CUSTOMER RELATIONSHIP MANAGEMENT IN PING AN LIFE INSURANCE COMPANY OF CHINA, LTD

Thesis

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Abstract

This thesis utilized the systematic research about the latest Customer Relationship Management (CRM) theories to get more theoretical information, and then took a Chinese-funded insurance company-- Ping An Life Insurance Company of China, Ltd (Ping An) for the case study. The thesis aimed at giving some suggestions for improvements of the Ping An's CRM, which are based on the theoretic and practical research about CRM. Furthermore, the case study also could give some suggestions about the CRM's implementation to other insurance companies and especially for the insurance companies with weak competitiveness in order to help them to confront the competition better.The main research problem of this thesis was to analyze how Ping An could operate integrated CRM. It involved finding out what the Ping An's actuality and existing weakness in CRM is, and what the improved solution for the Ping An's CRM and the proposal on the future development of Ping An's CRM are.

This thesis entered upon the definition and meaning of CRM, and then researched the reasons of CRM's emergence and the relevant theories of CRM, thereby providing the theoretical basis to the case study. The research process was mainly carried out in China through exploratory research about the current situation of Ping An's CRM to achieve the constructive research about the future development of Ping An's CRM.

The results of the research for the implementation of Ping An's CRM showed that like the most of Chinese-funded insurance companies, Ping An's CRM is not a professional and a strategic CRM and especially lacks technical and systematic supports that cannot achieve the desired results. So, for majority of insurance companies, including Ping An, there should be a comprehensive CRM plan which is based on company's actuality to guide and improve it.

Keywords
CRM, Ping An, insurance company, implementation, actuality, existing, future development

Note

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1 INTRODUCTION

With the China entering the WTO (World Trade Organization), the restriction of insurance industry has been relaxing gradually. Against this background, various domestic-funded, foreign-funded and joint-ventured insurance companies have accessed Chinese insurance markets. So today, the whole insurance industry in China is facing more competition, especially some Chinese-funded insurance companies. According to the marketing research of the Beijing IRC (Insurance Regulatory Commission) in 2007, including 5,000 interviewers, 48.8% of them would like to buy insurance from a foreign-funded or joint-ventured insurance company and just 25.4% will choose a domestic-funded insurance company. (Beijing IRC 2007)

Actually in China insurance industry is a new and developing industry and most of domestic-funded insurance companies have plenty of disadvantages like capital, strategy, service and management that affect their competitive powers. But as a service industry the most important factor for an insurance company is the customer relationship. An advanced and systemic management of customer relationship is with no doubt an important tool that assists some famous insurance companies in the world to keep the current customers, regain lapsed customers and attract the potential customers due to their long-term success in a competitive environment. In order to keep up with the development of insurance companies in the world, Chinese-funded insurance companies need to learn how to create comprehensive Customer Relationship Management and then to occupy a bigger share in the insurance market. (Cao 2002)

This thesis will utilize the systematic research about the latest Customer Relationship Management theory to help some insurance companies get more theoretical information and then take a Chinese-funded insurance company-- Ping An Life Insurance Company of China, Ltd (Ping An) for the case study. The combination of the theoretical Customer Relationship Management and the practical case study will not only give some recommendations and improved solutions to some Chinese-funded

insurance companies that include Ping An, but also well for the importance of evaluation about Customer Relationship Management to the insurance industry.

In this thesis the main research problem was to analyze how Ping An could operate integrated Customer Relationship Management. It involved finding out what the Ping An's actuality (current state) and the existing weaknesses in Customer Relationship Management is, what the improved solution for the Ping An's Customer Relationship Management is and what the proposal on the future development of Ping An's Customer Relationship Management is.

