The influence of collaborative customer relationship management on customer retention

Case study: Taj Mehal Afro-asian store, Tikkurila

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Dedication

This thesis is dedicated to my family for their support all through these past years.

This thesis will also at some point be re-written in author’s mother tongue of Yoruba language, feel free to contact me for a copy if you are a native speaker.
This Bachelor's thesis discussed the effects of collaborative Customer relationship management on customer retention in the case company, Taj Mehal. The objectives of the research were to demonstrate the impact of CRM on customer satisfaction and loyalty and also to examine the overall impact of CRM on the organisational success. Also, the research assessed the influence of collaborative CRM in customer retention. The study comprised of the theoretical framework and the empirical aspect that are strategically linked together to demonstrate the impact of CRM and CCRM on customer retention.

The theoretical framework employed a comprehensive literature review and gathered primary data to examine such concept as customer relationship management (CRM), service-profit chain management, and Customer management. The author applied the qualitative method to arrived at the research objective which eventually answered the research questions posed at the beginning of the thesis. The interview was the primary research tool used to acquired more information. To gain a better knowledge needed to validate the research, interviews were put through to the employees at the case company.

Moreover, a few customers who walked in over a period of two days were also interviewed and observed during their shopping activities to study their shopping experience. Generally, the research shows there are many benefits involved in implementing collaborative CRM to boost brand image.

The research specifically revealed that CCRM has a positive relationship with customer retention. Not only that but, satisfaction and loyalty are correlative and crucial to customer retention. The author gave some recommendations related to the implementation and fostering of CCRM were also given at the end of the thesis that can help the case company rethink how it does business with its customer segment.

**Keywords**
CRM, customer management, collaborative customer relationship management customer satisfaction, customer loyalty and customer retention
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1 Introduction

Organisational leaders have the chances of promoting customer satisfaction and experience through adopting a collaborative customer relationship management (CCRM) which focuses more on establishing continuing relationships rather than supporting individual transactions. The ultimate goal of every organisation involves achieving maximum profits and making a positive change to its customers and the society. However, a greater focus on profits and poor consideration of Customers impacts their level of satisfaction and limits the organisation's chances of achieving a competitive advantage.

Correspondingly, CRM is also more concerned with building lasting relationships with customers and is often assumed as a business philosophy that ensures customer retention and profit maximisation. CRM impacts significantly on the organisation's sales performance and enhances the ability to gain a competitive edge, especially in an already saturated market environment. Collaborative CRM being a type of CRM is helping organisations achieve all of this in an effortless and cheaper ways possible.

Simmons (2015) pinpoints that organisations are motivated to adopt CRM strategies based on their desire to improve profitability or the financial performance as well as the market share. Organisations achieve better results by increasing their market share, identifying, satisfying and retaining their profitable customers. CRM approaches are deemed useful due to their ability to shape business performance through customer satisfaction and loyalty.

Chittaie (2012) also observed that the current competitive environment and the rapid growth create the need for organisations to pursue strategies based on improving customer relationships which ensure prompt and instant development. Adopting CRM systems enhances the company's ability to attract and retain the desired customers or market segments that undoubtedly impacts bottom line overtime. The structure of the thesis investigation centred on four key aspects of CRM which include customer identification, customer attraction, customer retention and customer development.

1.1 Background

In his research on organisational strategies, Chittaie (2012) defined CRM as "a combination of individuals, processes and established technologies in the management of client relationship to maximise profits and achieve the desired balance between organisational investment and customer satisfaction. "Additionally, research by Orenga-Roglá & Chalmeta
(2016), indicated that CRM promotes the continued relationship between organisations and their customers rather than having individual transactions.

CRM seeks to understanding, anticipating and managing the needs of the current and potential customers. Likewise, Mishra & Mishra (2009) conceive that CRM was traditionally used to enhance the ability of the companies to compete in the new market. Meanwhile, few businesses or organisations emphasised on the role of CRM in their success. However, today, CRM has been significantly influenced by the changes in technology and is more concerned with establishing and maintaining long-term relationships with the customers as a key to the business success.

Over the last decade, CRM has been exemplified as a critical aspect of competitive markets and is currently perceived as the change of marketing from a product-driven to a customer-focus approach. Therefore, CRM has since become increasingly essential in improving customer value, understanding those customer’s needs as well as the factors that influence the organisational success. Ultimately, CRM serves as a critical tool to gain customer information such as sales needs, ensure interactive communication between customers and the company and analytical decision support so that product and service offering can be tailored to consumer’s expectation. Today, CRM offers more understanding of the client needs and ensures they are integrated into the enterprise functions. However, it is dependent on the organisation adaptation as well as customising organisational functions to individual customer demands (Viljoen, Bennett, Berndt & Van Zyl 2005).

1.2 Research objectives

The research project has one of the primary goals of investigating the impacts/benefits of collaborative customer relationship management in customer satisfaction and experience. The study further explores how CRM promotes the overall organisational goals through improved customer satisfaction. The research objectives are in a list below.

- Describing the concept of CRM
- Demonstrating the overall impact of CRM on the organisational success.
- Evaluating the influence of collaborative CRM on customer satisfaction and loyalty.
- Providing recommendations on ways to create and adopt CCRM to shape customer satisfaction and experience.

Research problem

Organisations operate in highly competitive markets which create significant challenges for them. However, the majority of these organisations have failed to establish sustaining
profitability strategies as well as maintaining proper relationships with their customers. CRM has key goals of understanding the customers as well as improving the efficiency of services and products being offered to them. Different theorists such as Chittaie (2012) identifies customers as critical stakeholders that define the overall success of the organisation; hence, strategically important in the chances of achievement within the organisation.

