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THE EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT ON BUSINESSES

Case Company X

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Abstract

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Subject The Effects of Customer Relationship Management on Businesses - Case Company X
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The aim of thesis was to find out how customer relationship management can be used as a tool to improve a long-term relationship with a company’s customers. The main objective was to determine understanding of customer relationship management, including its history, role, and how it was established and evolved over the course of its decades-long existence. It also covers the types of technology available and how to use them to the company's benefit and strengthen long-term relationships with customers.
The commissioning company preferred to stay anonymous, therefore the commissioning company is referred to as Company X in this thesis.

The theoretical framework involves the history and evolution of customer relationship management. The author explains the methodology, the different types of available customer relationship management tools and its implementation. The theories related to customer relationship management such as the IDIC model, Customer Bonds and Ladder of Loyalty were discussed. It allowed for better understanding of customer needs to improve engagements with clients, gain competitive advantage and create strategies that can help Company X to boost sales and improve customer satisfaction. It gave the author understanding of customer relationship management and how it can be implemented as a positive outcome for the commissioning company.

The research was done using a qualitative method, where the focus was on qualitative data. The interviews were done with six employees of Company X during September – October 2024. During the interviews, the author asked questions regarding customer relationship management, the advantages, challenges and importance of customer relationship management for Company X.

The result of the research suggests that Company X can in fact use customer relationship management as a tool for improving relationships with customers and that a customer relationship management system is an effective tool for engaging with customers, tracking important data and collecting feedback which can help to better understand the customer needs and improve trust, loyalty and customer engagement. All the participants gave valuable ideas and suggestions that could help Company X to improve its relationships with customers and enhance customer satisfaction. To conclude, customer relationship management plays a huge role in engaging with customers, advertising services or products and finally in building strong relationships between Company X and their customers.

Keywords Customer Relationship Management, Customer Relationship Management Software, Customer Service.
Pages 35 pages and appendices 2 pages

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1 Introduction

Customer Relationship Management has emerged as an important tool for companies wanting to perfect their processes, increase customer satisfaction and to stay competitive. Customer Relationship Management helps companies to interact with customers and use it in different tasks such as tracking data throughout customer lifecycle that can improve customers' needs and acquire them, in monitoring their competitors and advertising their products to the potential customers (Hargrave & Van de Ven, 2016).

A Customer Relationship Management system makes it easier for companies to access and provide customer assistance by centralizing and organizing their client data. CRM solutions help businesses increase client retention and maximize sales and marketing. Businesses can now evaluate the effectiveness of different initiatives or campaigns, spot patterns, deduce relationships, and develop aesthetically pleasing data dashboards thanks to data analytics, which is also far simpler (Hargrave & Van de Ven, 2016).

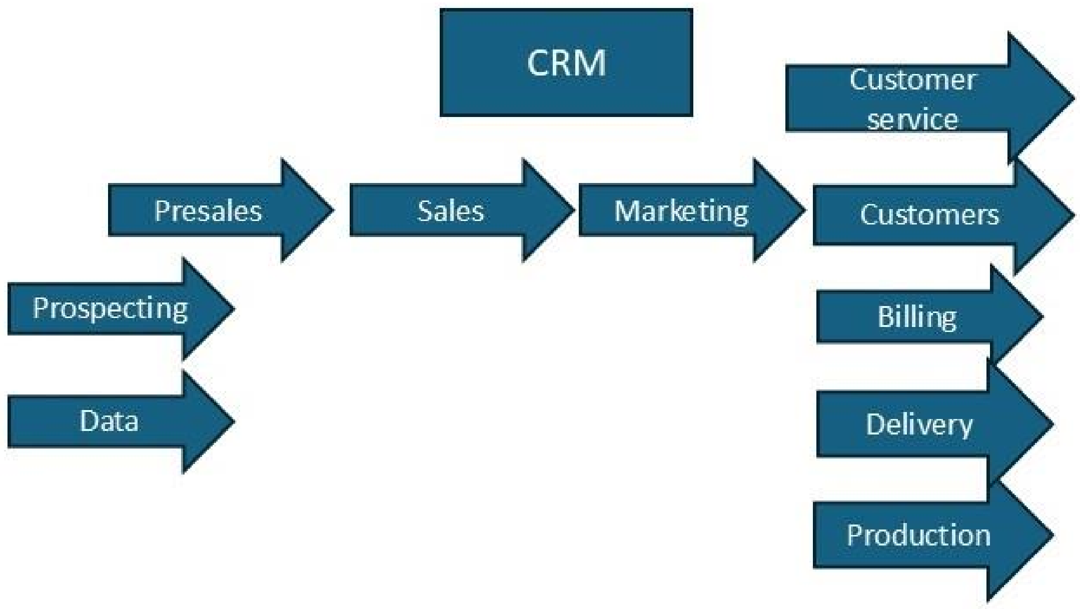

Figure 1. Customer Relationship Management (Jordanov,2023).

1.1 Background

The author chose this topic as it can significantly change companies' working environment and ease their goal in acquiring new customers and improve bonds between customers and companies. Also, it is important to understand a customer's needs and concerns regarding a product or service to keep them loyal, because bringing new customers is more expensive than keeping current customers. Moreover, when a company has several loyal customers, it will strengthen their reputation and help to gain more new potential clients (Bernazzani, 2022).

1.2 Research aim and research question.

The aim of the thesis is to give a complete understanding of the customer relationship management, its role, history, how the customer relationship was founded and how it has been developed for decades of its existence, as well as types of its technology and how to implement it for the company's advantage and improve long term relationship with customers.

By understanding the concepts of Customer Relationship Management and determining challenges that are mentioned in thesis, the author seeks to answer the following question `How can Company X use Customer Relationship Management as a strategic tool to improve long term relationships with customers?'

1.3 Commissioning company

The commissioning company is an international company specializing in textile services for restaurants, hotels and healthcare. They offer to rent high quality textile products, company's business is based on circular economy, they recycle wasted textiles and repair broken clothes. The commissioning company is a subsidiary company of the Lindstrom Group. The Lindstrom Group is one of the biggest companies in Finland with around 400 million euros turnover and operates in 23 countries with approximately 4000 employees (Comforta, 2024). The commissioning company wishes to stay anonymous, therefore they will be referred to as Company X throughout the thesis.

2 Theoretical Framework

Theoretical Framework is conducted to review existing theories that serves as the roadmap for the author in finding phenomena and make connections with research. The commissioning company is struggling to acquire new customers and losing some of their current customers. The company wants to build strong customer loyalty. The company believes that customer loyalty can significantly help to increase number of their customers and keep current ones loyal.

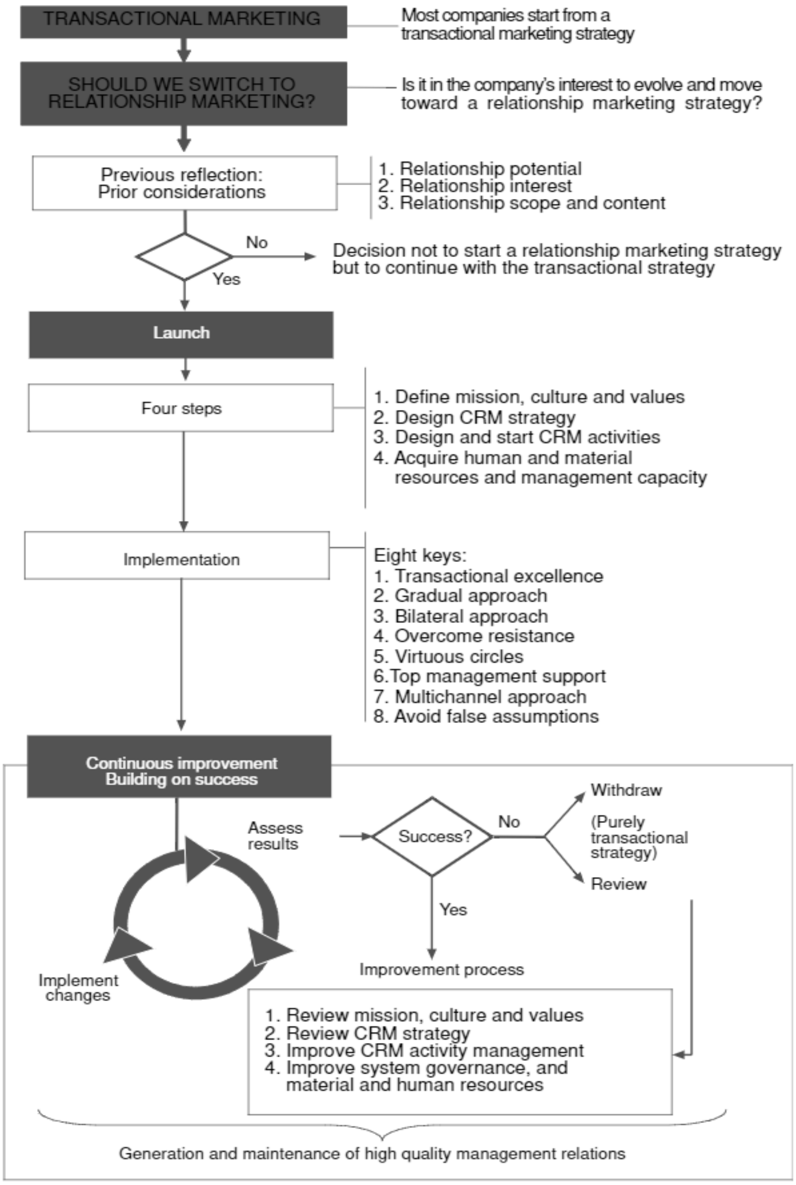

Figure 2. Customer Relationship Management from a General Management Perspective (Renart & Cabre, 2007).