In the first part of the thesis, the theory of Customer Relationship Management and other relevant theories are described. The second part is an empirical part that discovers the insurance company's actuality and existing problems about the Customer Relationship Management. Finally, in the result part of the research, the specific implementation and solution for improving the insurance company's Customer Relationship Management are introduced and then some recommendations and improved solutions about the Customer Relationship Management are given to insurance companies. Also the importance of Customer Relationship Management to insurance industry is evaluated.
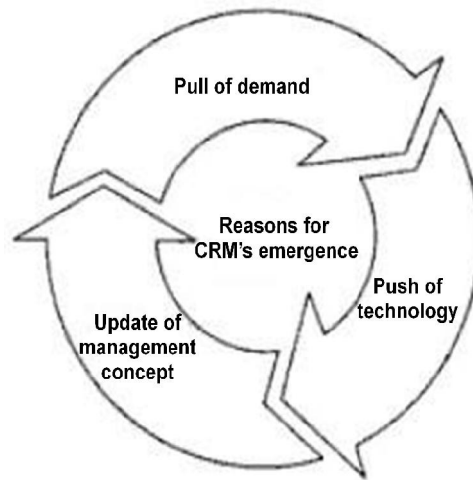
2 CUSTOMER RELATIONSHIP MANAGEMENT

With the acceleration of global economic integration process, the markets today have changed from the production and sales-oriented marketing to customer-oriented marketing. In this situation, the vital factor to enhance the corporation's competitive powers is customer relationship, like Peter Drucker said: "The business of business is getting and keeping customers". High quality customer service and satisfaction will relate to corporation's revenues, profits and market share closely. Thus, facing a highly competitive environment, more and more corporations are realising the importance of Customer Relationship Management (CRM). (Anton and Petouhoff 2002, 11)

2.1 Reasons for the Emergence of CRM

CRM originated in the "Contact Management" which was put forward in the 1980's. The "Contact Management" is a set of specialized management to help the enterprises to collect and sort the information of contact between the customer and the enterprise. In 1985, Barbara Bund Jackson put forward the "Relationship Management" to a concept. It helps people to take a new step for the research of marketing theory. In the early 1990's, "Contact Management" evolved into "Customer Care" which includes Call Centre and Support Data Analysis. Till 1999, Gartner Group first put forward the "Customer Relationship Management" to a marketing concept, and then the CRM has become a complete set of management theory system. (Zhang 2009)

In general, the reasons which cause the emergence of CRM can be analysed from three factors below:

Figure1. Reasons which cause the emergence of CRM

(Shao and Yu 2004, 2)

2.1.1 Pull of Demand

In recent years, many enterprises have paid more attention to the informationization to achieve good economic benefits, but in the process of implementation, most of the enterprises have to face a common problem. The problem is the level of informationization in sales, marketing and service cannot adapt to the requirements of business development. Therefore, more and more enterprises start to realize the need to advance and enhance the automation and scientification in normal business life. (Zhang 2009)

In the previous business process, the problems which exist in the enterprises normally can be summed up in two parts. Firstly, it is difficult for the sales, marketing and service sectors of an enterprise to gain the requisite customer interaction information. Secondly, the information from sales, customer service, marketing, manufacturing, inventory and other departments is scattered in the whole enterprise, and the scattered information cannot help the enterprise to get a full understanding about the customer situation. Meanwhile each department cannot face the customer separately when the information has not been collected. Consequently, for most enterprises the best choice to solve these customer problems is finding an effective measure like collecting the

customer information and activities from different departments, establishing a customer-centric enterprise and achieving a comprehensive customer management. All these situations are the demand base for CRM's emergence. (Zhang 2009)

2.1.2 Push of Technology

With the high development of Computer Technology, Telecommunication Technology and Network Applications, the process of CRM's development has also accelerated. Because the development of Information Technology makes the application of information become possible in the following: (Shao and Yu 2004, 5)

- Customers can access the enterprise and do business by telephone, fax, network and other technical ways.
- All the employees who deal with customers can fully know the customer relationship, trade with the customers based on their demands, understand how to do the vertical and horizontal marketing with customers and record the customers' information.
- It can make the planning and assessment for marketing activities and get the perspective for all aspects of the activities.
- It can track all sales activities.
- The system users can access the enterprise's business processing system and get customer information anywhere and anytime.
- The information application has the analysis capability on marketing and sales activities.
- It can provide the information of cost, profit, productivity, risk and other useful factors to the enterprises, and make the multidimensional analysis in the customers, products, functions, geographic area and other aspects.

The aspects of information application above all focus on customers. And customer information is the basis for CRM. The development of data warehousing, Business Intelligence, Knowledge Discovery and other technologies help the customer in the

collection, collation, processing and utilization of information to achieve significant improvement. (Shao and Yu 2004, 6)

2.1.3 Update of Management Concept

In this era of change and innovation, one step ahead the competitor could mean success, and a new management concept could help the enterprise to take the winning step.