CRM for one guides the organisations in establishing and maintaining customer relationships as well as high-value processes of management. Improving the organisation's long-lasting relations with their clients provides the basis for their success; however, some agencies fail to understand their associated impact of CRM. As such, this research explores the problem of poor CRM within organisations and failure of the organisations to understand the role of CRM in their customer's satisfaction and experience. At its core, CRM is fundamentally based on customer management. Customer management meanwhile is characterised by four key aspects such as customer retention, attraction, customer identification and customer development.

**Research Questions**

To achieve the above objectives of the study different questions can be adopted which includes;

- What is Customer Relationship Management (CRM)?
- What is the existing CRM model in the case company
- What are the correlations between satisfaction and loyalty
- How can CRM lead to improve customer loyalty and retention?
- What factors can impact the effectiveness of Collaborative CRM strategies?

**1.3 Demarcation**

The main reason for demarcation is to keep a research paper in check and at a level that can be relatively managed from going too broad within the allotted time. Demarcation also helped the author to prevent the thesis from being too shallow or ambiguous.

This research work will only cover the topics of CRM, collaborative CRM and how they affect customer satisfaction and loyalty. Therefore, it only concentrates on a single element of the marketing mix which includes promotion of the organisational products by way of understanding customer needs generated across organisation’s channels over a wider geographical location. It will, however, be limited regarding research scope since it only explores the concept of firm’s collaborative CRM strategies as it relates to customer satisfaction and loyalty mostly on the demand side rather than with the suppliers.
This thesis will also assume that customer retention is essentially tied to a strong sense of satisfaction even though this may not always be the case (Oliver, 2010, 4). In conclusion, the thesis fails other elements associated with CRM development such as knowledge management, learning organisation, operational CRM, analytical CRM and process management et cetera.

1.4 International aspect

The thesis complies with the Haaga-Helia University of Applied Silences’ criteria of choosing topics among Globba students. First, the paper discusses the concept of customer relationship managements that is one of four primary specialisations in Haaga-Helia University of Applied Sciences, Helsinki, Finland.

Moreover, as physical borders and boundaries are being continuously removed by the impact of globalisation, it has never been more important for firms to devise a comprehensive package that helps effectively and efficiently organise and manage customer’s information across several channels and borders.

The unique advantage of an adequate customer data management is so that companies can tailor product and service offerings to consumer’s taste irrespective of where those customers live or what their preferred mode of interaction with the companies are.

1.5 Anticipated Benefits

This thesis is particularly beneficial since it explores the collaborative CRM and how it stimulates customer’s satisfaction and loyalty. Hence, it creates a chance to get a unique and quality result rather than generalised conclusions on the topic.

Also, the thesis is expected to sensitise the case company on basic collaborative CRM techniques options there is and how to implement them successfully. Furthermore, the case company is a chain of stores that does businesses with numerous suppliers from within the Europe and the world all over. The author then anticipates that as the case company discovers new ways by which to involve customers in its operation extensively, this will resonate throughout the supply chain and create a ground for collaborations between it and the supplier in order to deliver values to customers.
1.6 Key concepts

Some of the key concepts that were considered in this research will include;

**collaborative customer relationship management (CCRM):** “This is the joint analysis and synchronisation of different information collected from consumers from a different point of contacts with them”. (Kracklauer, Alexander, Mills, Quinn, Seifert, & Dirk 2005, 13). Collaborative CRM integrates customers, processes, strategies and insight, allowing organisations to more effectively and efficiently serve and retain customers. The main goal of CCRM is basically to improve customer retention by being able to provide long-term values that meet customer’s need.

**Customer Satisfaction:** Satisfaction is the customer’s fulfilment response. It is a judgement that a product or service feature or the product or service itself, brought a pleasurable level of consumption related contentment, including levels of under or over fulfilment. (Oliver, 2010, 8)
2 Case company

2.1 Retail market

Taj Mehal Afro-asian store Tikkurila is an Afro-asian grocery store operating in a niche market that serves the African and Asian immigrants in Finland. The Tikkurila store is one of many chains of stores owned by the group. The main store is located in Hapaniemi, Helsinki metropolis. To move operation closer to the people who lived in Vantaa in the inner core of the Helsinki capital region, the store in Tikkurila was opened in 2016. Since then, another store has been established in Malmi less than 10 kilometres from Tikkurila. The supermarket sells mostly organic food items which are mainly made in developing countries such as Nigeria, Ghana, Thailand, Indonesia, Egypt, Ecuador to mention but few.

![Tej Mehal Tikkurila](image)

**Figure 1:** Tej Mehal Tikkurila

Taj Mehal suppliers, however, are typically located in Sweden, The United Kingdom and the Netherlands. Essentially, most of their products are order through this supply networks (Akib, 2017)
2.2 Other business activities

Apart from the grocery business, the group is also involved many other trades such as money transfer which is done via RIA money transfer. In addition to this, the company just recently partnered with the logistic service provider, United parcel service (UPS) to act as a drop-off and a pick-up post for UPS’ customers. These two businesses can be said to be strategic as it denotes a horizontal growth which could have big consequential effects on the main business model. Some of this effects are:

1. increase traffic in the store that can convey a positive image to passers-by
2. the UPS customers and those who are remitting money back home can shop around or at least register the brand in their mind for future patronage.
2.3 Taj Mehal CRM model

2.3.1 Social media presence

The case company is mainly available on Facebook. According to the manager of the branch in Tikkurila, Vantaa: “We feel Facebook is one of the most popular among our customers, so we feel a sense of need to prioritise this social media channel over others. Also, since most of them are migrants, it follows that they mostly spent ample time there connecting with their loved ones back home. Through the Facebook, we can advertise potentially new products, sales promo or the company’s opening hours especially over the festive holidays when they (the customers) essentially have enough time in their hands but are unsure if our stores are opened.” “I for one believes the tactics are working. Although we currently have a handful of followers on the platform, one of our long-term plans is to continuously engage customers to make the community better.” We can also be found on local Yelp website and Google map system.