2.1 History of Customer Relationship Management

The term Customer Relationship Management was introduced in the 1980s; however, tracking the process of customer data started in the 1950s. In this early stage of the evolution of customer relationship management, the Rolodex was invented; it was one of the first systems for organizing client contact information and was invented in 1956 by Danish engineer Hildaur Neilsen. This revolving filing desk gadget holds a stack of index and business cards that users may turn and page through. Rolodexes were widely used by businesses in the 1950s to add, update, and save client information (“The Evolution of CRM,” 2009).

In the 1960s, a system called Mainframe came to the market, and it was used for processing and storing data. Although Harvard scholar Howard Eiken created the first mainframe system, it was not until the 1960s that it was made accessible to companies. Forward-thinking businesses digitized client data, including names, addresses, and contact information, using mainframe computers instead of the traditional Rolodex. However, it was quite inconvenient for companies, as they needed whole rooms to store their data on these giant computers (“The Evolution of CRM,” 2009).

The 1980s marked a digital evolution; for the first time in history, personal computers were launched in smaller sizes at affordable prices, and they were accessible to the majority of individuals. Additionally, Microsoft and many other software were released to the public in the 1980s with the intent of being used for both home and business use, which expanded the spectrum of individuals and businesses for whom computers may be an effective tool (“The Evolution of CRM,” 2009).

The first ever contact management ACT system was developed by Texas residents Mike Muhney and Pat Sullivan in 1987. This program was the real forerunner of the current CRM system, as it could provide a more organized and efficient way to collect customer information that enabled digital personalization of communications. Salespeople may now record and retrieve their data with the aid of an enhanced Rolodex (“The Evolution of CRM,” 2009).

Cloud-based CRM systems were another big advancement in the CRM space throughout the 2000s. Among the first in this industry was Salesforce, which was established in 1999. The benefits of cloud-based CRM were cost-effectiveness, scalability, and flexibility. It made it simpler for sales teams, marketers, and customer support representatives to work together and obtain crucial information in real time by enabling firms to access their CRM systems from any location with an internet connection

In addition, encouragement of the integration of machine learning and artificial intelligence (AI) into CRM systems started to gain momentum. A large amount of client data could be analyzed by AI-powered CRM systems to produce insights, forecast consumer behavior, and automate repetitive operations. This represented a significant advancement in CRM systems' efficacy and efficiency (“The Evolution of CRM,” 2009).

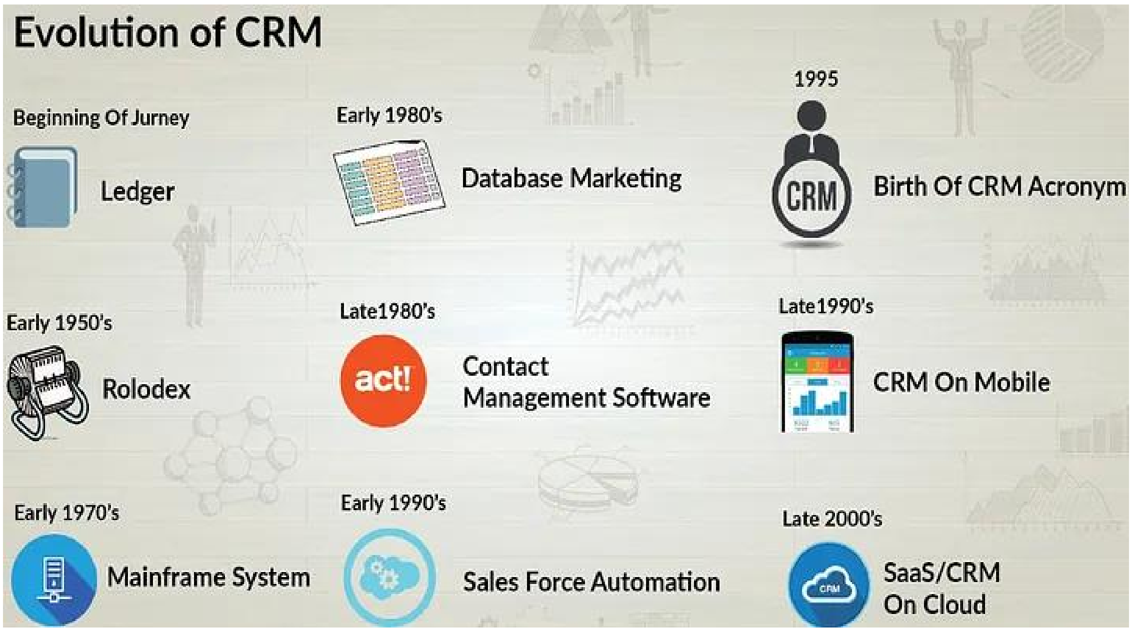

Figure 3. The Evolution of CRM: A Journey Through History adapted by Wani, 2023 from The Evolution of CRM. (2009). *Apress EBooks*, 3–28.

2.2 Types of Customer Relationship Management

2.2.1 Operational CRM

Simplifying client relations procedures inside of company is the main goal of operational CRM. With operational CRM, manual CRM procedures company is already handling can be performed more quickly and effectively. One of the major features that operational customer relationship management uses is automation feature. Automation functions are helpful since they not only minimize time waste but also provide more instant access to client data for many departments inside your company. Comparing to manual processes, company that uses operational CRM is able to reach clients through sales pipeline way faster and efficiently (Buttle, 2021).

2.2.2 Strategic CRM

Strategic CRM uses market trends and customer data to help company create plans that are more successful. Moreover, Strategic CRM is extremely useful for companies that want to build long term relationship as it builds strategy based on customer interaction. Strategic CRM gives priority to customer interactions by using features such as

- Contact Management
- Tracking interaction
- Lead generation and qualification.
- Pipeline management
- Segmentation

Companies can gain useful customer insights and improve their relationship with clients by using these features (Buttle, 2021).

2.2.3 Analytical CRM

To aid companies and comprehend their customers better, an analytical CRM system (CRMS) focuses on integrated data, analysis, and reporting. Having customer data points gives companies access to 360-degree client profiles that are precise, comprehensive, and integrated. These profiles may be used to instantly deliver individualized, consistent customer experiences. companies prepared to satisfy all their consumers' expectations, regardless of how, when, or where they are in the purchasing cycle (Oracle, 2024).

2.2.4 Collaborative CRM

Collaborative CRM is when marketing and sales data work together to increase efficiency. A collaborative CRM integrates ERP, CPQ, advertising automation, and sales force automation data to facilitate deal closure by providing a more comprehensive understanding of the requirements and expectations of each team's clientele. Majority of companies uses two well-known collaborative CRM systems (Oracle, 2024).

Contact Management. Sales teams use contact management systems to record all interactions with customers and prospects as well as account/company data. company's first-party client data is stored in contact management systems, which are the cornerstone of collaborative sales processes (Oracle, 2024).

Channel Management. Sales, customer support, and marketing systems can all be included in channel management systems. Digital marketing and account-based marketing (ABM) efforts, for instance, utilize several channels to reach a wide range of individuals. Both can be crucial for a cross-channel marketing strategy that engages customers wherever they are and in whatever way they want to do business (Oracle, 2024).

Because of the above reasons, the author chose three theories to compare and critically assess them. These theories are the IDIC Framework that consist of four stages with identify, differentiate, interact and customize. Second theory is Customer Bonds, which includes financial bond, social bond, structural bond and customization bond, and the last is the Ladder of Loyalty theory that includes four distinctive levels such as leads, customers, clients and advocates.

2.3 IDIC Framework

The IDIC model—an acronym for identify, differentiate, interact, and customize—is a well-known customer relationship management (CRM) tool that can give businesses a competitive edge and strengthen their relationship with customers by better understanding their needs. It is also sometimes referred to as the IDIC loyalty model (Peppers et al. 2016) IDIC model was developed by Don Peppers and Martha Rogers in 2004.

