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# Improving key customer relationships in the case of Company X

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**Improving key customer relationships  
in the case of Company X**

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**Improving key customer relationships**

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The purpose of this thesis is to study the behaviour, expectations and desires of the most important customers of a case company in order to satisfy those customers and to ensure the continuous relationship between them and the case company. The intention is to improve current customer processes, to propose new customer processes and to develop existing customer relationships.

The theoretical section begins by explaining the principles of business-to-business buying in order to understand the importance of customer relationship management and key account management. The core issues of customer relationship management as well as customer knowledge are presented and followed by an overview of key account management.

As the objective of this thesis is to improve core customer loyalty, the empirical research is conducted by using a case study, including interviews of randomly chosen key customers. The chosen customers were informed about the interviews by email and interviewed on the telephone. The questions in the interview were designed together with the marketing manager of the case company.

The results of the study indicate that the chosen key customers are satisfied with the case company in spite of some negative experiences. The results demonstrate that good relationships between the customers and the case company are essential and sometimes even the main reason for the customer relationship. Suggestions for improving those relationships in order to maintain customer loyalty are presented.

Key words     business-to-business buying, customer relationship management, key account management, customer knowledge

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## 1 Introduction

During the last decades it has been noticed how difficult it is to affect customers and their decision making. Among the main reasons for this is the fact that the large amount of information received by customers complicates the efforts of a specific company to be distinguished from others, the decision makers in the customer companies are regarded as prudent and the purchases might be accomplished only according to recommendations from specific networks. (Arantola 2006, 15.) The number of business-to-business customers has decreased in many industries resulting in a dependency on certain customers and allowing them to influence negotiation decisions (Arantola 2006, 23).

In this section of the research the background of the study, the purpose of the study, the research objective, the research problem and the structure of the study are introduced. The background of the study specifies why the topic was chosen and the purpose of the study why the research was accomplished whereas the research objective elaborates what is the core of the study. The perspective of the study is presented as a research problem and the procedure or order of the research is clarified as the structure of the research.

### 1.1 Background of the study

Nowadays competitive advantage in business life is accomplished by utilizing information of customers' actions as well as their desires and expectations and not only by offering a selection of products. In each contact between the company and the customers, information must be collected and the received data must be carefully studied in order to understand the behaviour of the customers. (Payne 2006, 5.) Customer relationship management (CRM) provides methods and techniques for understanding the customers by applying the collected data (Payne 2006, 23).

The core idea of managing customers is that the company receives improved result if it manages, develops and creates customer relationships because the expenses and procedures are lesser than in new customer acquisitions (Hellman, Peuhkurinen & Raulas 2005, 29). Companies must ensure that actions to maintain existing relationships are accomplished even though it is common that the concentration is on acquiring new customers (Payne 2006, 111). Customer insight or customer knowledge as part of CRM is a now a topical theme (Arantola 2006, 15). It is thorough understanding of customers' desires and behaviour and requires companies to inspire their customers to reveal their thoughts in order to gain competitive advantage (Mattinen 2006, 7). The intention of the company is to receive information that creates unique expertise (Mattinen 2006, 9).

Continuous communication is essential in developing customer relationships and it has been shown in researches that incomplete communication is the main cause for the customers to begin operating with the competitors (Hellman et al. 2005, 24). Companies plan their communication procedures by classifying the customers according to their value which is defined by the companies and can be diverse in different firms. According to these classifications the method, the amount and the time of communication is defined for each customer group and the communication strategies are created. (Hellman et al. 2005, 69-70.)

## 1.2 Purpose of the study

Relationship improvement with the customers that are or might become more profitable than other customers is what CRM priorities (Payne 2006, 137). It requires the companies to identify those customer groups in order to create strategies to maintain and to improve profitability (Payne 2006, 9). Even though products produce expenses and customers produce revenues most of the organizations emphasize on identifying the profitability of products instead of the profitability of the customers (Payne 2006, 136).

The purpose of this study is to examine the behaviour, expectations and desires of the most important customers of a case company in order to be able to satisfy them and to ensure the continuous relationship between these specific customers and the case company. The intention concerning core customers is to improve current customer processes, to propose new customer processes and to develop customer relationships. In order to accomplish the research objective, interviews of the core customers of the case company must be done.

## 1.3 Research problem

It is important for the companies to consider the primary issues that must be determined about its customers in order to the relationship to be successful. It is inevitable that in customer relationships changes occur and that some of the customer relationships will end. It is essential to understand why these changes arise and to be proactive concerning the changes in order to notice whether the cooperation is increasing or decreasing. (Mattinen 2006, 86-87.)

The definition of the main research problem of the thesis is defined as how to assure the loyalty of the core customers of a case company. Sub research problems include observing what causes and affects on customer loyalty, what are the main reasons for beginning to operate with the competitors and what are the actions and operations expected from the company.