2.3.2 Loyalty sales program

We currently do not have any loyalty bonus card nor do we have any specific bonus offers for our loyal customers. Firstly, it is our believe that we operate in a niche market. So, for us, it is already a bonus for our customers that we do our best, against all the unfavourable market conditions to serve them at a price that would not burst their pocket. Meanwhile, we do occasionally have sales program, albeit most of these consist of mainly products with shelf life expected to expire within a week or month depending on the products.

2.3.3 Customer service

We do have a customer service line and customer service desk. The phone number is displayed on all our social media platforms such as Facebook and Google map system. Also, our customer service handles all complaint such as defective products and pricing related issues both, physically and on the phone. They similarly engaged the customer in small talks as necessary and occasionally help them in product identification. (Akib, 2017)

2.3.4 Market segment

Taj Mehal essentially employs a focus strategy since the company operates in a niche market. Focus strategy involves concentrating on a particular buyer group, geographic
area or product. By selecting a particular segment or group of segment, the company is able to tailor its offerings to serve the needs of its segment better than the competition. (Payne, 2006, 55).

The market segment of Taj Mehal consists of multicultural community found in Finland of which majority are immigrants, expatriate and students who with their culture and food customs, had come to live either permanently or temporarily in Finland. The brand also serves members of a certain religious group such as Muslims and Hindus who have specific needs for food handling. In the CRM generic framework strategies, a company can segment its consumers cost leadership, differentiation or focus strategy. (Akib, 2017)
3 Literature review

The literature review is created in a way to help give meaning to the topic. The review of the literature was conducted to gain an in-depth understanding of relevant topics directly related to the thesis topic. The purpose of this chapter is to investigate previous study related to the research issues under study and also to generates, ideas, insights, and hypotheses that other researchers had done and discovered about the thesis topic (Silver, Stevens, Wren, & Loudon, 2013, 59).

Mostly, the theory part was achieved by gathering data across the internet. The thesis was based partly on existing literature from a wide range of sources. For instance, it featured articles from various journals published by thinkers in the field of CRM. In addition to this sources are books and blogs ranging from Forbes to the Economist magazines. Most of the sources are relatively recent ensuring the relevance and coherence of the ideas under investigations.

3.1 Customer relationship management (CRM)

According to research by Orenga-Roglá & Chalmeta (2016), the modern marketing and competitive environments creates the need for organisations to have good products, better pricing and ensuring accessibility. However, organisations must equally demonstrate effective communication and relationship management with new and potential customers. CRM is linked to financial performance, market share, and profitability. Payne, (2006) defines CRM as:

“the strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customers segments. CRM unites the potential of IT and relationship marketing strategies to deliver profitable, long-term relationships. Importantly, CRM provides enhanced opportunity to use data and information both to understand customers and implement relationship marketing strategies better. This requires a cross-functional integration of people, operations, processes and marketing capabilities that are enabled through information, technology and applications.” (Payne, 2006, 22-23.)

CRM enhances the ability of the businesses to utilise processes and technology to achieve value for customers. Researchers have developed multiple frameworks to explore the impact of CRM on customer satisfaction and experience within organisations (Simmons,
2015). This chapter adopts important theories that enhance understanding of the impact of CRM on the overall customer satisfaction and loyalty. The service-profit chain approach explores the impact of customers on the organisations and the need to build an organisation that is capable of establishing beneficial long-term relationships with the customers.

### 3.1.1 Service-profit chain model

Some of the key theories that are integrated into the leadership operation aspects within the employees include the Service-profit chain model a theory developed by Heskett et al., (1994) in their article published in the Harvard Business Review (hbr). Labus & Stone (2010), also gave credence to the theory. “The service-profit chain approach was based on creating relationships between customer satisfaction, loyalty, employee satisfaction and the overall organisation profitability and growth”. (Labus & Stone, 2010)” . Researchers such as Mishra & Mishra (2009) also acknowledge the theory by linking CRM to concern for customers and staff as well as their overall satisfaction levels.

The theory supported the idea that CRM has a positive impact on the customer’s level of satisfaction leading to improved customer retention and repeat purchases. CRM ultimately ensures that the organisation has a central focus on the client needs and preferences; hence uses it as the basis for determining the success of the team.

#### The Links in the Service-Profit Chain

![Figure 3: The service-profit chain as illustrated by Heskett, et al (2008) hbr article](image)
Equally, in research by Peelen, Beltman, Montfort & Klerkx (2006), CRM was founded on the values of protecting the customers and ensuring their needs are addressed. They also link CRM to business performance through better promotion as CRM is customer-centric and promotes a relationship-oriented culture rather than sales-orientated culture and operation centric model. Similarly, Peelen (2006), found out in a separate research that CRM relates to systems that enhance the management, information sharing and engaging customers based on different approaches or channels.

In addition to these, CRM makes use of the current technologies such as social media, websites, and emails for engaging the customers better to understand their needs and how best to meet them. Collaborative CRM, being a type of CRM is regarded as a philosophy that is enhanced and supported by technology. The communication fostered by technology in CRM promotes the organisation’s ability to maximise profits by implementing a customer-focused approach (Simmons, 2015).

Heskett, Sasser, Jr., Schlesinger (1997, 18-29) identified the links in the service-profit chain and how the links drive one another to create value for customers and the shareholders:

- Customer Loyalty Drives Profitability and Growth
- Customer Satisfaction Drives Customer Loyalty
- Value Drives Customer Satisfaction
- Employee Productivity Drives Value
- Employee Loyalty Drives Employee Productivity
- Employee Satisfaction Drives Employee Loyalty
- Internal Quality Drives Employee Satisfaction.