In the process of developing the management concept, with the evolution of the marketing environment and thinking, the concept has gone through five stages: product-oriented period, sales-oriented period, profit-oriented period, marketing-oriented period and customer-oriented period. With the arrival of customer-oriented period, more and more enterprises focus on establishing a common victorious relationship with customers in order to achieve a win-win situation, rather than trying to gain all possible profit from their customers. (Zhang 2009)

Facing the update of the management concept, enterprises require a new systematic management process which focuses on customers; the new management also needs enterprises to synchronize their own business operation with the customer demands, make and implement the different mode of operation for different customers, to achieve and meet the real needs of every customer. Accordingly, CRM emerges as the demand. (Zhang 2009)

2.2 The Introduction of CRM

The introduction of CRM involves the definition, meaning and objective of CRM and the key points in the implementation of CRM, those four parts will present the basic knowledge of CRM.

2.2.1 The Definition of CRM

As a new and developing management concept, a large number of researchers and organizations have put forward their own definitions of CRM. And the typical definitions are as follows:

The earliest one to put "Customer Relationship Management" forward to a concept was a famous information technology research and advisory firm - Gartner Group. They thought CRM is a widely-implemented business strategy that focuses on customer segmentation to organize the customer-centric enterprises, and thus satisfy the customer needs and increase the revenues and profits. (Gartner Group 2001)

Burghard and Galimi have defined the further CRM and added some new concepts in it. They thought CRM is a concept which focuses on customer needs and demands that re-design the enterprise and its information technology-driven business process, CRM combines a series of methods, software and Internet access capability with customer-oriented business strategy and aims to get the profits and achieve high customer satisfaction. (Burghard and Galimi 2000, 2-3)

Another different typical definition by Hurwitz Group is a comparatively integrated conception. They considered CRM as a set of principle, but also as a set of software and technology. CRM focuses on automating and improving the customer relationship-related business processes such as sales, marketing, customer service and support areas. The objective of CRM is to reduce the sales cycle and marketing costs, to increase the revenue, find new markets and channels for expanding the business needed and to enhance customer value, satisfaction, profitability and loyalty. The application software of CRM can carry out the best practice and utilize the advanced technology to help enterprises achieve the objective above; it simplifies and coordinates various businesses like sales, marketing, service and support, meanwhile, through a variety of channels of communication with customers such as face to face, telephone and Internet to satisfy the customer needs. (Shao and Yu 2004, 6)

Overall, the above different typical definition can be concluded in points as follows: (Zhu, Nan and Wang 2004, 2-4)

- CRM is a modern concept of management, the core of this concept includes: regarding customer as the centre, taking the customer as the resource and through customer care to achieve customer satisfaction.
- CRM contains a set of solutions that collect the newest information technology today like Internet, E-Commerce, Data Warehouse and Data Mining, Expert System and Artificial Intelligence, and some other technologic equipment and professional consultation which relate to CRM.

- CRM means a set of application software system in the normal working and living environment generally.

2.2.2 The Meaning of CRM

Through the definition of CRM, the CRM can be comprehended from three aspects: concept, technology and implementation. Concept is the crucial factor to the success of CRM, and it also is the basis for the implementation of CRM. Technology is the means and methods for the implementation of CRM, implementation is the direct factor for determining the impact and success of CRM. (Shao and Yu 2004, 7) These three aspects of CRM can constitute a steady triangle of CRM:
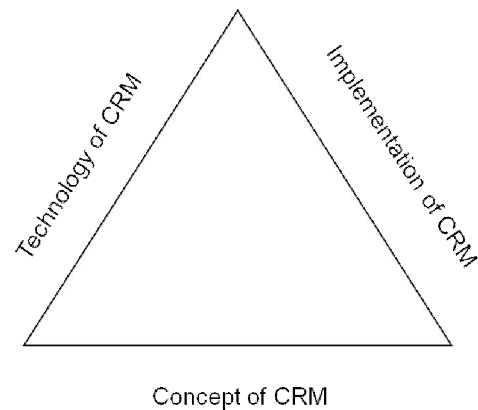
Figure2. The triangle of CRM (Shao and Yu 2004, 7)