## 1.4 Structure of the study

This thesis is divided in six sections that are introduction, case company, theoretical background, methodology of the study, empirical study and conclusions. Introduction presents the topic and its details, the background and the main reason and purpose of the thesis. The next section introduces the case company and in the theoretical section the theories required in accomplishing the research objective are presented whereas the methods used in the thesis as well as the validity and reliability of the study are explained in the fourth section. Analysis and the result of the empirical research are shown in the next section and the conclusions in the last section.

## 2 Case company

In this thesis customer relationship management and key account management were studied through literature but also with the help of a case company and its core customers. Meetings and discussions with the sales and marketing manager and the salespeople of Company X were executed during the thesis process and also 12 core customers were interviewed. In this section of the thesis, the case company is introduced briefly.

Company X is a Finnish conglomerate founded in the 19th century. It operates internationally with two business sectors including imports, marketing, assembling and overhauling of machines, equipments and technical accessories as well as imports of toys and games. The front office is in Finland and as an addition there are several offices around the country. The concern has three subsidiaries in Finland and one subsidiary abroad. During the previous years the turnover of the concern has been about 100 million Euros. There are about 200 employees in the concern.

## 3 Theoretical background

In the beginning of the theoretical section of the thesis, the principles of business to business (b-to-b) buying are presented in order to understand the importance of CRM and key account management (KAM). Core issues of CRM and customer knowledge are introduced and followed by overview of KAM. The presented principles and theories are leveraged throughout the thesis.

### 3.1 Business to business buying

Companies supplying other companies usually have typical features separating them from the consumer markets. Businesses tend to have their own, separate buying departments where the employees normally are specially educated for related issues. The customers of b-to-b

companies have big buying power and individual, sometimes even demanding requirements. (O'Reilly & Gibas 1995, 7-8.) They might have formal rules that they have to abide by when considering possible suppliers and their offers (Baker & Hart 2008, 122).

Sales contracts as well as investments are financially massive and payment times for the customers are long (O'Reilly & Gibas 1995, 7-8). All the decision-making and its outcome are also massive in b-to-b companies (Baker & Hart 2008, 122). The products are continuously innovated and improved and the distance from the end user of the products is long. Because of the continuous global sourcing, companies are aware of changes in global markets. (O'Reilly & Gibas 1995, 7-8.)

There are several employees influencing in the buying decision in b-to-b companies: the purchasing director, the buyer, engineering or technical employees', representatives from the marketing department and quality engineers. These employees have their individual tasks and different point of views in the buying decision. Together the employees form the buying centre which can be different in different companies. As an addition to the perspectives of the employees in the buying centre also the financial issues as well as risks must be taken into consideration. Buyers have a specific approach concerning the buying decision and by being able to categorize it suppliers can effectively communicate with the buyers. (O'Reilly & Gibas 1995, 15-19.)

Suppliers must understand that there are risks to the buyer if they do not succeed in their activities. Sometimes the contracts are financially noticeable denoting that the risk for the buyer is also intense. This as well as the significance of a specific component to the buyer affect in the buying decision and are taken into consideration in the buying process. (O'Reilly & Gibas 1995, 18.)

Buyer's expectations must be identified in order to satisfy their demands that often relate to costs, logistics, quality, technical and design capability as well as future developments (O'Reilly & Gibas 1995, 103, 106). The company, structure, organization and behaviour of the buyers must be examined and deeply understood before being able to build a relationship with them (O'Reilly & Gibas 1995, 51). Especially the examination of the purchasing department's structure is vital in order to recognize the decision makers (O'Reilly & Gibas 1995, 66). When the understanding is obtained it is possible to approach the right employee in the company with the proper communication style because it is a key factor in partnerships (O'Reilly & Gibas 1995, 51-52).

If a company decides to study consumer research literature as an addition to industrial marketing literature they might notice that there are similarities in decision-making and

behaviours between b-to-b companies and consumers. With the help of that information b-to-b companies can improve their skills in understanding the decision makers behaviour. (Baker & Hart 2008, 122.)

In business-to-business markets the buyers are professionals who have exact vision of what they need. The buying process is done differently in individual companies but it often begins with a need of for example a component and continues with specification of that need. The possible suppliers must be studied and request to quotes then sent to most suitable suppliers. When the quotations have been replied by the suppliers it is possible to evaluate the best solution and make a decision concerning which of the suppliers are suitable for further negotiations. Often visit to potential supplier done by the buyer is organized and then discussion about the details concerning the buy done leading to a contract. (O'Reilly & Gibas 1995, 17-18.)

A relationship between the buyer and the seller includes several contacts and continuous communication. There are often numerous employees from both organizations involved in communication done through several ways such as telephone, faxes, questionnaires and quotations. (O'Reilly & Gibas 1995, 19, 60.) Assuring that details in all the documents concerning the company are facts is earning trust (O'Reilly & Gibas 1995, 80).

### 3.2 Core issues of customer relationship management

“CRM is based on the principles of relationship marketing” (Payne 2006, 6). With the help of relationship marketing customers' individual needs can be learned and taken into consideration, which makes it possible for the businesses to closely know their customers (Dyché 2002, 25).