### 3.1.2 Customer satisfaction

Satisfaction is a feeling of pleasure or disappointment that result from comparing a product’s perceived performance (or outcome) to their expectations. If the performance falls short of expectations, the customer is dissatisfied. Conversely, if the performance matches expectation, the customers is satisfied. Likewise, if the performance exceeds expectations, the customer is highly satisfied or delighted. (Kotler & Keller, 2009, 164). Customer satisfaction is an important recipe for customer retention.

According to Kotler & Keller (2009, 165), a highly satisfied customer stays longer with the company, buy more of new products that the company is rolling out and is less sensitive to price change as a result of service or product improvement. He ultimately helps brings new customers at no cost to the company through word-of-mouth, thereby lowering the company spendings on marketing campaigns. Heskett et al (2008), warn that companies...
should avoid creating “terrorist” customers, which is a word coin for those customers who are simply hard to please. Kotler & Keller (2009, 165-166) also pointed out that the link between customer satisfaction and customer loyalty is a non-linear one as illustrated in the figure below.

**A Satisfied Customer Is Loyal**

![Diagram of customer satisfaction and loyalty](image)

**Figure 4** Relationship between customer satisfaction and customer loyalty, Heskett et al., (2008), hbr article

From Figure 4 above, it could be seen that the shape of the curve is non-linear. Hence the level of satisfactions varies from level one to level 5 which is the point where all customers want to be in all fairness, albeit, the circumstances often pushed them further down the curve. The graph further suggests that, at level 1, customers are most likely to defect while at level five customers are willing to stay and repurchase even in the face of slight changes to the price, quality of the product, or services. This stage corresponds to the zone of affection occupied by the apostle which is the marketing terms for those customers who have developed a positive bond with the brand.

Heskett, et al (1997, 20-22) noted that even though a customer-centred company might initially incur short-term losses while trying to deliver a high-value product or service to the customer, it will in time recover and build its profit sustainably through an array of satisfied customers who are willing to stay with the company through thick or thin.
3.1.3 Customer loyalty

Customer loyalty is a deeply held commitment to rebuy or re-patronise a preferred product or services consistently in the future, despite situational influences or and marketing efforts having the potential to cause switching behaviour. (Oliver, 2010, 432). The most significant effect of loyalty on companies is the direct influence of a steady stream of future customers that guarantees future positive cash flow. Loyal customers require little to no marketing attention to be directed at them. Hence, the organisation must concentrate on product or service improvement to facilitate their eventual retention. (Oliver, 2010, 458).

Ladder of loyalty

A customer loyalty effect can be condensed into customer relationship ladder, which is the set of bars that customers have to walk through to become very loyal to a brand. As Christopher, Payne & Ballantyne (2002, 48) pointed out, the ladder shows various customer development stages from the point they first interact with the company. According to Christopher et al (2002, 48), the stages corresponding to the rungs of the ladder are:

**Partner:** Someone who has the relationship of a partner with a company  

**Advocate:** A customer who actively recommends your business to others. He does your marketing for you  

**Supporters:** A customer who likes your organisation, but only support you passively  

**Client:** A customer who had done business with you on a repeated basis but may be negative, or at best neutral towards your organisation  

**Purchaser:** A customer who has done business just once with your organisation  

**Prospect:** Someone whom you believe may be persuaded to do business with you
Figure 5 The relationship marketing ladder of loyalty (Christopher et al 2002, 48)

(Payne, 2006, 111) Cautioned that despite the schematic representation of loyalty using a ladder, organisations must understand that the ladder, in reality, is steep, suggesting the transition of customers from one level to another is not necessarily an easy task. Therefore, organisations must act to implement the right tactics and strategies to affect each transition. Moreover, studies carried out by Heskett et al (2008) showed that loyalty and retention are one and the same and if any difference at all. A loyal customer can easily be retained, he or she refers other customers to a business using positive word-of-mouth and in many cases repurchases with the company even in the face of rising price or inconvenience.

3.1.4 External service value

Great and quality external value and value delivery allow organisations to charge premium prices, thereby obtaining greater profits. In order words, value drives satisfaction and loyalty. For instance, sound quality reduces failures and operating costs. Therefore, firms with higher quality services tend to have a better brand reputation, better channel member receptivity, and hence better word-of-mouth, better brand awareness and consequently
lower costs of attracting new prospects. (Oliver, 2010, 457). (Heskett, et al., 2008) equally, admit that customers tell us what value is. To them, the value is the results they receive in relation to the total costs (both the price and other costs the customers incurred in acquiring the product or service). In order words, the quality of goods and services delivered to the customers is corresponding to the results created from them as well as the quality of the processes use to deliver the results. (Heskett, et al., 1997, 12). Value creation drives value proposition. A value proposition is a business or marketing statement that a company uses to summarise why a consumer should buy a product or use a service. Investopedia (2017) also affirms that such statement convinces a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings. Payne (2006, 124) proposes four basic approaches towards value propositions that involve determining:

- The target customers
- The benefits offered to these customers
- The price charged in relative to the competition, and
- A formal statement of the value proposition

### 3.1.5 Employee, loyalty, satisfaction and productivity

Customer satisfaction and loyalty level in the service-profit chain can be linked to employees satisfaction, loyalty and productivity. To appropriately positioned employees for an efficient customer data collection and exchange, the human resource department is key. By extension, they can apply customer experience strategy in widely used in marketing to employee experience design beginning with needs-based segmentation, grouping employees into clusters based on their wants and needs.

Just as customer experience design requires a more nuanced understanding of customers than simple demographics or economic value, employee experience design should be based on employees' drivers and desires. This arrangement is better than organising employees in standard groupings like job title, rank, department, business unit, or geography which only makes employees and functional departments greedy and unwilling to share customer’s information. For instance, it might be helpful to create groupings of sceptic, observers, participants, and champions, who have distinct needs and can be reached with tailored tactics. Researchers have shown that employees do not want the same development opportunities, rewards, and schedules. They differ in their level of interest in communicating and participating and in the kind of compensation and rewards
they value. Companies looking to have a successful CRM platform should be able to provide experiences designed to appeal to these different segments. (Yohn, 2016).