CRM is a modern business and management concept which focuses on customer

- Customer is one of the important resources for the development of enterprise: For the enterprises, efficient organization and planning of their own resources can help them to achieve long-term development. Actually, with the society's development, the meaning of enterprise resources also has been extended. The enterprise resources are some tangible resources like land, equipment, factory, raw material, finance and so on. Then, with the development of society, the meaning of enterprise resources has extended to some intangible resources like the image, technology, patent, information, customer relationship and so on. Especially today, the market has changed from the production and sales-oriented marketing to customer-oriented marketing, so that the choice of customer will determine the enterprise's destiny and future. Therefore, the customer has become one of the important resources of the enterprise. (Tzokas and Saren 1997, 105-120)

- Strengthening the management of relationship between the enterprise and the customer: The relationship between the enterprise and the customer usually includes: business relationship in sales process, relationship in marketing and relationship in after-sale service that enterprise provides the care activities to customer. For the enterprise, making a comprehensive management for relationship

with the customer will significantly enhance the marketing capability of the enterprise and reduce the marketing cost and customer complaints in marketing process. So, the management of relationship between the enterprise and the customer is one of the important management concepts in CRM system. (Anderson and Kerr 2002, 2-8)

CRM is a modern information technology that reflects the advanced concept

The technology of CRM combines with a lot of the newest technologies like Internet, E-Commerce, Multimedia, Data Warehouse and Data Mining, Call Centre, Expert System and Artificial Intelligence, and these kinds of technologies are usually reflected in the various software of CRM. Normally, the technology of CRM is an efficient tool and platform that can help the enterprise to make the systematic management of customer relationship, but it is not equal to the concept and the strategy. CRM technology contains current advanced software, developed techniques, business models and marketing theories, actually, it is the reflection and embodiment of the advanced concept. (Shao and Yu 2004, 7)

CRM's success is determined by a systematic implementation

Implementation of CRM is a solution which combines the concept and the technology. Generally, a completed implementation process will help the enterprise to increase the efficiency and the profitability through the analysis and research. In the process of implementation, the first important thing is determining the goals and challenges of implementation, which because the consciousness of risk prevention will ensure the project can be completed in time with the limited resources and it also will avoid the risk or reduce the risk in the minimum. Another important point in CRM is the sufficient utilization of technology, because an integrated CRM system is the combination of the strategy and software, CRM implementation with the efficient technology will help the enterprise to make the full use of resources, automate the business operation and increase the production efficiency. So, the way to implement the CRM will affect the

probability of CRM's success that is necessary to make a systematic implementation of CRM. (Shao and Yu 2004, 7-8)

As a result, in a successful CRM, concept, technology and implementation look like a triangle that cannot lack anyone. Only sufficiently using the CRM with the modern concept, advanced technology and perfect implementation could help the enterprises to optimize their resource allocation and then get the good situation in the fierce marketing competition. (Shao and Yu 2004, 8)

2.2.3 The Objective of CRM

CRM is the strategic concept that can provide the strategic to help the enterprises, and the objective of CRM can be analyzed in three aspects that are improvement of efficiency, development of market and customer retention. (Shao and Yu 2004, 10-12)

- Improvement of efficiency: Through the usage of information technology, the enterprise can improve the automation level of business process to achieve the information sharing and then promote the ability of staff to reduce the training requirement. So, CRM can help the enterprise to get more efficient business operation.

- Development of market: Through a new business mode in CRM, the enterprise can expand the scope of business to grasp new market opportunities and occupy bigger market shares.

- Customer retention: From the customer service system in CRM, the customers could choose their favourite way to communicate with the enterprise in order to get the information and service from the enterprise better. With the improvement of customer satisfaction, more regular customers can be retained and more new customers will be attracted.