Relationship marketing consists of three features which of the first is the importance of maximizing the lifetime value of a customer and the retention of the key customers. The second feature is the substance of multiple markets including six key groups which are customer markets, influencer markets, recruitment markets, referral markets, internal markets and supplier/alliance markets. Each of these groups consists of different factors and in order to manage the stakeholders successfully, marketing must be cross-functional, which is the third feature of relationship marketing. (Payne 2006, 9-10.)

CRM concentrates on key customers who are profitable for the company. Key customers are particularly targeted and the purpose of CRM is to improve relationships with them and through that improve profitability of the company. It is because of possibilities of information technology why the development of the key customer relationships is possible. There are multiple applications and computer programs created for this specific purpose. (Payne 2006,

4-5). The computer programs enable businesses to use their time on other issues while the computer programs complete certain business processes. The computer programs also analyse data related in those processes. (Dyché 2002, 5.)

As an addition to managing relationships between businesses and their customers CRM also manages customer expectations as well as the relationships between the employees in the company. Even though the emphasis is in the relationships the importance of quality of service is also highlighted as well as the use of technology firmly included in CRM. (Bergeron 2002, 13-14.)

### 3.2.1 Types of CRM

CRM can be divided in different types, operational CRM, analytical CRM and collaborative CRM. When all these different forms of CRM are utilized together they complete and support each other, which is a requirement for successful CRM. (Payne 2006, 23.)

Operational CRM includes direct contacts and communication with the customer (Dyché 2002, 13). It consists of sales automation, marketing automation and customer service automation which all make the customer contacts with the company easier. This type of CRM has been notable in the past for example because of the established call centres that also have been a major expenditure for the companies. (Payne 2006, 23.)

Analytical CRM requires the use of technology and includes capturing customers' buying behaviour by storing the information received in customer contacts and then analysing and interpreting this information. As an addition all the available data of the businesses can be used and included in the customer profile. (Dyché 2002, 119-121). Customer profiles can vary but they normally consists of at least name, address, contact information and purchasing history. As an addition age and date of birth, education, information of the family, marital status, hobbies, interests, occupation, membership in organizations, lifestyle and vacation habits can be included. Industry-specific information including details on issues related in the particular industry is also useful in certain situations. (Bergeron 2002, 46-47.)

Collaborative CRM is the key to communication between customers and the company by offering the customers several different alternatives to contact the company. Each of these types of CRM is equally important for successful collaborative CRM. (Payne 2006, 23-24.)

### 3.2.2 Business strategy

All the businesses must have a business strategy where the cooperation of different company departments and their operations is managed as well as the future directions identified. Factors that cause the success of the company must be recognized and in order to complete the strategy different techniques can be used and companies' internal issues as well as external factors must be analysed. When the business strategy has been done correctly companies can achieve its objectives with the help of it. (Payne 2006, 60-62.)

In order to recognize the key customers of the company, creation of customer strategy is needed (Payne 2006, 34). Creation of CRM strategy requires understanding of company's already existing business strategy in order to these strategies to contribute (Payne 2006, 34, 41). After the business strategy is studied, begins the study of the customers and their characteristics (Payne 2006, 41).

### 3.2.3 Customer strategy

If the business wishes to manage in the markets it must have a customer strategy that requires the decision of the key customers and then emphasize on maintaining and developing this strategy. Businesses cannot manage if they try to please everyone so it must be very clear who it wants to attract. When this has been researched the other side must be defined as well, who it prefers to be without. A precise investigation of the existing and potential customers as well as their characteristics needs to be done for the customer strategy to be successful. (Payne 2006, 61.)

Studies of the customers indicate that they differ from each other, which is why they must also be managed differently (Payne 2006, 62). The companies can segment its customers into groups by using the information on how the customers behave or how they will likely to behave (Bergeron 2002, 46-47).

When creating a customer strategy, market segmentation process is an essential part of it (Payne 2006, 62). By considering different ways of segmenting the appropriate customer segments can be identified. Then the most suitable way can be decided. The level of segmentation should also be determined as well as the appropriate approach to segmentation. Consideration whether a particular customer should be in a certain segment is also included in the market segmentation process. When the segmentation process is ready the company can decide which products or services they are selling to different segments (Payne 2006, 75-76). As an addition to segmenting the potential customers must be defined (Payne 2006, 62).

### 3.2.4 CRM strategies

After a thorough research of business and customer strategies it can be noticed how these two lead to development of CRM strategy. In general, there are four CRM strategy alternatives which are product based selling, managed service and support, customer-based marketing and individualized CRM. (Payne 2006, 88-89.)

In a strategy option called product-based selling the focus is on the product and there is not much information on particular customers in a company and the information the company has consists mainly of transactions. Even with concise information on the customers there are ways to develop marketing because the concentration is on the products. It is also possible to use information concerning the customers that is received from external sources. Companies concentrating on product-based selling have begun to notice that it is highly important to have detailed information on particular customers because even the information that makes it possible to predict the forthcoming sales and do the necessary preparations related to it, does not track the customers who purchased the products. (Payne 2006, 81-82.)