3.1.6 Profit and growth:

Investing in customer-centric culture couple with satisfied and loyal employees are the perfect ways to drive value in an organisation. As has been pointed out by the model, great value drives customer’s satisfaction and loyalty, satisfaction also drives retention, while retention provides a steady stream of income that initiates long-term profitability. (Payne, 2006, 145-146) identifies reasons why retention has such a significant effect on profitability and growth in a company:

Acquiring new customers involves costs that can be significant and it may take some years to turn a new customer into a profitable customer. As customers become more satisfied and confident in their relationship with an enterprise, they are more likely to give the company a larger chunk of their business or share of wallet. Not only that but as the relationship with a customer develops, there is a greater mutual understanding and collaboration, which produces efficiencies that lower operating costs.

Satisfied customers are more likely to refer others, which promotes profit generation, as the cost of acquisition of these new customers is dramatically reduced. In some industries, customer advocacy can play a very important role in acquiring new customers, particularly when there is a very high risk involved in choosing a supplier.

Loyal customers can be very less price-sensitive and may be less likely to defect due to the price increase.
3.2 Customer management as the basis of Collaborative CRM

Customer management is the tactical implementation of CRM, using specific tools such as customer segmentation, complaint management, call centres and campaigns management (Payne, 2006, 22). Customer management is a significant substrate of Collaborative CRM. Figure 6 shows a hierarchical relationship between relationship management, CRM and customer management. At its core, customer management provides a ground for an adequate interaction between a company and its customer base. Since customer requirements and characteristics differ, a company’s services process must be flexible enough to allow for some degree of tailoring. They must also be interactive enough so that the business can respond quickly to changing customer needs (Christopher, et al 151).

![hierarchy diagram]

**Figure 6:** Relationship marketing, CRM and customer management – hierarchy (Payne 2013, 22)

Traditionally, the responsibility for marketing is that of a particular organisational unit and marketing is considered one function among other organisational functions. This approach to understanding marketing has been successful for standardising consumer goods over the decades. However, in consumer durables (such as elevator and cars) where delivering, installing and repairing equipment as well as customer advice are essential to success, the marketing department and separate marketing functions may not be able to handle and influence the total customer value propositions. In this case, a marketing and
CRM functions cannot alone support customer’s value creating process. Other processes such as service interactions, repair and maintenance, logistics, call centres, services recovery and complaint management have an often-critical responsibility towards supporting customer’s value creation (Grönroos, 2009).

In the same vain, Kracklauer et al (2005, 4) stated that customer management can assists organisations achieve a holistic, collaborative strategy by helping to classify its customers into profitable and non-profitable ones. As it is sometimes the case, the profitability of a company lies not only in whom to sell to but also who not to serve at all. Customer management consists of four phases, with these phases intertwined to provide a deeper understanding of customers knowledge.

3.2.1 Customer identification

A systematic customer management begins with the definition of the target group and the implementation of marketing research, both qualitative and quantitative market research that provides a holistic view of customers need be carried out by the firm. A consumer segment is chosen, which is most attractive to the company. At this stage, interaction across channels will help. Customer’s attitudes to the organisational products and services should also be surveyed so that a near to perfect customer profile can be built, that helps in future value propositions and delivery. Christopher et al., (2002, 68) also agreed that customer identification, if properly carried out can help organisations understand the service needs, expectations and performance level within each market segment.

By way of example, Christopher et al (2002, 68) suggest that a proper customer identification might reveal to an organisation that in its potentially profitable segments, the price was relatively unimportant to its customers, compared with the speed of delivery and complete of order. Similarly, during this phase, analysis of customers that are lost to competition due to customer churn can also be carried out so that an action plan can be formulated that either reclaim these set of customers or eliminate them completely from the company’s portfolio in cases where they are unprofitable to service.

This stage is executed by developing a great insight for customer information and digital footprint across channels. These often involve an ongoing analysis of data on all customer contact and transaction touch points. A critical exploration of information on purchases, service history, product inquiries, customer complaints, communication channel choices and customer feedbacks will often provide excellent value to the customers. (Kracklauer et al 2005, 5.)
3.2.2 Customer attraction

This involves directing all departmental efforts towards attracting the target group that has been identified by a company. Kracklauer et al. (2005, 5) affirm that to efficiently attract the right consumer group; firms need to realise the correct form of communication and eliminate wasted efforts. Meanwhile, it should be noted that the traditional marketing approach employs a push-based system of goods and services (strategies relying on sales and heavy advertising) rather than sort to attracts customers based on systematic value proposition and delivery that promises to adequately and consistently meet customer's need. Equally, with the proliferation of communication channels such as Facebook, Instagram, Twitter, blogs, the upsurge in consumer awareness and an over protective state legislations for the customers, push-based marketing had become even more challenging if not impossible in recent times.

Typically, nowadays, gaining more customers practically entails customer education through collaboration and knowledge sharing between firms and its prospective customers especially as its concerns what their needs are and how the firms can meet them. In order words, it is important for the company to interact, cooperate and co-create with potential customers to build trust which is an essential recipe for retention.

Kracklauer et al., also recommend that organisations should frequently consider and compare their marketing activities to that of the competitors to benchmark and find a balance. The systematic construction of competitive advantages such as price leadership, differentiation strategy using customer knowledge can create a better ground for attracting relevant customer segment (Kracklauer, et al 2005, 5).

3.2.3 Customer development

Customer development is the consistent expansion of transaction intensity, transaction value, and individual customer profitability of a successfully retained customer so that their lifetime value can be maximised over an extended period of time. An increase in the customer retention is accomplished by leading the customer to other product or service offerings. (Kracklauer et al 2005, 5).

