ | ☐ | ☐ |
| Purchase experience | ☐ | ☐ | ☐ | ☐ |
| After purchase service. | ☐ | ☐ | ☐ | ☐ |

9. Thinking of your most recent experience with our products, how much do you agree with the following statements?

| | Strongly agree | Somewhat agree | Somewhat disagree | Strongly disagree |
|---|---|---|---|---|
| Product was worth the pur- | ☐ | ☐ | ☐ | ☐ |

chase price

Product does what it claims      ☐      ☐      ☐      ☐

Products is competitively price      ☐      ☐      ☐      ☐

Product is easy to use      ☐      ☐      ☐      ☐

10 Thinking of similar products offered by other companies, how would you compare our products offered to them?

☐ Much better

☐ About the same

☐ worse

☐ Much worse

11 Would you purchase our products again?

☐ Definitely

☐ Probably

☐ Probably not

☐ Definitely not

12Would you recommend our product to colleagues or contacts within your industry?

☐ Definitely

☐ Probably

☐ Probably not

☐ Definitely not

13What would make you to recommend our products to others?

14 Suggestions you have to improve our products

15Please rate your level of satisfaction with your sales representative in the following areas.

| | Very Satisfied | Somewhat Satisfied | Somewhat Dissatisfied | Very Dissatisfied |
|---|---|---|---|---|
| Responsiveness | ☐ | ☐ | ☐ | ☐ |
| Professionalism | ☐ | ☐ | ☐ | ☐ |
| Understanding my needs | ☐ | ☐ | ☐ | ☐ |

16What do you like about our products?
- quality
- price
- product
- customer service

17 What do you dislike about our products?

- o quality
- o price
- o product
- o customer service

18How many times do you have to contact customer service before a problem is corrected?

☐ Once

☐ Twice

☐ Three Times

☐ More than Three times

19 Any other suggestions or comments

**Interviews: Company Side.**

Do you train your employees in CRM? And how?

Are your customers loyal to you?

How do you get new customers?

What you do to maintain customer relationship?

How many new customers did your company get in the previous year, and of those, how many were recommended by existing customers?

Are your customers satisfied?

How receptive is the customer to trying new or upgraded products from your company?

Which of your product lines interest the customer? Are you familiar with how your various product lines can provide solutions for its business needs?

Who can access the customer data to determine what products might best suit them?

Based on knowledge of the customer's needs, are brochures and samples given to help expand its use of your product line?

Based on knowledge of the customer's operations, might it be willing to serve as an early test subject for a new product being developed?

Knowing what other suppliers the customer uses, can you make suggestions on how your product could better serve its enterprise?

Does your sales staff make timely calls to customers aligned with their purchasing schedules?