If the company begins to provide a call centre or help desk services it goes from product-based selling to managed service and support where the identification and the importance of the most important customers emphasizes. The company concentrates on improving its customer service and support and wishes that this leads to improved customer relationships. Communication with the customers is done in person-to-person. Managed service and support is possible without wide information on customers but at least basic information must be available. (Payne 2006, 82.)

Customer-based marketing is more advanced option of CRM than the two previously mentioned. The focus is on the customer and a precise understanding of them the objective while the individualized customer service and support are not offered. In this CRM strategy different analyses are often done to obtain the objective and making it possible to actively offer right products to right customers. Detailed information on customers is required. (Payne 2006, 83-84.)

Companies adopting the last option of CRM strategies, individualized CRM, wish to have a complete service and a wide range of options for selling including direct selling as well as indirect selling. The objective of individualized CRM is an immediate respond to customer contacts and while communicating with the customer, instant information flow back to operational systems. Telephoning, mailing, face-to-face contacts and electronic channels are possible ways for the company to offer individualized customer service. (Payne 2006, 85.)

### 3.3 Customer knowledge

Customer knowledge includes three different areas of data management, information to customers, from customers and about customers. Companies provide information to customers for example through web pages where products, services and prices are available. Information from customers is received through questionnaires and interviews. Due to technology the information concerning customers is possible to be received also through other channels than direct from the customers. As an addition to these, customer knowledge means different data sources. If it is possible to make decisions based on customer knowledge, the knowledge becomes understanding referred as customer insight. (Arantola 2006, 51-52.)

Customer insight can be defined as deep understanding of the behaviours of customers. It comprehends customers' behaviours over their ability to describe it. Customer's role is essential when producing the comprehension. Customer insight is company's function that collects the information concerning customers into a certain place. All the information concerning a specific customer is collected from different parts of an organisation. (Arantola 2006, 53.) Technical tools for collecting, storing and utilising customer information are well developed and by using these tools it is possible to even create competitive advantage for the company (Arantola 2006, 23-24).

Basic information of the customer is the same in all customer relationships and can be received from external sources being available for everyone. Information collected from registers of a specific company describes behaviour of the customer until this moment. Knowledge based on statistic prediction of customer's future behaviour is done with the help of all customer information. As the customer insight becomes deep understanding of the customer it directly affects on business activities of the company. (Arantola 2006, 72.)

Customer information is collected with the help of different tools and IT applications and often the same details are collected and stored in several places in the company. It is important to receive information from all those channels and with the help of that information make decisions. (Arantola 2006, 56.) Customer knowledge should be emphasised in decision making even though not all the details needed are customer related (Arantola 2006, 42). With the help of customer knowledge the decision-making becomes more effective (Arantola 2006, 35). When it is possible to make decisions based on customer information, the information becomes insight (Arantola 2006, 75).

Companies have begun to realize that customer insight is a critical factor to success. In order to create the success there are three issues to be considered. (Arantola 2006, 113.) Customer information must be stored in a place the employee making the decision has an easy access to. It cannot be only one particular employee who posses the understanding of customers but

together the whole organization. As an addition to these, insight must constantly be developed. (Arantola 2006, 116.)

### 3.4 Core issues of key account management

Key account management concentrates on considering who the key customers of a company are and on directing its resources to them. Because of this allocation of resources the decision on who the key customers are must be done extremely carefully and prudently. (McDonald & Woodburn 2007, 4.) Because key account management focuses on both the present situation as well as the future prospects the decision of the key accounts is continuously revised (Cheverton 2004, 7).

Because the future cannot be known and key account management focuses on it, continuous analysing, reassessing as well as changes are required (Cheverton 2004, 10-11). Business objectives as well as business resources need to be in balance and firmly linked into business strategy in order to succeed in KAM (McDonald et al. 2007, 51). If the objectives the company has are unrealistic in comparison to resources it possess it may cause customer disappointment and the customer may be lost (Cheverton 2004, 12).

The business objectives define what the company should be in the future. Competitors who might prevent the attempts of the company as well as the customers who offer the possibilities for the company to receive its objectives are included in the market opportunity. The business resources such as the employees and their expertise, production, research and development as well as financial resources support the company's progress. (Cheverton 2004, 10-11.)

Key account management focuses on customers and building, developing and managing relationships with them as well as building trust in those relationships (Cheverton 2004, 34). The relationships between customers and businesses can vary and it is important for the company's employees to know the exact state of a particular relationship in order to behave according to it. (McDonald & Woodburn 2007, 51)

Accomplishing competitive advantage is one of the attempts of KAM as well as one of the purposes why it is practised. Another attempt is to receive a key supplier status. (Cheverton 2004, 37.) A key supplier status requires success in all areas of key account management (Cheverton 2004, 34).

#### 3.4.1 Key account selection

Key customer selection is one of the most important issues in KAM and begins by defining how many key customers the business can manage (McDonald & Woodburn 2007, 51). In many companies the largest customers are also the key accounts but in some cases they are not. Important is that the whole company must agree on who the key accounts are and who are not. (Cheverton 2004, 7-8).