2.3   The Key Points in the Implementation of CRM

The key points in the implementation of CRM are the emphases which need to be concerned when implementing the CRM. In the following part, four key points in the process of CRM's implementation are presented. To ensure CRM's success, these key points are essential. (Zhang 2009)

Determining the business goal

Before the CRM's implementation, the enterprise should determine the business goals such as improving customer satisfaction, shortening sales cycle, increasing the probability of transaction, etc from this kind of new system first. Actually, the key point of this step is to understand the value of CRM. (Zhang 2009)

Establishing a staff of CRM

To achieve a successful CRM, managers could consider the overall business and operation of the enterprise and then establish an effective workforce which is rich in the knowledge of CRM. At the same time, the employees of the CRM staff should be delivered to every department in the enterprise. (Zhang 2009)

Assessing the process of sales and services

Before determining the CRM's feasibility, the enterprise could spend more time on making a detailed planning and analysis for the business process to prepare the CRM assessment. In the process of assessment, managers could collect information and opinions from all sides of the enterprise in order to find the current problems in the process of sales and services, thus to determine the feasibility of CRM. (Zhang 2009)

Analyzing the customer state

In CRM, the analysis and management of "customer state" are very important. With the help of CRM, the enterprise could get the information of state from the customer and provide the information of the enterprise to the customer. Thereby, the enterprise could through the unceasing interaction with the customer to understand the customer's behaviour to prepare for the customer retention. Meanwhile, the customer state in a dynamic process also can be realized and analyzed from the implementation of CRM. The enterprise through the information of the customer state to find out the profit contribution of different customers, thus to choose the appropriate products for satisfying the customer's demand, and then trade with the customer through a corresponding channel in a appropriate time. (Zhou 2001)

2.4 Identifying Barriers to CRM's success

In the implementation of CRM, finding the barriers to CRM success could help company to develop its CRM programmes. Generally, the barriers which will affect the CRM success always involve the points as the following. (Payne 2006, 336)

Lack of skills

To the implementation of CRM, lack of skills in establishing and utilizing the new IT-based CRM system are the major barriers. In a large-scale CRM implementation project, technically skilled people always are important part. In operating the CRM programme especially some new systems, though more and more enterprises realized the importance of employee's skills, the most of enterprise's executives still relied on vendor training to ensure the employee's skills. But actually the training method is not the only way and not always effectual. So, the employee's CRM skills need to enhance in order to ensure the CRM's success. (Payne 2006, 336)

Inadequate investment

To operate the CRM, adequate funding is an indispensable requirement. Particularly, for some large-scale projects, adequate investment will provide the financial basis to

the CRM's implementation. So, the company could make a systemic plan for CRM's long-term development and prepare adequate funding to extend the CRM system. (Payne 2006, 336-337)

Poor data quality and quantity

As the combination of the management concept and the technical system, CRM needs a large numbers of databases. If a company cannot ensure the quality and the quantity of the data in the process of CRM's implementation, CRM cannot give full scope to the company. But in company's different stages of CRM development, the emphasis levels of the data quality and the data quantity are different. For some companies which at the early stage of CRM development, data quality is the key point; but for some developed companies which plan to undertake or have undertaken the data cleansing and the de-duplicating, data quantity is more important than data quality. (Payne 2006, 337)

Failure to understand the business benefits

Low awareness of the business benefits also will affect the CRM's success. Like some senior management of company always have a low understanding of the marketing database which is the key issue of the CRM's analysis and research, but in CRM's implementation, especially in the earlier stage, data warehouse cannot be neglected that because it could help the company to forecast the potential benefits and profits after the analysis. So, for seeking the true objectives and maximizing the profits, the company really should understand the business benefits firstly. (Payne 2006, 337)

Lack of leadership and top management involvement

For the CRM's long-term success, the best leadership and top management's involvement play the important roles. Actually, the roles of leadership are to keep the executive in high level, make the decisions decisively and to ensure that the idea is innovative, but the most important role of leadership is to grasp the overall situation

and try to be the real champion in the process of CRM's implementation. Therefore, if a company lacks the powerful decision makers and the management team, the success of company's CRM will be affected by these future barriers. (Payne 2006, 337-338)

2.5 Relevant Theories of CRM

In CRM, there are plenty of relevant theories that need to be considered. In this part, some of the most relevant theories of CRM for analysis will be emphasized.