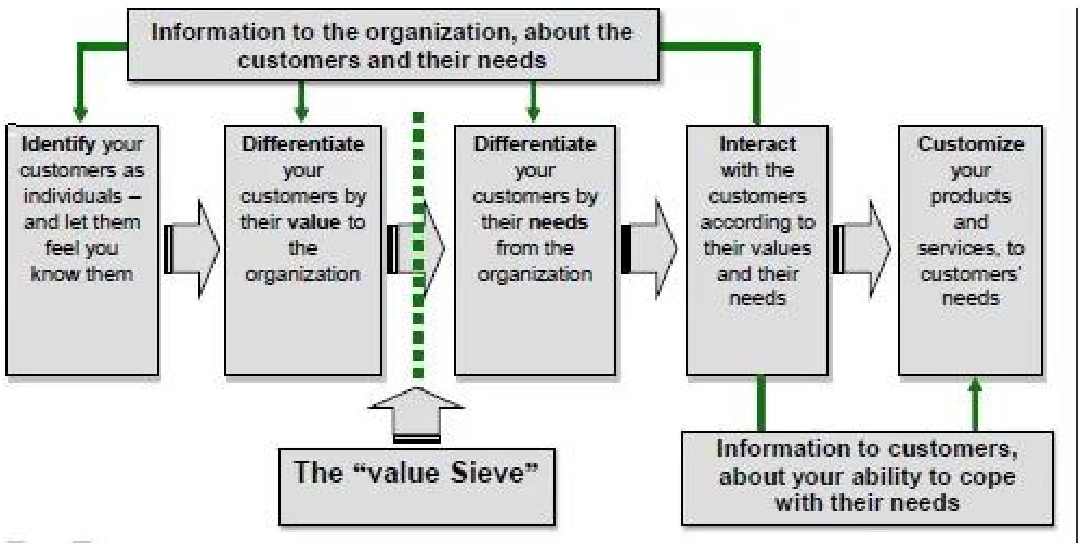

Figure 4. The IDIC Methodology (Peppers et al. 2016)

2.3.1 Identify

The identification of your clients is the first stage in the CRM IDIC model. Companies can do this by obtaining data from each point of contact inside the organization, such as the client's name, address, and purchase history. The objective is to gather as much data as you can about every client to have a deeper understanding of their requirements, preferences, and purchasing patterns (Harridge-March & Quinton, 2009).

Connections with markets, demographics, or segments are not possible; only relationships with individuals are. Consequently, identifying the person on the other end of the interaction is the first step in setting up a relationship. This first stage is important for businesses because the majority do not truly know about their customers. Organizing the enterprise's many information resources is another aspect of the identification process that all businesses must perform in order to perceive their operations from the perspective of their customers (Peppers & Rogers, 2017). An enterprise must be able to recognize a customer when he comes back, therefore businesses must get to "know" every single one of their customers as much as they can, including their habits, preferences, and other distinctive qualities that make customers unique (Peppers & Rogers, 2017).

Customers are not always identified as individual people; customers can be also businesses. The most crucial strategy for B2B companies to find the "relationships within relationships" at an enterprise customer is to offer a service or benefit that the client can only truly take advantage of when the players actively engage in the relationship and reveal their identities (Peppers & Rogers, 2017). Moreover, some noticeable variations call for more thought. For example, a business-to-business company selling to a business customer needs to think about who the other party in the connection will be. Who will sign the purchase order—the executive or the purchasing manager. Who will authorize the contract—the finance vice president or will the person using the product in real life be the production supervisor. The proper method for a business to handle a business-to-business situation is to consider each of these people as a part of the client base (Peppers & Rogers, 2017).

2.3.2 Differentiate

Understanding the differences among its customers enables a business to concentrate its efforts on those who will provide the greatest value for the firm. It also allows the development and execution of customer-specific strategies that are tailored to meet the unique demands of each client. Clients have varying requirements from the business and are valued at different degrees by the firm (Peppers & Rogers, 2017).

All other categories of customer descriptions—such as marital status, psychographics, happiness level, demographics, or place of origin—are only data points intended to provide an organization with a better understanding of the demands or potential values of its customers. However, the most basic characteristics that vary from client to consumer are their requirements and values (Peppers & Rogers, 2017). It’s a very vital principle of customer differentiation and its core is known as Pareto Principle It asserts that 20% of an organization's clients account for 80% of its total businesses. According to the Pareto Principle, a mail-order company that divides its clientele into value-based deciles will likely discover that the top two deciles of consumers provide 80% of the company's revenue. (Peppers & Rogers, 2017).

Using needs differentiation to build customer value. Customer demands are sometimes complex and unknown therefore when customers start to more interact with companies, companies learn more about their desires, specific preferences, and whims of the client. By doing so, companies can act on this more comprehensive customer information by treating the client differently, and it will be able to establish a deep and long-lasting learning relationship. (Peppers & Rogers, 2017).

2.3.3 Interacting

An organization may become an expert on both its company and its consumers by interacting with individual customers. It learns increasingly about a client until it can finally anticipate what the client will need and where and how he would want it. (Peppers & Rogers, 2017).

An organization may easily set itself apart from competitors by constantly delivering outstanding experiences at its customer interface. The customer interface represents a highly leveraged investment opportunity due to the systems and personnel that work directly with consumers to set expectations, solicit feedback on goods and services, and resolve issues (Peppers & Rogers, 2017).

Thanks to interactive communications technology Businesses can make clear agreements rather than implied ones. Businesses may communicate directly and one-on-one with each of their clients, either directly or through a variety of interactive media platforms. In essence, an explicit bargain is a "deal" that a business strikes with a person in exchange for that person's time, attention, or feedback. An advertiser can obtain each customer's specific permission and consent through an interactive medium. The service can guarantee that the advertisements or promotions sent to a particular subscriber are more personally relevant by including personal preference information in this agreement. This raises the value of the interaction for the marketer by making the consumer's relevance to the advertisement greater (Peppers & Rogers, 2017).

2.3.4 Customization

Customization is the last stage in the IDIC model, An enterprise driven by the rising power and declining cost of information processing, interactivity, and customization technologies, identifies its most valuable customers, reflects on everything it learns about each one, and acts on that learning in all its dealings with that customer. To grow its share of a client's business, a company should use the information that learns about a customer to personalize and/or customize some part of its commercial dealings with that consumer. (Peppers & Rogers, 2017). According to Peppers and Rogers “The whole point is to know more about a customer than the competition does, and then to deliver something in a way the competition cannot”. (Peppers & Rogers, 2017).

Thanks to information technology, production, and service delivery processes may be streamlined and improved, enabling businesses to provide a variety of products and services more effectively and economically to a wide range of individual clients which is called the mass customization technique (Peppers & Rogers, 2017).

Mass customization can minimize speculative production and inventory costs, which can frequently outweigh the cost of generating digitally combinable components. Manufacturing organizations prioritize cost reduction while implementing mass-customization technology (Peppers & Rogers, 2017).

2.4 Customer Bonds Framework

Relational bonds are widely recognized as crucial in relationship marketing. Relationships between service providers and customers are often considered vital. (Liljindar & Strandivik, 1995; Wilson & Mummalaneni, 1986). There are a total of four customer bonds such as financial bond, social bond, customization bond, and structural bond.

2.4.1 Financial Bond

According to Berry and Parasuraman (1991). Financial bonds are known as frequency advertising or retention marketing, in which the service provider employs financial incentives to entice repeat business, such as price breaks, discounts, and other financial benefits (Shammout et.al., 2007).

2.4.2 Social bond

Another relationship types also employed in this study, is the social bond. Social connections are defined as "the extent to which specific ties link and hold a buyer and seller together closely in a personal (emotional sense)" by Han (1991, p. 61). These connections are made up of a variety of elements, such as acquaintance, friendship, social support, communication, self-disclosure, or any form of interpersonal engagement. Social connections are referred to as "Level Two" by Berry and Parasuraman (1991) and Berry (1995), indicating an intermediate degree of relationship marketing in gaining client loyalty (Shammout et.al., 2007).

2.4.3 Customization bond

Customization bond aims to foster customer loyalty by getting to know each client personally and by creating solutions that are specifically suited to meet their demands (Shruthi & Devaraja, 2012).

2.4.4 Structural bond

When a company offers service-delivery systems to solve customer problems rather than relying solely on the interpersonal skills of individual service providers, it creates structural bonds with its customers (Lin et al., 2003). According to Shammout and Algharabat (2013), structural bonds are the greatest degree of bonding in relationship marketing, as companies can build up their relationships with clients by including structural connections beyond financial and social bonds (Shammout et.al., 2007).