The team selecting and identifying key accounts is the senior management team. They combine vision and knowledge including specific customer knowledge as well as future plans of the company. After the market is segmented key accounts can be selected. (Cheverton 2004, 211-212). The market should be segmented by selecting the customers having the same buying needs, same attitudes and who behave the same way in to one group (Cheverton 2004, 214).

Identification of key accounts requires that a company wants specific customers. (Cheverton 2004, 232). Reasons for wanting them depend on the business as well as its situation and those reasons must be examined. Those specific customers must consider the company in question attractive and choose it despite the competitors. (Cheverton 2004, 238). Also reasons for customers' thoughts must be examined. In order to succeed in it the company must think from the customers' perspective. (Cheverton 2004, 240.)

When completing the process on defining the key customers of a company there must be full concentration on the topic. Even though there will be difficulties not to include inadequate customers the selection criteria should be clear. Only the customers who are aligned to the business strategy should be chosen because they support the achievement of the strategic vision of a business. (McDonald & Woodburn 2007, 24, 26.)

The 10 steps process is developed to help businesses in selecting their key accounts which can sometimes be challenging (Cheverton 2004, 209).

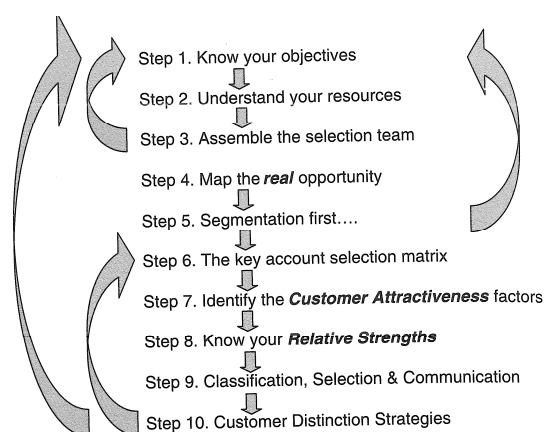


Figure 1: The 10 Steps Process  
(Cheverton 2004, 210)

It is possible to start from either Step 5 or Step 3, the one that the business can easier to process. Those steps are the most important in identifying key accounts and both of those steps lead back to Step 1. (Cheverton 2004, 209-210.)

As an addition to key accounts there are also other types of customers such as key development accounts, maintenance accounts as well as opportunistic accounts and each of those groups must be managed differently (Cheverton 2004, 232, 246). This way key account management can be successful and the resources managing the customer groups in balance (Cheverton 2004, 247).

#### 3.4.2 Gaining competitive advantage with the use of KAM

There are four techniques used to gain future and long-term competitive advantage. The techniques are The PESTLE analysis, Porter's analysis, Market chain analysis and The 'opportunity snail'. (Cheverton 2004, 15-16.) As an addition to those SWOT analysis can also be used (McDonald et al. 2007, 169).

In PESTLE analysis each character means a change factor to be considered and the factors are political, economical, social, technological, legal and environmental. Porter's analysis concentrates on competitive forces and the intention is to prevent them as well as to take advantage of them. (Cheverton 2004, 15-16.)

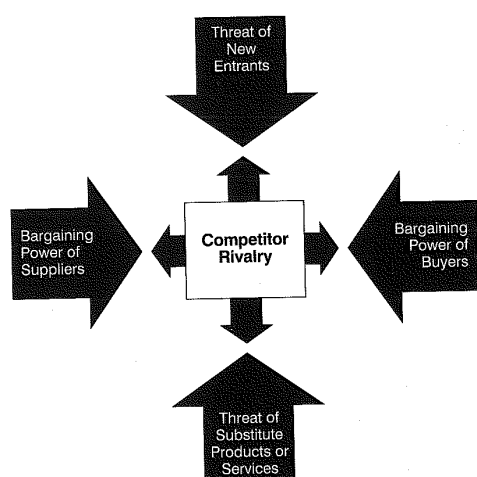


Figure 2: Porter's five determinants of industry profitability  
(Cheverton 2004, 16)

Market chain analysis requires understanding that the market is a chain of suppliers as well as customers and finally the end user. One must also understand their own place in the market chain. There can be changes in all the parts of the chain and how the change affects depends on what point of the chain it happens. (Cheverton 2004, 22.)

Often the customer contacts focus on the same employees in purchasing department each time contacting occur. This can even cause missing possible opportunities which is why the 'opportunity snail' analysis focuses on searching opportunities beyond the regular people interacted with. (Cheverton 2004, 30.)