2.5.1 Customer Life Cycle

In CRM, Customer Life Cycle is used to describe a series of steps which the customer has experienced a long-term consideration of the time in the process of purchasing, using and loyalty maintaining to the product or service. Marketing analysts Jim Sterne and Matt Cutler have divided the Customer Life Cycle into five steps that are reaching, acquisition, conversion, retention and loyalty. Normally, these five steps represent a cycle which contains attracting the potential customer's attention, showing them what you will offer, changing them into paying customers and then keeping them as a loyal customer to urge other more customers to join this cycle. (TechTarget 2001)

From the analysis of the Customer Life Cycle, in plain terms, the core of the Customer's Life Cycle process is customer acquisition and customer retention. (Buttle 2010, 227)

Customer acquisition

For the establishment of valuable customer base in the company, the customer acquisition is the first issue and key factor. Especially for some new companies and some new products, the acquisition of customers turns out to be more important. But before customer acquisition, there are three major points that should be considered and defined. Those are target prospect, communication method and communication

content. And in the customer acquisition process, it typically contains acquiring more customers, acquiring customers with the lowest cost, acquiring more attractive customers and acquiring customers by utilizing new channels. To achieve customer acquisition successfully, the operational applications of CRM such as lead management, campaign management and event-based marketing are necessary tools. (Buttle 2010, 253 and Payne 2006, 140)

Customer retention

The purpose of customer retention is to keep a high proportion of valuable customers through reducing customer defection. Normally, the costs of cultivating the existing customer base are far less than the costs of attracting new customers, most surveys show that the profits of retaining existing customers are five to seven times bigger than the profits of attracting new ones. (Kotelnikov 2010)

For the company, there are three major steps which could perfect and improve the implementation of customer retention. (Payne 2006, 148)

- The Measurement of customer retention: It involves two parts that are measurement of the retention rate of the existing customers and customer loyalty and profitability analysis by segments. In this step, the company uses the measurement of present customer retention rate to research and understand the future potential profit of each customer segment.

- Identifying the reasons of defection: Defection of the customer may be inevitable, but the company could control unnecessary defection through the identification of defection reasons. In order to implement an improvement customer retention programme, the company could find the cause for customer defection from the interior and exterior as the beginning. Meanwhile, communicating with the defection customer and trying to repair relations with them timely could help the company to achieve successful customer retention.

- Correcting actions to enhance retention: After identifying the reasons of defection, taking remedial action is more important. The issues of corrective action involve getting the support of the top management, ensuring employee satisfaction, establishing the long-term customer relationship, improving the company's performance by best practice techniques and developing a plan to achieve customer retention strategy.

2.5.2 Customer Delivered Value

"Customer Delivered Value" was put forward in 1996 by Philip Kotler; it is the difference or balance between the Total Customer Value and the Total Customer Cost. The Total Customer Value is the total benefits which the customer expects to get from the product or service; it consists of product value, service value, personnel value and image value. The Total Customer Cost is the total costs which the customer expects to expend in evaluating, obtaining, using and disposing of the product or service; it contains monetary cost, time cost, energy cost and psychic cost. (Kotler 2000, 34-35)
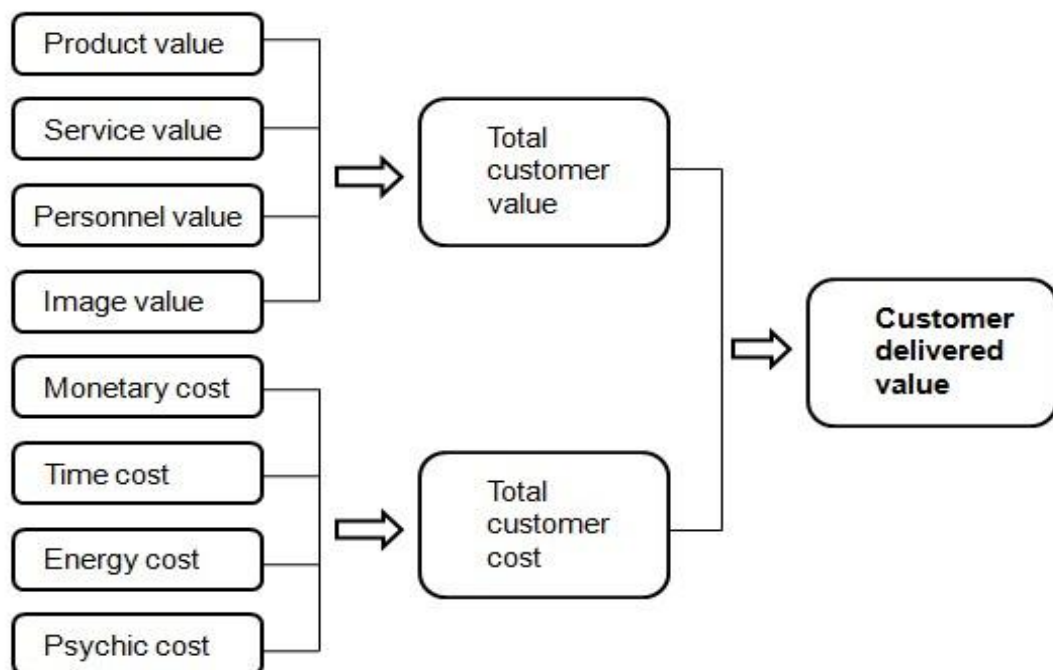