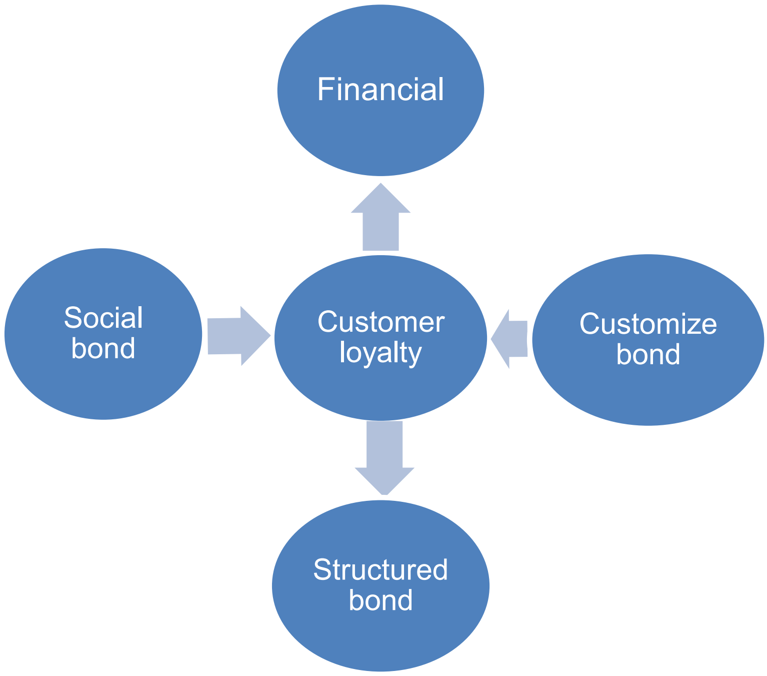

Figure 5. Customer Bonds Framework. Author's own work (2024), Adapted from (Shruthi and Devaraja, 2012).

2.5 Ladder of loyalty Framework

One of the biggest challenges of marketers and businesses is measuring success. To be successful in terms of customer relationships and strategy planning, the ladder of loyalty tool is significantly effective (Harridge-March & Quinton, 2009).

The customer loyalty ladder categorizes clients according to their level of engagement with your company. There are four separate stages (lead, customer, client, and advocate), and the objective is that they will climb up the ladder to become committed advocates of your company (Needle, 2021).

2.5.1 Leads

Customers that are in the bottom of the ladder called leads. In the beginning of the step they identified as suspects, suspects can meet the perfect customer description, but they do not know anything about that company or never interacted with company or experienced marketing materials of the company. After a first introduction, these suspects become prospects. They interact with company's advertising material in social media and know a bit about this company. Although, Leads are examining and engaged to company, they consider distinctive options from company's competitors (Needle, 2021).

2.5.2 Customers

Customers are individuals who buy products or services for the first time from the company. After purchasing products or services from the company, they start to have opinions and views about the company's products or services. But in this stage, customers are unpredictable, and they did not discount the company's rivals, but also are not prepared to give up on the company right now either. To motivate these customers to climb on loyalty ladder, the company can offer excellent customer service, provide marketing materials that consider their current place in the buyer's journey, and use remarketing techniques. The purpose is to gain customer satisfaction and for that reason company should provide with excellent customer experience. Once a customer experiences it from your company, they become clients. (Needle, 2021).

2.5.3 Clients

Customers become clients after receiving a great deal of care and satisfaction. Since they already know that company satisfy them, they have little interest in competing products and will only make repeat purchases from company. But company should not ignore them simply because they have shown loyalty since, clients can regress to customers or fall off the rung completely if company does not keep up with them. For that reason, company should continue to engage with clients through relationship marketing and keep brand promise that leads eventually to last stage of customer loyalty ladder advocates. (Needle, 2021)

2.5.4 Advocates

Advocates are incredibly devoted consumers. They like what you have to offer, and they are not likely to slide back down the ladder. They stop keeping an eye on the company's competition and make recurring purchases.

According to the advocacy marketing theory, companies that consistently deliver exceptional customer service, engaging experiences, and worthwhile products will develop a following of devoted customers who are eager to spread the word about their positive experiences. These customers will spread the word about their experiences to others, whether they are internet strangers or friends and family which is called free advertising. Loyal customers are especially important for companies, as they repeatedly purchase products or services from the company and build up their strong reputation in the market. (Needle, 2021).

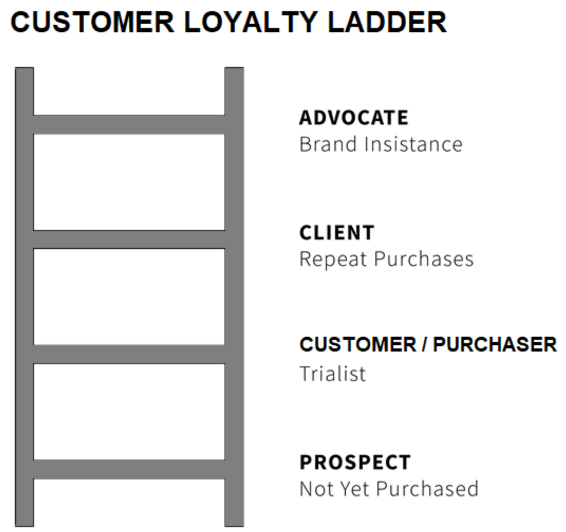

Figure 6. Customer Loyalty Ladder Framework (*Harridge-March & Quinton, 2009)*

2.6 CRM Softwares

Customer relationship management software has become of one the important tools for companies. Businesses utilize software to record data, to organize strategies, helps to interact with clients more easily and share with them marketing materials as well as their service and products. Moreover, it significantly reduces manual work by enabling automation capabilities and improves time management (“The Evolution of CRM,” 2009). CRM softwares are commonly divided into two categories.

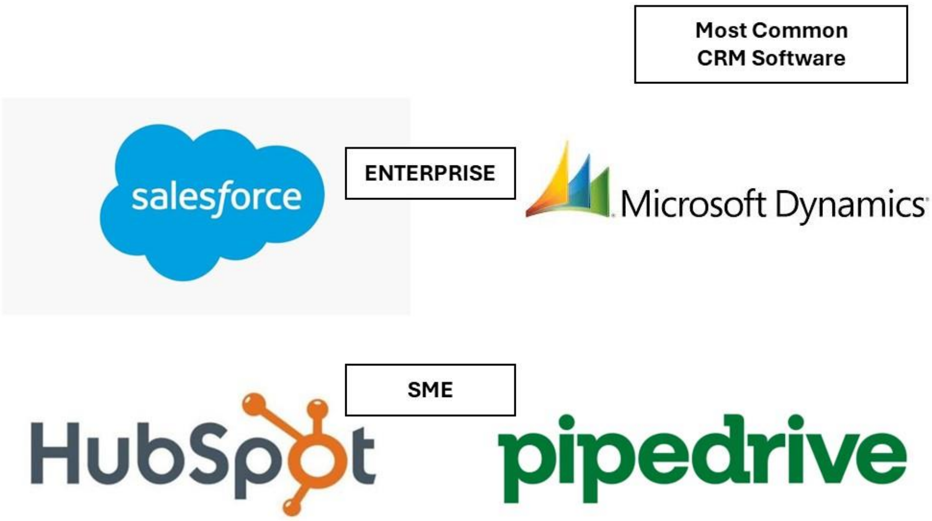

Figure 7. Customer Relationship Management Softwares (Jordanov,2023).

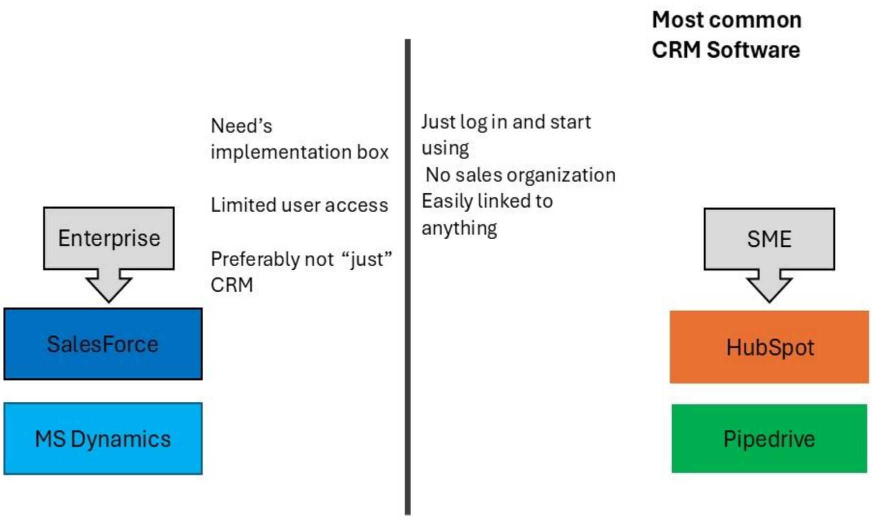

Figure 8. Most Common Customer Relationship Management Softwares (Jordanov,2023).