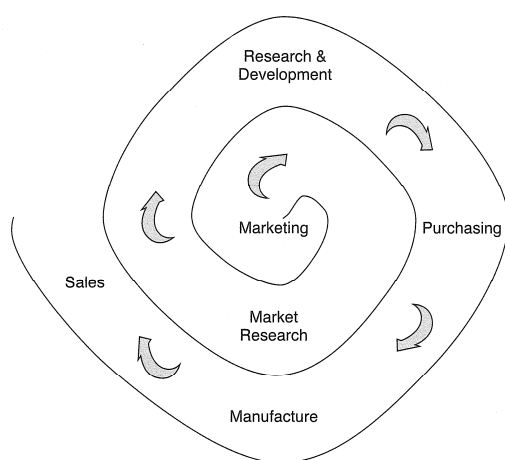


Figure 3: The 'opportunity snail'  
(Cheverton 2004, 31)

SWOT analysis is a traditional analysis and it should be completed from the customers' point of view. In SWOT analysis S means strengths, W weaknesses, O opportunities and T threats. (McDonald & Woodburn 2007, 169.)

### 3.5 Summary of the theoretical part

B-to-b markets differ from the consumer markets with several differences. In b-to-b markets good relationships and trust between the buyer and the seller are essential and the companies tend to have professional buyers as well as sellers who are specially educated for related issues. CRM concentrates on improving those relationships between the customers and the company. Improved relationships mean also improved profitability for the company.

In order to CRM to be successful all the areas of it must function individually as well as collaboratively well. Those areas are communication with the customer that is called operational CRM, the use of technology which is called analytical CRM and the offer of

different possibilities to contact the company is called collaborative CRM. Creation of a CRM strategy requires a thorough research of company's business and customer strategies and when that has been done it can be noticed how it leads to a creation of CRM strategy.

Companies have begun to understand that if it wishes to succeed it must deeply understand its customers and their behaviours. This is called customer insight and it enables the company to make decisions based on customer knowledge. When the customer information is stored in a place the employee making decisions has an easy access to and when the whole organization possesses customer insight it is even possible for the company to gain competitive advantage through it. As an addition to these, insight must constantly be developed.

Key account management focuses on both the present situation as well as the future prospects concerning the selection of its key customers. The decision of the key customers is continuously revised because the future cannot be known. By building, developing, managing relationships with the customers and by building trust in those relationships KAM attempts to accomplish competitive advantage. Another attempt is to receive a key supplier status, which requires success in all areas of key account management.

The selection of key customers is done by the senior management team. The criteria for the selection can vary between companies but only the customers who are aligned to the business strategy should be chosen because they support the achievement of the strategic vision of a company. The techniques used to gain future and long-term competitive advantage are The PESTLE analysis, Porter's analysis, Market chains and The 'opportunity snail' as well as SWOT analysis.

#### 4 Methodology of the study

Research approach, method used for data collection as well as validity and reliability of the study are explained in this section of the thesis.

##### 4.1 Research approach

As the objective of this thesis is to assure customer loyalty based on interviews of different key customers of the case company, the research approach is a case study.

Case study observes for example company's services, functions or processes and expresses information of a specific case in its operating environment. Detailed facts and information can be obtained which is why case study is suitable for inventing development ideas as well as suggestions. Questions such as "why?" and "how?" are discovered and new information is

processed to assist development. It is common to observe only one subject but as long as it is considered as wholeness more than one case can be researched in a case study. It is also possible to compare cases in one research. Developing is constantly based on theories and earlier studies and it is important to study methods used solving similar issues as the one researched. (Ojasalo, Moilanen & Ritalahti 2009, 52-54.)

## 4.2 Data collection method

Different methods can be applied in case studies in order to gain comprehensive understanding of the subjective (Ojasalo et al. 2009, 55). The methods are typically divided in qualitative and quantitative methods but when concerning development the variety of methods is important. This is because different information, ideas and perspective support development. For example surveys, interviews, observation, analysis of documentary evidence, benchmarking, blueprinting and brainstorming can be included. (Ojasalo et al. 2009, 40-44.) A typical data collection method used in a case study is an interview that can be applied in different ways. Theme interview, open interview and focus group interview are examples of different types of interviews enabling the interviewees to describe and explain the case in question. (Ojasalo et al. 2009, 55.)

The data collection method used in this thesis is a telephone interview. Discussions with the sales manager of Company X were executed in order to collect valid data. Twelve key customers were selected arbitrarily and before the interviews an email was sent to each interviewee to inform about the interviews. Interviews were executed and research data collected in May 2009.

### 4.2.1 Validity and reliability

Reliability of the study must be verified with the help of terms validity and reliability. Validity can be ensured by using the appropriate research method, by using the correct indicator and by indicating the correct issues. Reliability is verified if the results are the same when repeating the study. (Kananen 2009, 87.)

## 5 Empirical study

The following part of the text concentrates on describing the empirical study with detailed explanations what was done, how it was done and why it was done. The interviews are analysed and suggestions on satisfying the customers are done.

### 5.1 Description of the empirical study

The interview was created in cooperation with the sales manager of Company X. After the questions were designed, they were approved by the sales manager. Key customers were selected randomly by the sales manager. Some of the contact information was received and some was searched from the internet.