Figure3. Determinants of Customer Delivered Value (Kotler 2000, 35)

When the customers purchase the product or service, generally, they hope to get the maximum benefits from their purchasing in order to satisfy themselves, but at the same time they also hope to minimize their total costs. Therefore, in the purchasing process, the customer will make a comparative analysis about the value and cost carefully, and then choose the product or service in the maximum value but minimum cost that is the maximum Customer Delivered Value for their purchasing. So, the Customer Delivered Value determines customer satisfaction and loyalty directly. (Cheng 2008)

For the business strategy of a company, the meaning of "Customer Delivered Value" is to structure the integrated product value chain, and then proceed from the value of the overall customer and achieve accurate positioning in the mind of the customer. So, Philip Kotler's "Customer Delivered Value" is the theoretical basis to help the company maintain the effectiveness of customer relationship in modern marketing. (Cheng 2008)

2.5.3   Customer Satisfaction

"Customer Satisfaction" is a frequent phase in CRM, and now it becomes a new concept of marketing strategy which is noticed by more and more enterprises. Kotler considers that "Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". So, the objective of the company's marketing is to enhance the product's perceived outcome to advance the customer's expectation for aspire after the "Total Customer Satisfaction". (Kotler 2000, 36)

Because "Satisfaction" is a feeling and "Customer Satisfaction" is an abstract concept, it means that the "degree of satisfaction" is difficult to measure, but the situation of customer satisfaction can be measured by research and survey with a set of statistics using a Likert Technique or scale (Kessler, 2003, 39-51). Like the "Correlation curve of Customer Satisfaction" which was made by Schwenk, it is the final statement of customer satisfaction statistics. In the "Correlation curve of Customer Satisfaction", when the customer service of an enterprise in a general level, the customer's reaction

is not strong, but when the service quality of the enterprise rises or reduces to a certain extent, the praise or complaint will increase several-fold. (Zhu et al. 2004, 15-18)

Therefore, "Customer Satisfaction" is a direct factor that affects the customer behaviour and customer loyalty. Attaching the importance to the Customer Satisfaction in CRM is a good way for the enterprise to understand customer behaviour and build customer loyalty. Moreover, through the implementation of CRM, the enterprise can analyze the customer data and information to know and hold the trend of reputation correlation curve to benefit for improving and enhancing Customer Satisfaction. (Zhu et al. 2004, 15-18)

2.5.4   Customer Segmentation

Customer Segmentation involves dividing the customers into homogeneous customer segments based on the customer characteristics and attributes which are based on the geographic, demographic, psychographic, benefit, usage and loyalty factors. (Payne 2006, 67-68)

- Geographic segmentation: The geographic factor of customer segmentation is based on the customer's location. Normally, the customer location could be segmented by geographic units such as nations, states, regions, counties, cities, cultures and climates. Through geographic segmentation, the company could tailor the marketing strategy which contains product, service, sales method and advertising to meet the needs of individual geographic areas, and thereby achieve the company's localization. (Nair 2010)

- Demographic segmentation: This kind of segmentation differentiates customers by a variety of factors that include age, gender, family size, income, occupation, education, social class, ethnicity and religion. For the company, the objective of demographic segmentation is to get more information about the potential market and prospective market, and then do good preparation in order to ensure that the customer needs of the target group are fulfilled. (Naik 2010)