MS Dynamics software is customer relationship management software used by Commissioning company. MS Dynamics enhances users' ability to centralize customer data, facilitating quicker communication and improving the customer experience. Furthermore, teams may utilize the program without needing endless hours of training because it is user-friendly. (Cargas Systems, 2022)

Dynamics 365 has an effective feature where companies can create custom dashboards within the program to display the data, reports, and graphs that are most important to companies' position. Another useful feature is sales forecasting (Cargas Systems, 2022)

Using a bottom-up forecasting method, sales forecasting makes forecasts about potential profits and possible losses by utilizing the experience of your sales force. Teams can swiftly adjust tactics and make well-informed decisions with the aid of this analysis-driven forecasting tool.

Moreover, MS Dynamics can integrate with other Microsoft products that most of the competitors don't have. For example, Users can link Power BI to produce visually effective content, identify patterns for planning and forecasting, and combine different data sets (Cargas Systems, 2022).

3 Methodology

The goal of the study is to understand and gain more information and insights from employees about understanding customer relationship management and what changes it needed to improve customer relationships with the company. The author would like to analyze information gained from employees and use it in studies as beneficial data for the further process of the thesis. The research question for this study is “How can a Commissioning company use Customer Relationship Management as a strategic tool to improve long-term relationships with customers?

3.1 Research Design

The chosen research method for this study is the qualitative method. Unlike quantitative research, which is based on quantifiable or numerical data, qualitative studies collect non-numerical data on people's lives, thoughts, and reactions to various circumstances. Thus, in order to get an understanding of people's experiences, behavior, beliefs, attitudes, and motivation, qualitative research may be conducted (Corner et.al 2019).

Corresponding to this, Cleland (2017) contends that qualitative research uses a methodically pre-defined set of techniques to find answers to research questions and is focused on understanding people's experiences in a straightforward, accessible, and analytical way. Notably, qualitative studies are particularly strong when it comes to explaining in detail why and how individuals perceive particular occurrences.

Qualitative research is a kind of study that investigates and offers deeper insights into real-world issues without attempting to quantify data, according to Moser and Korsrjens (2017). The views, feelings, and behaviors of participants are gathered using this study paradigm. In other words, it responds to "why" and "how" rather than "how much" or "how many" (Moser & Korstjens, 2017).

Another difference between qualitative and quantitative research methods is that Qualitative research employs an inductive reasoning process, while quantitative research utilizes a deductive one. Qualitative research aims to comprehend a phenomenon through an in-depth investigation of both researchers' and participants' viewpoints (Yilmaz, 2013; Slevitch, 2011). Purposive sampling is therefore employed in qualitative research, where researchers choose a sample that will provide rich information necessary to understand the phenomena (Shahzad et al., 2024; Mousa et al., 2204).

Objectivity and generalizability are not the standards used to assess research, in contrast to quantitative research. Rather, qualitative research studies are evaluated using the following concepts: confirmability, credibility, transferability, and dependability (Yilmaz, 2013).

There are five qualitative methods that Creswell defines in qualitative inquiry and research design. They are ethnography where individuals fully commit to the environment of the intended participants in order to comprehend their objectives, motivations, obstacles, and cultures. Narrative, the technique creates a coherent story by connecting a series of events, typically from one or two people. Phenomenological, uses a number of methods to comprehend the significance that participants attach to the topic under study. Grounded theory uses mostly existing information and data to develop a theory based on facts and case studies that require in-depth knowledge from a variety of data sources that explain the company or organization (Smith et al. 2010).

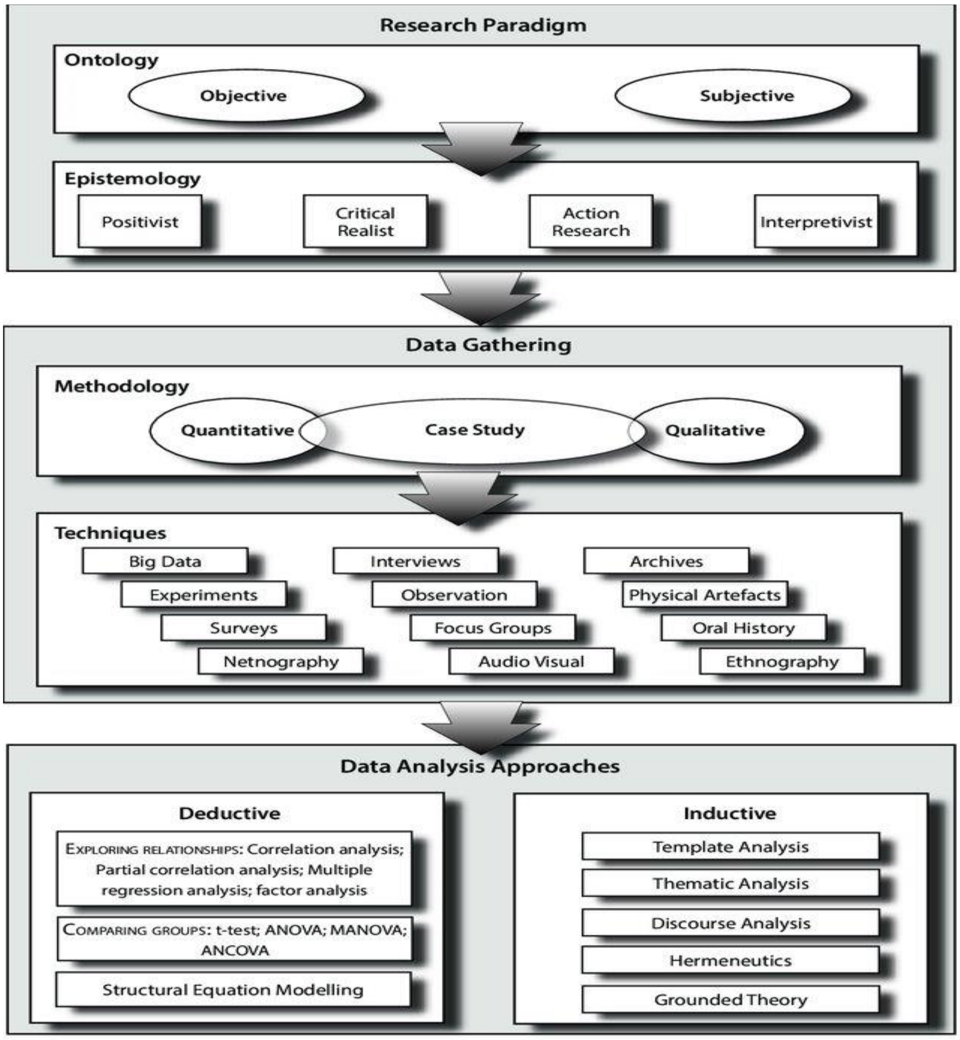

Figure 9. Methods Map (MacIntosh & O'Gorman,2015).

3.2 Research Approach

The research was done by interviewing participants who work in a commissioning company. Out of ten participants, only six were willing to volunteer for an interview. Instead of a group interview, the author decided to do an individual interview as it will reduce possible confusion during the interview and give more time for each participant to answer. The interview took approximately 30 minutes. Interviews were conducted during the months of September - October 2024. During the interview, participants were asked several questions regarding customer relationship management. The author wanted to know from individuals how well they are aware of customer relationship management and what kind of changes might be needed to improve company and customer relationships as it can increase the efficiency and profitability of the commissioning company. The questions were asked from a pragmatic point of view to determine whether customer relationship management can give a lasting competitive advantage for the commissioning company X. The questions also tried to focus on the strengths of using customer relationship management tools and whether the commissioning company can use these tools to foster a stronger bond with its customers.

Moreover, individual interviews allowed participants to express their opinions and what they think about customer relationships (Shahzad et al., 2024). Interview questions were given in prior to increase efficiency during the interview. The point of the interview was to find deep insights from employees of the company about possible changes or a general understanding of customer relationship management. The commissioning company requested to stay anonymous therefore in order to protect their anonymity, and the author did not publish interview results as well as individuals' personal information.