A valuable analysis concept in customer development is customer lifetime value, figure 7 below. Customer lifetime value assists organisation in making important business
decisions about sales, product development, marketing and support. It further provides visibility to the transaction potential of the observed target group. Kotler & Keller (2009, 172) described the CLV as the net present value of the stream of future profits expected over a customer’s lifetime purchases.

![Customer Lifetime Value](image)

**Figure 7:** Customer lifetime value

Customer development is principally supported and enhanced by effective planning and implementation of up-selling and cross-selling, which are the two main approaches to enhancing customer profitability. Up-selling entails selling much more or higher value products and services to the same customer while cross-selling, on the other hand, means selling entirely different goods and / or services to the same customer.

Equally, Jerry, (2017) pointed out that, the value of the customer should not be evaluated based on the purchase value of his or her first transaction only. This he continues is the business equivalent of looking at price only and the literal profit from a one-off sale. He further argues that customer development, in contrast, should measure a customer lifetime value (CLV) of individuals, or the potential net profit during the amount of time he or she is engaged with a brand. He also maintains that just as customers have evolved to look at value over price, companies must begin to evaluate a customer’s lifetime value over transactional value.
On the other hand, Kracklauer et al (2005, 6) argue that, If a customer stopped buying a particular product or stopped buying from a firm altogether, it is possible that such customer had at some point in its "customer journey" encountered a few problems. It may equally be that the products had stopped meeting his or her expectations or needs. It could also be that the firm had lost such a customer to the fierce competition around it. Given this market scenario, it is important for the enterprise to identify this segment of customers to either slowly phase them out and lower the "cost-to-serve". Put in a different perspective, developing a lasting relationship with customers enhance mutual understanding and collaboration, which produces efficiencies that lower the enterprise’s overall operating costs (Payne, 2006, 145). It can also determine new value proposition options that can be built into the customer life-value in order to establish a huge switching cost that doubles as a perfect form of competitive advantage to the firm.

### 3.2.4 Customer retention

"Peelen’s view (2005, 162-163), defined customer retention as:

> "Customer retention in a marketing sense means holding on to customers. If a company becomes aware in time of those customers who demonstrate an increased likelihood of ending the relationship, then it can take action to prevent this."

Clearly, the long-term retention of profitable customers is a central issue in customer management and one that is easily overlooked by many companies. Writers and researchers alike have suggested that It costs around five times more to win a new customer than it does to keep the existing one satisfied (Christopher et al., 2002, 54). Customer satisfaction no doubt plays a key role in customer retention. Customer satisfaction by definition is the “result of a process of comparison between the customer’s expectations, (personal standard, image of the manufacturer, claims of the manufacturer knowledge edge of the alternative) and a customer’s perception, (actual experience, subjective impression of products performance, appropriateness of-of products for his needs”. (Kracklauer et al 2005, 5).

A positive outlook of the brand by customers often leads to a prolonged retention. Besides, a better quality shopping experience or service delivery is usually associated with a more positive emotional connection that in turns lead to a higher level of loyalty. Retention is the continuing, active relationship with a customer that yields a stream of revenue from the sale of the initial product or service. (Heskett et al., 1997, 61).
Apart from buying more, loyal customers also tend to convince new customers such as their families, friends and associates to patronise a business. This not only provides a second path towards “earned marketing” but also provides a rich source of revenue to the firm. Jerry (2017) also conceives that providing tailored offers and messaging, elevates the customer’s entire shopping experience, which translates into goodwill toward a brand. He further explains that, some decades ago, this level of personalization on a large scale was impossible, but today, organisations already have the technology to accomplish true one-to-one communication with millions of customers, which further enhances retention.

Furthermore, adequate analysis and exchange of data among organisational departments can help businesses understand customers based on the transactional, behavioural, and other clues customers left behind as they interact with the brand online or across other touch points. Taking insight from such data can enable companies to predict what each customer needs are, yielding a better customer experience. Ultimately, the longer a business is willing and can sustain engagement with customers, the more data are collect in the process, which translates into more usable data for campaigns and loyalty bonuses. Broadly speaking, the cumulative effect of these is that brand loyalty is enhanced over time. (Jerry, 2017). Similarly, Tsiptsis & Chorianopoulos (2009, 2) pointed out that the increase organisation’s customer retention capacity generated from the collaboration among various firm’s units is capable of growing firm’s bottom line significantly by not only generating organic leads but also encouraging repeated purchases even in a saturated market and during market uncertainty.
4 Research Method

Exploring the role or impact of collaborative CRM on customer’s level of satisfaction is dependent on adopting a research plan that provides both the participant views and exploring the existing literature to achieve quality data. There are two types of research methods, the qualitative and quantitative research. Qualitative research is a methodology which focuses on how people feel; what they think and why they make certain choices (British Library). Examples of qualitative research tools are an interview and a focus group. Quantitative marketing research tends to be more structured than qualitative research methods due to its focus on numerical data and statistical interpretations. Quantitative research can either be paper-based in the form of a postal survey – or computerised such as an online survey or telephone call. (British Library).

4.1 Qualitative research

In this study, the most appropriate analysis method that answers the research questions and meets the objectives is the qualitative research method. The method is based on gaining a deeper understanding of a research phenomenal as well as getting detailed data and participant views or opinions on the research issue via such methods as an interview.