The case study was decided to be executed by interviewing the key customers. In interviews the answers are not restricted or limited and it is possible to ask other, non planned questions as well which is why the interviews might become more as conversations enabling comprehensive understanding of the customer. Reason for choosing telephone interview instead of face-to-face interview was restrictions of interviewer's schedule as well as financial restrictions. It would have not been possible to interview the customers in distant locations without telephoning them.

A brief e-mail informing about the forthcoming telephone interview was sent to the selected customers. The e-mail included suggestions about the dates and times of the interviews and many exact times for the interviews were agreed on. Because there were only a few selected customers the e-mails were sent to them separately in order to keep the customers unaware of each other.

Next phase was the actual interviews. The agreed times for the telephone interviews remained and were easy to execute but there were problems concerning the customers who had not agreed on a specific time for the interview. Many of them were interested in participating in the interview but were too busy for the actual conversation. It was possible to agree on a more suitable time with some of the customers but some refused because they were in a hurry. This and the fact that that it was not possible to reach some of the customers at all made the interviewing process long and it was time consuming. Each of the actual interviews lasted approximately twenty minutes.

Altogether twelve key customers of Company X were interviewed. This was sufficiently enough because the interviewees begun to give same answers meaning that there was no new relevant information coming.

The interview consisted of questions about the case company's current procedures and customers preferences considering them. Contacting and communication were discussed as well as products and services. Questions concerned also customers' special needs and hopes and the case company's abilities to satisfy them.

In order to continue the competition with the other businesses, Company X's product development and knowledge about the current market situation and trends were part of the

interview. The intention was to receive information about the buying procedure as well as the most important issue affecting on the buying decision of the customer companies. The reason for the customer relationship was also observed. Questions in the interview included also issues about public relations.

## 5.2 Analysis of the empirical study

In this part the interviewees' answers to the questions are shortly explained and analysed.

### 5.2.1 Communication

In the beginning of the interview issues concerning communication between Company X and its customers were discussed. Ten of the twelve interviewees considered that telephoning is the best tool for communication, which points out that Company X should emphasize it. One interviewee mentioned a newsletter. Emails were considered unnecessary by half of the respondents and a few notified that emails will not reach them because of the number of emails they receive is such intense.

One of the interviewees noted that all the possible ways for communication is appropriate as long as the person contacting him is the same contact person as always. This highlights the importance of good relationships between the customers and suppliers as well as the fact that each of the interviewed customers was satisfied by the amounts of contacts received by their contact people in Company X even though the amount of contacts was different between the customers. One of the customers communicates with Company X once in a year and one of the customers twice in a month. The rest of the answers place between those two. In order to contact the customers according to their wishes the employees in Company X should know their customer companies and be aware of their wants and needs.

Three of the interviewed customers told that as an addition to contacts made by Company X, they willingly also contact the sales people by themselves which means that the sales people should be on call and if this is not possible, contact the customers as soon as possible. One of the interviewees hopes that when trying to telephone the sales people in Company X they would be available and informed that before his telephone calls were always answered but now it is difficult to reach the employees in Company X.

### 5.2.2 Products and services

After the issues concerning communication were discussed the focus was on Company X's products and services. Eight of the twelve interviewees thought that the availability of the

products and services was good. Three of the customers noted that the availability was good but they also had had bad experiences. One of the interviewees experienced that the availability was not good because there are not many products in the stock. Even though the customers were generally satisfied on this issue, there was also dissatisfaction so the availability may be worth improving.

When discussing about the possibilities to get also new products or services to Company X as an addition to already existing ones, eleven of the interviewees said that they do not need anything else. One interviewee hoped new product accessories. It can be concluded that the product range is good and instead of upgrading it the concentration should be on the availability of the existing products as already said before and because one interviewee stated that instead of new products or services Company X should focus on improving the availability of the products that truly have demand. After the availability issues have been improved, the hoped accessories could be considered because it is sometimes essential to pay attention on customers individual needs in order to keep them satisfied.

### 5.2.3 Individual solutions to customers

Next the interview focused on customers' individual needs and on how well Company X knows its customer companies. Ten of the interviewed customers felt that Company X was able to offer different solutions where the customers individual needs were taken into consideration. Two of the interviewees who felt this way pointed out that it is not actually Company X who takes care of the individual needs of the clients but the personal sales people. They were very satisfied with their contact people in Company X, which again emphasizes the importance of good relationships between the customer and the supplier.

Two of the interviewees' thought that Company X was not able to offer solutions where the individual needs are noticed. As argued before the concentration should be first on the already existing products and then the additional products should be taken into consideration. Sometimes it is essential to make the customers feel that their needs are important.

All the twelve interviewees felt that Company X knows their customers as well as their customers desires and is also able to utilize this knowledge in their business operations. Once again the importance of relationships comes up. It requires a lot of work and time to truly get to know the customer companies so also the continuance of the relationships is essential.

### 5.2.4 Product development

Discussions about Company X's product development addressed that two of the interviewees thought that Company X did not have enough information on the current market and trends. Two interviewees felt that Company X was up to date just about enough and the rest eight had an opinion that the company is doing well concerning this topic. It can be noted that Company X should continue almost the same way as before concerning product development but update their information more regularly in order to decide whether changes on the products are required.