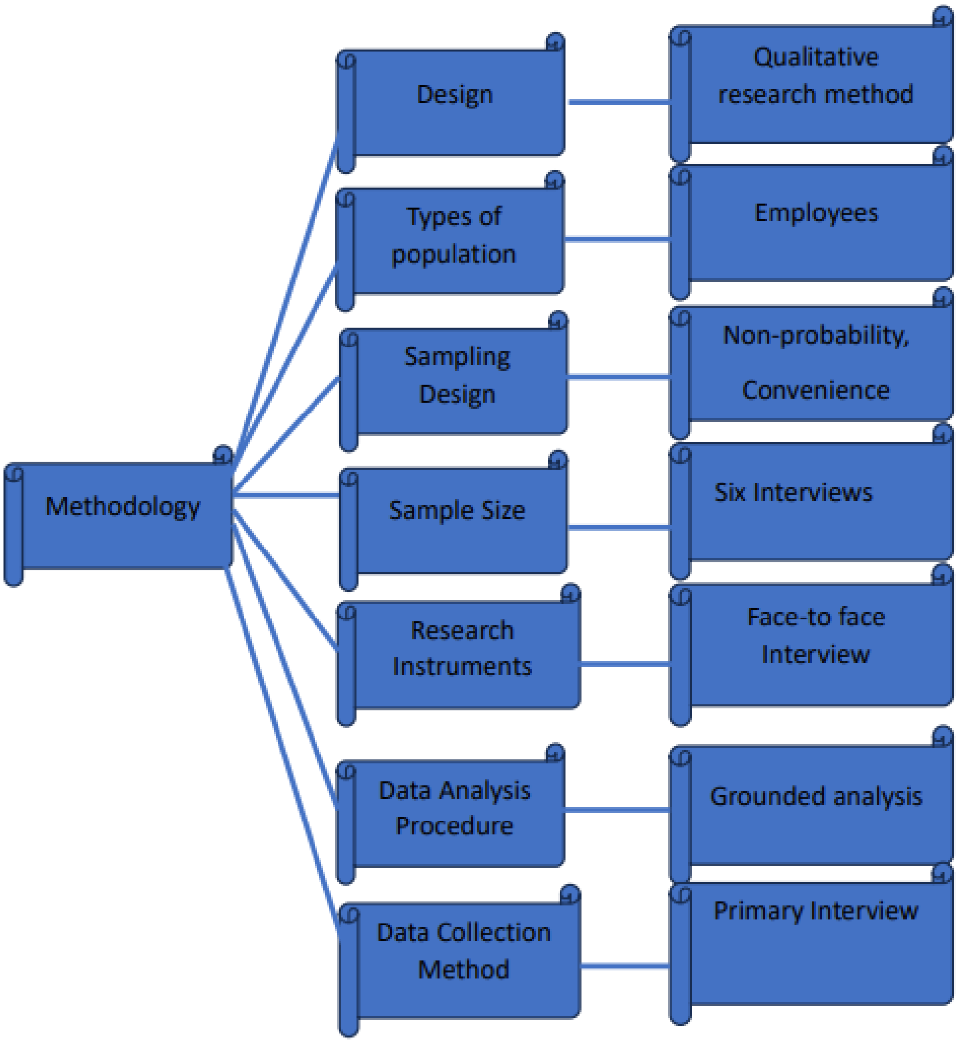

Figure 10. Methodology and research design of the thesis Author’s own work (2024).

3.3 Data collection technique

Interview is a qualitative research method used to collect primary data as it consists of asking questions from individuals about their opinions on a company and customer relationship. This method allows author to obtain detailed information that might be more effective than quantitative research method. While online survey is convenient tool to obtain information, the interview collected each of participant’s information and data individually which brings diverse outcomes.

3.4 Qualitative research design

Grounded theory is a qualitative research methodology that aims to clarify the significance of individuals' experiences, social acts, and relationships. Stated differently, these explanations stem from the individual interpretations or explanations of the individuals. This approach was first presented in the 1967 book “The Discovery of Grounded Theory” by Barney Glaser and Anselm Strauss. Since then, grounded theory has been applied in many fields, including public health, psychology, sociology, anthropology, and economics. When there is no extant theory that can account for the phenomena under study, a grounded theory can occasionally be employed. People can also utilize it if an existing theory already exists, however it might not be fully developed as a result of data not coming from the group they plan to study (Charmaz, 2014).

Advantages of using grounded research method is it allows for the development of theories based on actual observations and interviews with real people in real-world settings. As a result, the conclusions more closely match reality. In contrast, some research methods are conducted in artificial environments like lab settings and focus groups. Moreover, grounded theory operates under the tenet that new theories are generated by inductive reasoning. Put otherwise, they do not make any assumptions about the result, and they are not worried with characterizing or verifying it. Rather, they get fresh insights by utilizing the facts they gather to guide their research and theoretical framework (Charmaz, 2014).

Grounded theory is a procedure that outlines certain, extremely useful analysis techniques. Even though grounded theory is a flexible technique, you may maintain structure and analytical clarity throughout your discovery process by using the analysis strategies. Also, data collection and analysis are streamlined. When they get data, they analyze it, and they gather new data as analysis gains insights. This makes it easier to make sure that the information you gather is adequate to justify the analysis's conclusions (Charmaz, 2014)

3.5 Ethics

Before interview took place, participants have been informed and explained about the reason of research and given questions in prior to be more prepared. Moreover, names of participants as well as other personal information kept anonymous. Data collected during interview was not shared with anyone and kept secure.

3.6 Method for Analyzing Data

The two techniques used by qualitative researchers to examine textual data are content analysis and theme analysis. (Vaismoradi et al., 2013). Thematic analysis is the process of finding and examining various patterns in the data and study of qualitative data is the primary application for thematic analysis. It is a simple yet flexible and reliable technique. It is applicable to all kinds of study and is not research specific. It provides the data with a rich, thorough, and visible meaning that can aid in the formulation of the findings. The six phases of thematic analysis include familiarization, code formulation, topic generating, theme review, theme definition and naming, and report development. (Braun & Clarke, 2006). On the other hand, content analysis is based on a number of different strategies used to analyse text. It is a methodical coding and classification technique used to systematically examine vast volumes of textual data in order to identify word use trends and patterns, frequency, and correlations, as well as communication structures and discourses. (Vaismoradi et al., 2013). The data collected from the interviews will be examined in this thesis using a thematic analysis technique.

3.7 Reliability and validity

Reliability is the degree of reproducibility of the findings when the study is conducted again under the same circumstances. Reliability is vital in research as it measures reliability through consistent results under the same conditions (Middleton, 2023). Although the interview was done with employees of the commissioning company in different places and times, the interview was conducted in a structured format with open-ended questions. The goal of structured interviews is to gain more consistent and accurate results that enhance reliability evaluation. While open-ended questions give opportunities for participants to share their thoughts and experiences.

When a study's validity is evaluated, it means that the conclusions drawn from examining the data of its participants accurately reflect actual findings among comparable people who do not belong to the study's target group. Accuracy of measurement of the research's object is the measure of research validity for a method, tool, or methodology (Whittemore et al. 2001).

There are two categories of validity: external and internal validity. Internal validity assesses whether a study's design, execution, and analysis enable credible responses to the study's research questions (Andrade, 2019). The interview was conducted with employees of the company and questions were designed to gather opinions and explore experiences about customer relationship management that are relevant to the research. The study's external validity assesses how well its conclusions apply to other situations. (Andrade, 2019). The research was conducted specifically with the commissioning company and with its employees, therefore results should not be considered as general results that can apply to the whole textile industry. In this case, the validity of the research is lower.

4 Finding and Analysis

Figure below shows how many participants has agreed on interviews. Author has approached 10 employees for interview and only six of them were willing to participate in interview. There were reasons, why four of employees have rejected interview offering. One of them did not find free time with full time work, while rest of them were not interested in giving interview. It was challenging to hold all interviews in one day, as the most of employees work in different time. Some of them worked evening shift or night shift while others worked morning shift. For that reason, interviews were held in different days and in different places. Author tried to take interviews when participants had free time and felt motivated. Table 1. shows what time interview was held and duration of interview with employees of company.

Participants	Date	Duration
1	03.10.2024	20 minutes
2	13.10.2024	20 minutes
3	29.09.2024	30 minutes
4	14.10.2024	24 minutes
5	27.10.2024	18 minutes
6	04.10.2024	17 minutes

Table 1. Date and duration of interview with participants

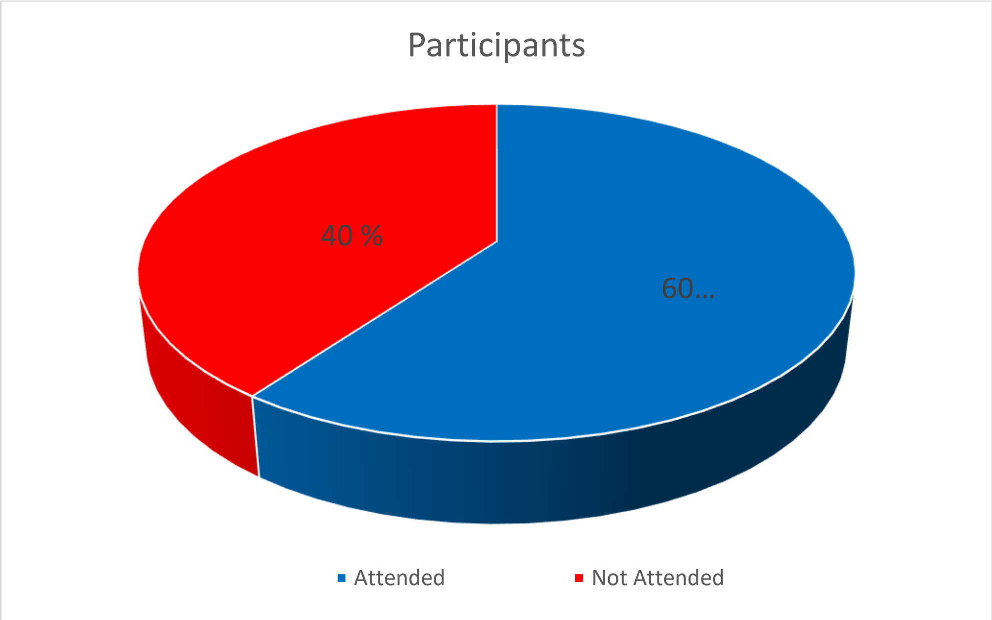

Figure 11. Participants who attended and not attended.