The research process will explore the concept of collaborative CRM and involve participants in two groups of customers and employees to gain their views on the research issue. Besides, it will examine the need for CRM in the organisations. The justification for selecting the qualitative research approach is based on the idea that it provides detailed data necessary to gain a deeper understanding of the research under review (Demo & Rozzett, 2013)

4.2 Data collection process

Viable data collection methods were used to establish facts about the benefits of CCRM at the company under investigation. The research is qualitative in nature and aimed at exploring various sources of data to acquire information which would be relevant to the understanding of motivators, opinions, and reasons behind the adoption of CRM (Labaree, 2009).
Relevant data took the form of primary and secondary data to ensure a robust presentation of factual information. The target population comprised employees who should have firsthand experience of the CRM concept in place within the organisation and how it aids in improving both performance and customer experience their organisation.

Since the collaborative CRM process is a joint and continuous efforts between organisational departments, it was suitable for the sampling technique to be purposeful. Purposive sampling method may prove to be effective when only limited numbers of people can serve as primary data sources due to the nature of research design and aims and objectives. Not only that, but purposive sampling is one of the most cost-effective and time-effective sampling methods available (Dudovskiy, 2016). Using the probability purposeful sampling technique, the researcher selected a representative from two different departments all who had daily contact with customers.

4.3 Interview

Interview together with focus groups are the two most important methods of gathering qualitative data. The interview is specifically used to obtain desired insight, hypothesis, clarifications et al., from a person whose position accords them a unique perspective on the subject under review. (Silver et al., 2013, 60). There is three types of interviews in qualitative market research, structured, semi-structured and narrative interview. For the purpose of this study, the author made use of a combination of structured and semi-structured interview questions to engaged the employees and the customers. The author prepared a set of pre-determined questions for both the customers and the employees at the case company. The interview questions are:

Customer’s interview questions

1. Why do you always want to come back here?

2. Price, location, customer service, your needs being met?

3. How likely is it that you would recommend this company to a friend or colleague?

Employee’s interview questions
1. How will you describe customer relationship management (CRM) in your own words?

2. Do you make use of any CRM tools here or at the head office? Salesforce, Facebook, Instagram, small talk?

3. What do you think are the challenges for not using or using them?

4. What are your ordering techniques? For example, do you consult your customers or just work in close cooperation with the supply chain to deliver products that are in stock?

5. Despite customers transaction, do you often interview customers at the POS by use of “small talks” to ascertain if they have any concern about what you have on offering

6. How do you view a customer? One time buyer or long-term partner or even friend?

7. If you are asked to do one of this, which one would you do? (1.) to win five new customers a day (2.) retain one customer each day

8. Care to ask customers occasionally on what their thoughts were about your planogram? (the visual representation of your store layout)

9. Have you made any recent changes to the planogram? What informs the changes?

10. Do you observe customer shopping behaviour when they come in to buy products?

11. Do you know if the company have a functional website? If no, do you think this is necessary?

12. How are you leveraging social media to your advantage? How many social media are you on?

13. Do you have any loyalty bonus card or program

14. If not (no loyalty program), how do you achieve your sales and promotional objectives
15. Do you have a feedback box or log?

16. Do you know anything about your hiring process?

17. What do you look out for in a sales personal?

18. Do you provide occasional training and retraining for employees?

The interview presented to the employees covers the main research questions. The questions designed and organised with the purpose of making it more visible on what the company should pay attention to when creating a customer-centric culture.

4.4 Reliability and Validity

Reliability refers to exact replicability of the processes and the results. The essence of reliability for qualitative research lies in the consistency. Validity, on the other hand, means, “appropriateness” of the tools, processes, and data. It investigates whether the research question is valid for the desired outcome. It also shows if the choice of methodology is appropriate for answering the research question, the design is valid for the methodology, the sampling and data analysis is appropriate, and finally, the results and conclusions are valid for the sample and context (Leung, 2015).

The researcher ensured that the research process was valid and reliable to provide adequate and relevant data to be used in answering research questions and achievement of research objectives. For example, by studying the ways in which respondents responded to the interview questions, the researcher was able to have a clear description of their attitudes, beliefs, and opinions concerning the research topic thereby providing a sound basis for making conclusions and recommendations.
Figure 8: An Illustration of reliability and validity, Source: www.precisionconsultingcompany.com

Neither valid nor reliable
The research methods do not hit the heart of the research aim (not ‘valid’) and repeated attempts are unfocussed

Reliable but not valid
The research methods do not hit the heart of the research aim, but repeated attempts get almost the same (but wrong) results

Fairly valid but not very reliable
The research methods hit the aim of the study fairly closely, but repeated attempts have very scattered results (not reliable)

Valid and reliable
The research methods hit the heart of the research aim, and repeated attempts all hit in the heart (similar results)
5 Discussion

Most of the organisations in the contemporary business environment face a variety of business challenges and complexities in operation due to competition and sustainability issues. It has, therefore, become paramount for businesses to understand all the contributing elements of groups to understand how the elements can be enhanced to improve organisational performance. Based on conclusions made earlier in the literature review, it is clear that a lot of internal and external players influence organisational success. According to Demo & Rozzett (2013), customers play a crucial role in the success recipe of a company mostly because they are the fundamental source of value and income for business.

The case company, for instance, fails in some of this aspect. It was observed that they do not have a customer feedback log or box in their store. This apparently is one of the most traditional and inexpensive methods employed by many businesses, including big retail companies to effectively collect customer’s information and manage complaints. Finns and Finland resident are naturally muted people who prefer a non-verbal channel to express their needs or anger. This is a point that the case company has either not considered or for some reasons ignored totally.

A visit to the company Facebook page also showed little or no attempt at interacting with the customer base. It is also important to point out that, the company do not have a functional website. Using a great visual branding on its social media and website, the company can generate more buzz about new products, promotional products and encourages supposed angry customers to use the platform to vent their anger. This not only creates an avenue to manage such complaint but also improve brand loyalty and goodwill.