#### 5.2.5 Reasons for customer relationship

The interviewer asked the interviewees what is the most important factor for their decision to purchase products from a specific place. Four interviewees named price as the most important factor, three answered quality and one valued the features of the product. The rest four said that it is the relationship with their sales people and the possibility to find the best solution together with their own contact person. It can be clearly noticed how much the customers value good relationships and good sales people.

As many times before the importance of the sales people came up again when asking about the reason why the customer companies do business with Company X. Four of the interviewees emphasized the sales people and the rest valued the products. Three of the customers who emphasized the products also mentioned the customer service and its importance as the reason to do business with Company X.

#### 5.2.6 Purchasing decision

The last question that was asked was that who does the final decision to purchase products or services in the customer company. Five of the interviewees told that it is their individual decision. Four of the interviewees informed that the decision maker depends on the price. If the purchase is financially massive, there are many people involved in the decision making and the interviewees are involved in the negotiations. If the purchase is small, the interviewees make the decision themselves. The rest three interviewees were not part of the decision making.

Because the interviewees have several times mentioned the importance of the relationship between Company X and them, it is essential to guarantee that those relationships remain good and that there is trust in those relationships. Improvement of those relationships should be a priority because Company X continuously communicates with the interviewees of whom many are the final decision makers or part of the decision making.

## 6 Conclusions and suggestions

This study was accomplished in order to improve key customer relationships of Company X. Improved relationships may require actions and those actions are presented in this section of the thesis.

It can be argued that among main reasons for customer relationships between Company X and its key customers are good relationships and trust which is why those issues should be attentively managed. Company X should allocate its resources on particular areas such as CRM and KAM in order to be able to pay special attention to key customers who are profitable for the company.

It might be efficient for Company X to choose one communication channel when contacting the customers but when the customers contact Company X they should have a possibility to contact the salespeople anyway they wish. Company X should leave email contacts out and instead concentrate on telephoning the customers. The time used in email writing could now be used in telephone with the customers. Availability of the salespeople of Company X might also be worth considering; an option is a telephone duty officer if the other sales people are unavailable.

As interviewing the key customers of Company X, the relationship between the customer and the sales person came up several times. The customers highlighted the continuance of the relationship and the importance of the fact that the sales person actually knows the customer and his desires. As already mentioned before, each of the interviewed customers was satisfied by the amounts of contacts received by their contact people in Company X even though the amount of contacts was different between the customers. This addresses one of the purposes why the customer companies should be precisely known.

When discussing on different issues with the key customers, they particularly mentioned their own sales person but because the same sales people will not work in Company X forever it might be worth paying special attention on this topic. Company X should consider on having another sales person in the key customer meetings occasionally in order to this particular new seller to be familiar to the customer in case changes in the personnel occur.

Familiarizing another sales person to the contact person in key customer companies as well as detailed customer profiles and accurate information on customer contacts that are stored in a place where all the employees' have access, enable also other employees to contact the customer company with a suitable communication style. The information on each contact with the key customers should also be studied to better understand the behaviour of the

customers and to notice whether the cooperation is increasing or decreasing. Future actions of the customers can also be predicted according to this information.

There might also be changes in the key customer companies' personnel, which is why the structure of the customer companies and their purchasing departments should be studied and continuously revised. This enables Company X to contact straight the decision makers and the right employees of the customer companies despite changes in the personnel of the key customer companies.

Nine of the interviewed customers were able to decide or were part of the purchasing decision which once again points out how much these customer relationships should be valued. Even though there can be many people involved in the decision making and they might have specific rules concerning the decision, Company X has a good relationship to one of the decision makers which can even be a key factor for the final purchasing decision.

Information technology is an important part of CRM and intensive use of it enables an effective way to manage key customer relationships and may be a solution to many of the issues mentioned above. Analyses and future predictions can be made with computer programs that are specially created for this purpose. There are also computer programs for collecting, storing and utilising customer information. By using these different computer programs it is possible to create competitive advantage for the company.

Company X has a customer strategy where the key customers are defined but it does not have a CRM strategy that concentrates on developing and improving those relationships. In order to guarantee the loyalty of the key customers, creation of CRM strategy is required. Because of the fact that most of the interviewees make the purchasing decision themselves or are part of the decision making, it is essential to create a communication strategy as well.

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Appendix 1: The questions of the interview

What is the best communication tool that Company X uses?

Which of the communication tools do you consider unnecessary?

Is the amount of contacts appropriate? What is appropriate?

Is the availability of products and services good enough?

Do you wish new products or services as an addition to already existing ones?

Is Company X able to offer individual solutions that fit exactly on your needs?

Does Company X have enough information on your Company and on your desires? Can Company X utilize that knowledge?

When thinking of product development, does company X have current information on markets and trends?

What affects the most on your decision to purchase products or services?

What is the most important reason for your customer relationship with Company X?

Who makes the final decision to purchase products or services in your Company?