The figure 12. below shows the age distribution of survey respondents. It is crucial to consider that the age of the participants may have an impact on their experience throughout interview. Although author thought that participants in age between 20-30 will outnumber rest age group participants, it was seen that three age group participants had same number of participants while individuals age between 31- 40 had refused to participate.

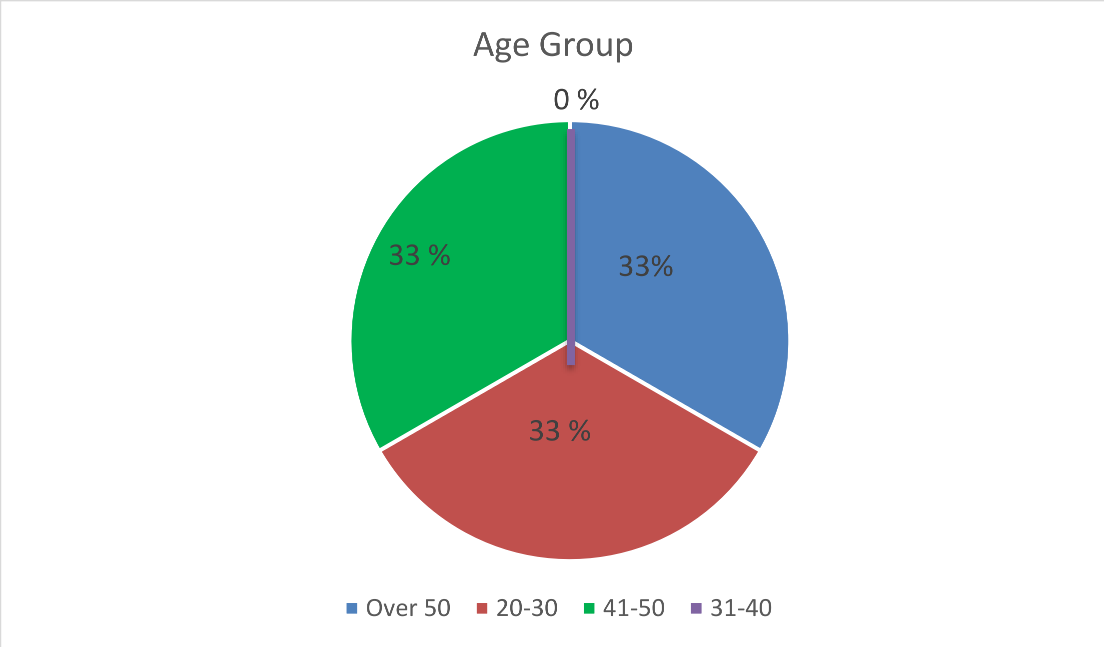

Figure 12. Age Group

The author wanted to find out if working time affects knowledge and experience related to customer relationship management. In the figure 13. below it can be seen that the majority of participants in the interview have worked more than 15 years and they are the ones who were mostly aware of Customer Relationship Management. The author suggests that participants who worked long periods of time have more experience in terms of CRM systems and how they can be implemented. Individuals had enough experience and knowledge to answer questions about Customer Relationship Management. Participants were asked about the importance of CRM tools for the company, and answers were notably diverse. The majority of respondents were confident with their answers. For example, they were asked to name three customer service qualities. Participants gave different answers to this question, however problem-solving quality was named by most of the participants. They agreed that problem-solving is very important when they cooperate with customers or face obstacles. Also, according to one of the participant’s views, social skills are important when dealing with customers.

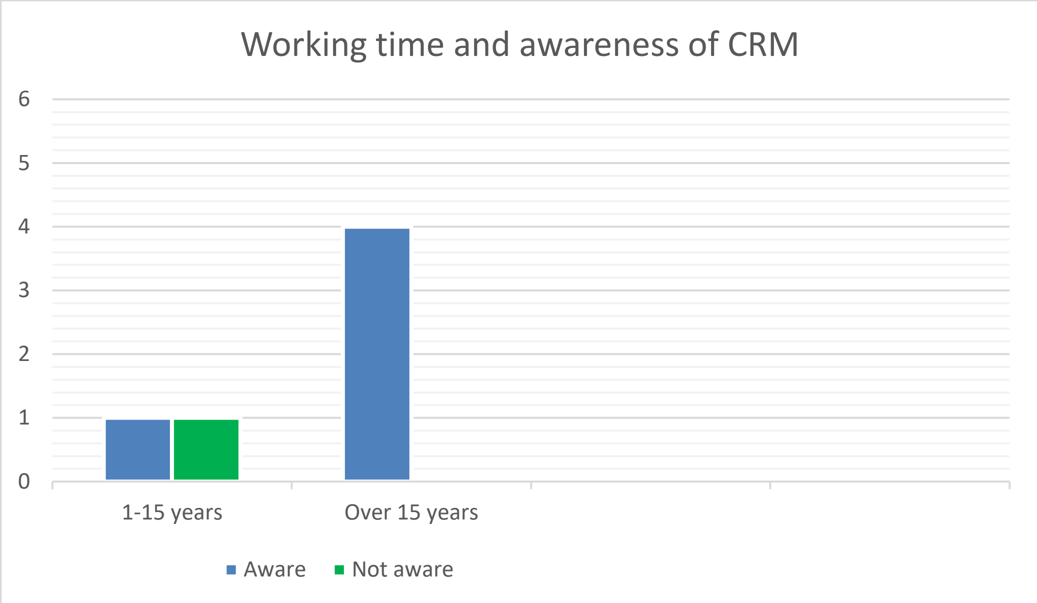

Figure 13. Working time and awareness of CRM

The author has asked multiple questions regarding CRM. And one of the questions was about the challenges and advantages of the CRM system which can be seen in Figure 15. The majority of participants agreed that one of the main challenges of using CRM systems is a lack of understanding of CRM systems. When users have a lack of understanding of the CRM system, they cannot manage the data information efficiently or can fail to engage with customers.

Also, individuals had concerns about the lack of seamless information flow and data integration. When different departments or systems store data independently and don’t communicate with each other, it leads to confusion and decreases work efficiency. One of the participants told the author that the department that took customer orders did not share information with the employees of the laundry in the CRM system and employees of the laundry department found out about this order late which led to confusion. Although the possible challenges, there were advantages of using a CRM system. For instance, one of the participants responded that the CRM system synchronized with your personal email, and appointments are recorded via CRM with accuracy as well as monitoring comments. Through CRM, feedback surveys can be easily conducted. The majority of participants said that through tools data, contacts, and contracts can be found easily. Moreover, CRM system improves data organization and customer relationships.

Participants	Advantages of CRM system	Challenges of CRM system
1	Synchronized with your own e-mail, e.g. appointments are logged from CRM there. Recording and tracking feedback. Feedback surveys are going via CRM.	Lack of data collection Lack of understanding about CRM system Lack of seamless information flow and data integration
2	It is easy to track customer relationships	Lack of seamless information flow and data integration
3	All the customers' information can be seen in one program	No
4	CRM improves customer relationships, boost sales and organize data efficiently	Lack of understanding about CRM system Lack of seamless information flow and data integration
5	Data keeping, easy to find contacts and contracts from system	Lack of understanding CRM system
6	Easy to find data	Lack of seamless information flow and data integration

Table 2. Responses from participants about challenges and advantages of CRM system

5 Recommendations

The author gained important insights from participants about Customer Relationship Management and how it can be implemented to the advantage of the company. They gave beneficial suggestions and changes for the company's positive outcome in improving customer relationships. For example, participants were asked about possible changes that can be made in order to improve customer relationships. Some of the participants suggested that ensuring seamless inter-departmental information flow can improve the efficiency of company operations and make it quicker to achieve the company's certain goals.