From the interview, it became apparent that the case company’s activities and value delivery system are still mainly influenced by its supply chain. To provide clarity, one of the employees stated that, they frequently order products that were available at their suppliers without giving much attention to the buyer’s need. While this is understandable since the case company operates in a niche market and are expected to deliver certain kinds of products at all time. Nonetheless, it still needs to place the customer needs at the centre of its operations to retain customers and maintain market leadership.
By and large, keeping customer experience as excellent and accommodating as possible is the best way for the company to position itself as a quality brand which not only creates repeated purchases but also helps promote the brand to other new customers. If the customers love the customer service, then they feel appreciated, and this will motivate them to tell other potential clients about the brand, creating a chain of value and improved public image (Zulkiflin & Tahir, 2012).

In this thesis, the author explained collaborative customer relationship management as a process by which the various departments in a business exchange data to give information concerning their service delivery experiences with the aim of understanding and managing the consumer need. The CRM is a significant generic tool used by all corporate establishments to develop a critical understanding of customers to grasp their behaviours and requirements. The research shows that the case company (Tej Mehal) is already leveraging small talks to engage the customers in this respect. As part of the research process, the author used observation techniques to evaluate the overall organisational culture as it concerns customer-centricity. It was revealed that all the employees responded proactively to customers and helped to a superior shopping experience by way of suggesting better quality product and cheaper but equally good product among competing products.

The initiative was consistent with the idea of collaboration with the customers, that is, a combination of ideas and opinions from different employees which improve the communication systems of the company through enhancing relationships. The concept that was examined in the literature review shows that improving customer experience cannot be achieved by managerial intervention on its own but also requires the synergy of various departments (Maya & Mishra, 2012). In order words, employees are the people primarily responsible for attending to the customers, and how efficient they are in their job sends out a positive perception to the customers. To improve value proposition and value delivery system, Collaborative CRM comes in as a management mechanism whereby various employees give experiences about different customers they have encountered. CRM can at the same time act as is a source of ideas and job satisfaction by way of lifelong learning and personal development for employees who wish to improve their service delivery significantly.
5.1 Recommendation

Part of the objective of this thesis was to provide viable recommendations to the case company, Tej Mehal. More importantly is to give details on how it can implement and employ Collaborative CRM to improve its operations and service offerings. As has been evident throughout this thesis, that collaborative CRM is a valuable tool in improving customer retention since it provides relevant information which enables a company to develop customised goods and services that suit consumer profile. Thus, It is a useful instrument since it not only involves the management and marketing agents’ role but also engages the employees from various departments thus helping to build an organisational culture founded around consumer satisfaction. However, this concept is still new to some organisations, and some of these organisations do not fully understand how they can optimise this function to receive a 100% understanding of consumer behaviour that ultimately impacts the company’s profitability and growth. It is, therefore, important to provide recommendations on how an organisation is likely to enhance and apply their CRM system to get maximum benefit from its application.

Business systems cannot work without the total participation and efforts of employees. According to Wahlberg, Strandberg, Sundberg & Sandberg (2009), the CRM system cannot operate on its own, and its success also cannot depend on employees who have no understanding of what the process entails. The incorporation of CCRM should be introduced like a new technology whereby all employees are orientated on how the process works and then allowed to practice under monitoring. Training employees on collaborative CRM will not only enable them to have a firm grip of what they should look out for in their day to day customer encounters but also encourages them to share their experiences amongst one another leading to a customer-centric culture. Furthermore, the case company should adopt online marketing to target more clients. This can be a source of bringing in new information for the existing and future CRM systems. Online marketing is a new trend being adopted by various businesses that allow consumers from all over the globe to access the goods and services of an organisation with ease. It is, therefore, a place whereby the buyer and seller meet and connect. In accordance to Zulkiflin & Tahir (2012), use of social media and internet, for example, provides an important platform that allows the customer to open up about their experiences and give feedback concerning the quality of goods and service offered by a company. It is, therefore, a useful tool to facilitate the role of CRM to an organisation. Although the case company already had a functional Facebook page, it came to be seen
that the page has little or no engagement with the customers. The group also do not have a website for its chains of store located in Finland.

For customer relations management to be effective there, need to be improved communications between the customer and the organisation. It is important for a company always to have a customer service hotline and a customer service department working round the clock to ensure that customer’s questions are attended to as at when due. The customer care staff should have employees with good public relations and excellent understanding of the organisations to be able to respond to complaints in the most efficient manner (Mishra & Mishra, 2009). The company should make communication between customers and organisation easy whether through email, feedback box and log book, call or messaging either through text or social media. The customer care agents should be patient with clients and listen to everything they have to say constantly acknowledging them, in order to make them as comfortable as possible. Such a process allows a customer to feel free to say out their unmet needs. It also makes them feel valued and always wanting to come back.

It is important for the case company to always keep its customer base up to date with their latest trends, changes and promotional offer. Anything that affects customer service adversely should be duly communicated through the appropriate channels to avoid bad reviews and customer loss that is prevalence in the retail business.
5.2 Reflection on learning

The author's central learning objective of this thesis was to write something he can truly identify with. I wanted to write a thesis that focuses on key elements of creating values to the customers by involving them in the value creation and delivery system. Initially, this was challenging and very exhaustive, but with inputs from my supervisor and due consultation of relevant books and article publications, the thesis was a reality. The various literature reviews that were used in this thesis acted like a big eye opener and helped me to a fuller understanding of the fundamentals of relationship management. The whole process afforded me the opportunity to improve on learning and the ability to spot the big pictures.

This thesis also enhanced the authors' time-management skills since the author has to create an amiable balance amongst writing the thesis, following up with the client company and his professional working life.

Finally, I am also inclined to give a big kudos to the client company, Tej Mehal. Working with them was smooth and it provided a platform for me to apply most of the theories found in the literature review in practice. The employees of the company are great professionals and are easy to work with. I truly hope they would find the thesis helpful now or at some point in their business activities.
6 References