One of the participants who use CRM software suggested that customers should have a small threshold to get in touch and get service from the right party. According to this participant, company X has a customer representative assigned to it, although the parent firm does not. Occasionally, clients are confused about who is serving them. It may pass through a number of individuals before reaching the correct person, therefore participant's suggestion is to improve this issue to provide better customer service. While other participant's view was to focus on gathering feedback and personalizing communication. It was suggested that this could improve customer relationships and help to find customer needs.

On the other hand, the author has asked participants about employees' ideas and wishes on improving customer relationships and how to retain them. Some of the participants said that organizing more meetings with customers to collect feedback can be beneficial for the company to increase the quality of the services and products that the company is offering. One participant suggested that the systems used in daily work need to be synchronized with each other. In this manner, there would be no need to update the same client data or records across many locations and it could decrease time and resource consumption. Moreover, it was mentioned by participants that smooth and real-time synchronization and sending inquiries to the right customer would improve the relationship and the company would receive useful feedback in time. Following two figures below suggest best practices for CRM software.

Figure 14. Four principles in CRM software (Jordanov,2023).

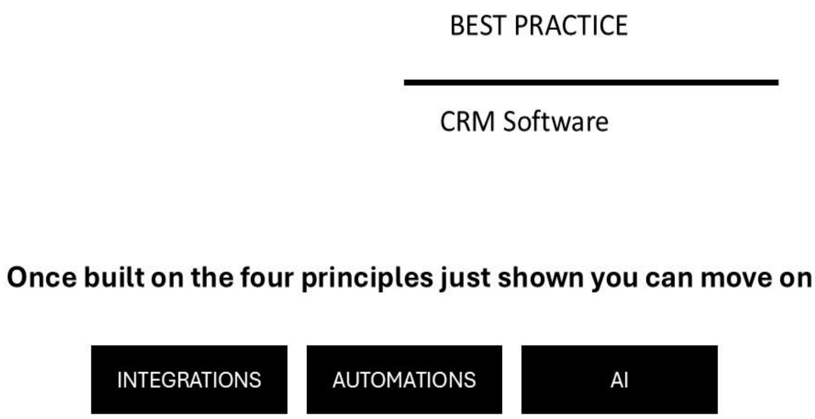

Figure 15. Best practice in CRM Software (Jordanov,2023).

It’s recommended that operational issues in implementing CRM should be taken into consideration. Businesses must make wide decisions about product, vendor, and systems integrator when deciding to use a CRM technology solution. Additionally, the organization must be well-equipped to manage the three customer-facing roles of marketing, sales, and customer service. Moreover, the interactions between a company and customer are very crucial after the customer has purchased the product. Efficient after-sales service is one-way businesses can retain customers.

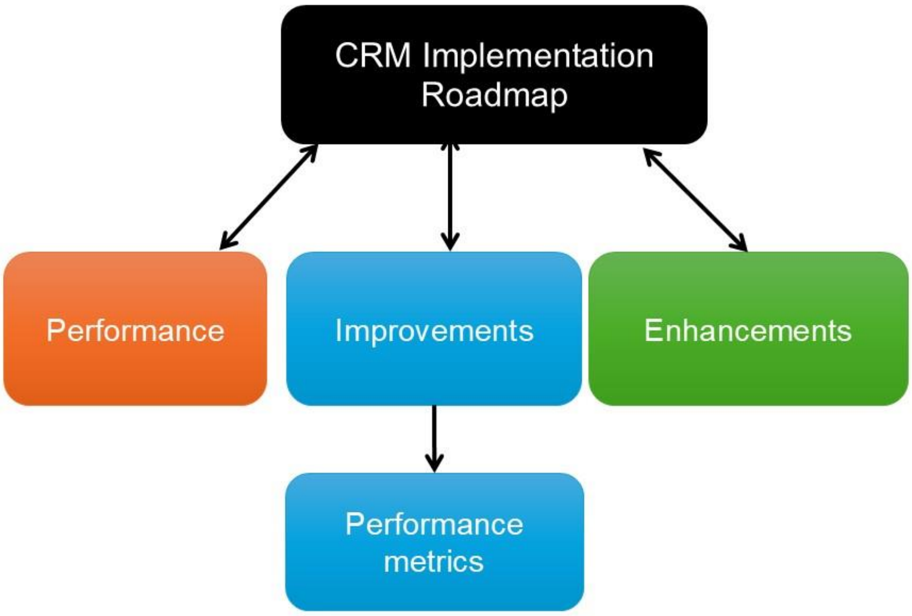

Figure 16. CRM implementation Roadmap Author’s own work, (2024).

To conclude, Customer Relationship Management can be used as a tool to retain and acquire new customers. From responses of participants, through Customer Relationship Management data tracking, advertising of products and service will be much more convenient. Moreover, it was mentioned that CRM can reduce time and resource consuming. Engaging with customer will be easier while gaining feedback will help to collect useful insight about customer needs. CRM system is important tool for company to boost sales, improve customer relationship, offer a great marketing materials to potential customers and in analyzing data which helps to make better business decisions in the future for their services or products.

6 Conclusion

This thesis was conducted to gather a better understanding of Customer Relationship Management and how it can be implemented as a tool to improve customer relationships and increase customer numbers. The commissioning company's focus was on improving their relationships with customers and finding ways for it. The research question for the thesis was "How can Company X use Customer Relationship Management as a strategic tool to improve long-term relationships with customers?". The answer would be yes; the company can use Customer Relationship Management as a tool to improve their long-term relationships with customers. However, to guarantee a successful conclusion, certain considerations should be taken into account to ensure a positive outcome.

The theoretical framework and research were focused on customer relationship management. These theories were customer-related theories such as the IDIC model that can assist businesses in getting a detailed understanding of their clients and customizing interactions to suit their demands. Customer loyalty ladder and customer bonds can help to retain customers and improve their relationships. These theories gave valuable insights into understanding customer needs, how to structure strategy in retaining clients, and how to turn regular customers into advocates. Customer Relationship Management as a strategic tool can increase customer satisfaction and create value addition in terms of better customer engagement, increase trust, and thereby impact customer loyalty. The research on customer relationship factors and customer relationship management theories was important for this thesis as it concentrated on customer relationships. The research on customer relationship theories gave the author a better understanding of CRM and how it can be used as a tool for improving customer relationships.

In order to collect more insights and ideas from employees about customer relationship management, the author interviewed employees of the commissioning company. The objective was to ask questions about customer relationship management and how it can be utilized to improve relationships with clients. Although from those employees who were asked about interview participation, only 60 % percent of them were willing to participate. The author gained useful information and data from those who participated. Results showed that participants had enough knowledge regarding customer relationship management and gave useful ideas about how to improve customer relationships.

In conclusion, the commissioning company can use Customer Relationship Management as a tool to improve customer relationships and retain them, and there are different ways to do it. The research findings suggested that the company needs to improve the quality of its service by increasing seamless information flow and data integration, updating marketing materials, and gathering more feedback to find out customer needs.

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Appendix 1. Interview protocol and questions

My name is Shokirjon Islomov, and I will be facilitating my focus on interviewing employees of company.

The goal of this project is for academic purposes. Interview will be held with employees of the company. The goal of the interview is to gain information about Customer Relationship Management. The questions will help me to collect important insights and opinions. Your opinions and insights which you would share with me would be valuable for this project. This interview will be anonymous and would not disclose any volunteers' information.

Interview will take approximately 30 minutes.

1. What is your Gender?

2. What is your age?

3. What is the highest level of education you have attained?

4. For how long have you been working for the Company?

5. What is your level of awareness on Customer Relationship Management?

6. What do you know about customer relationship management? Please state one sentence or few keywords about customer relationship management.

7. Why do you think Customer Relationship Management is important for company?

8. Have you received any training on customer relationship management software?

9. Name three qualities of customer service.

10. What are the advantages of using Customer Relationship Management system?

11. What are the challenges related to CRM incorporation?

12. What changes need to be made to improve customer relationship?

13. Do you have any wishes or advice in improving our relationship with customers?

Appendix 2. Data Management plan

Management and storage of research data

The research data for thesis consisted of data gained from an interview, which employees of the commissioning company had answered. The data is saved secured on a computer where only author has access to it. All gathered data will be deleted permanently after one year from publishing the thesis. The thesis did not gather any confidential data about the company or on its employees.

The author, commissioning company and the thesis supervisor have all signed a thesis agreement, where it was stated that the commissioning company would like to stay anonymous for this thesis, and there is no direct reference to the company.

Processing of personal data and sensitive data

As it was stated in interview protocol personal data of individuals who participated in interview and answers were processed as anonymous. The section which included the individual's name was only available for the author to access and was not published anywhere.

Ownership of thesis data

The data that was collected for this thesis belongs to the author and the commissioning company.

Further use of information

The author won't be using the data collected from the thesis after approval of the thesis. All the secured data will be deleted after a year the thesis has been assessed and approved, so that results can be verified, if necessary.