- Psychographic segmentation: The psychographic segmentation normally differentiates customers by analysing customers' behavioural patterns, lifestyle characteristics, attitudes, opinions, personalities and perceptions of the company. The company could analyze these factors through psychographic segmentation to understand the psychology of the customers and then determine how to approach customers easily. (Thadani 2010)

- Benefit segmentation: Benefit segmentation is the kind of segmentation that classifies the customers on the basis of the benefits which the customers are looking from a product. According to the analysis of the benefit segmentation, the company could find the customer needs and demands efficiently to maximize the benefits and profits of the products and avoid the resource wasting. (Payne 2006, 67)

- Usage segmentation: This segmentation is to divide the customers into some segments according to the type of the customers using the products. The customers are usually divided into four types that are heavy users, medium users, occasional users and non-users of the products or services. For many products, it really is a very important variable factor. (Payne 2006, 67)

- Loyalty segmentation: Loyalty segmentation is the segmentation that differentiates the customers through identifying the customers' loyalty for the product, company or brand. Generally, customer loyalty always is classified by three types that are very loyal, moderately loyal and disloyal. According to the loyalty segmentation, the company could group the customers on the basis of the same loyalty and then make sure that the products or services are targeted at corresponding customers. (Payne 2006, 67)

In a company, Customer Segmentation is an effective tool to identify the most profitable customers and maximize the profitability from all kinds of different customer groups. Only using the customer segmentation to realize and identify the

characteristics of the customer, companies could take a more targeted approach to their customers. (TechTarget 2003 and Payne 2006, 64)

2.5.5   Relationship Marketing

"Relationship Marketing" was put forward in 1985 by Barbara Bund Jackson. It is the strategic concept that takes the marketing as the process of interaction between the company to the customers, suppliers, distributors, competitors, government agencies and other public organization. So the core meaning of the "Relationship Marketing" is to establish and develop the good relationship with the public in marketing. (Qu 2004, 8)

Generally, the essential characteristics of the Relationship Marketing include the factors as below. (Qu 2004, 11-14)

- Two-way communication: In the Relationship Marketing, only two-way communication can provide extensive information for exchanging and sharing. Through extensive communication, the enterprise will get the support and the cooperation opportunity from all stakeholders.

- Cooperation: Normally, there are two states in relationship, one is the opposition and another is the cooperation. But in Relationship Marketing, only "cooperation" can provide the benefits and profits to all and achieve the "win-win" situation.

- "win-win" situation: Relationship Marketing aims at increasing benefits and profits through the cooperation. And in the "win-win" process, it cannot damage the benefits and profits of one party or some parties to increase the benefits and profits of other parties.

- Familiarity: To determine the relationship can keep stability and development or not, the emotional factors are important parts. Relationship Marketing not only provides the material benefits and profits to each other, but also offers emotional needs to

satisfy each other in relationship.

- Controlling: In Relationship Marketing, the enterprise needs to establish special department to track the attitude and change from all parties in relationship, thus taking timely measurement to eliminate the factors which will against the growth of benefits and profits.

Actually, CRM also is an important part in Relationship Marketing. It focuses on the customer relationship's establishment and development in marketing. So, the essential characteristics of Relationship Marketing normally embody some same principles in the process of CRM. (Qu 2004, 16)

3 RESEARCH ON PING AN LIFE INSURANCE COMPANY OF CHINA, LTD

This research part aims at finding the existing weaknesses in Ping An's CRM through analyzing the current state of Ping An Life Insurance Company of China, Ltd (Ping An), thus preparing to make a perfect plan for the future development of Ping An's CRM. The research was carried out in China, because as a Chinese-funded insurance company, Ping An's company location and its major market are all in China. So, for getting the overall data information about Ping An, the total survey process was carried out in China.

This research mainly used exploratory research about the current situation of Ping An's CRM to achieve the constructive research about the future development of Ping An's CRM.

Chapter 3 is the exploratory research part. The data and information gathering mainly relied on secondary research like reviewing the available literature. The secondary data in chapter 3 is mostly from the field survey and Ping An's public or internal documents, reports and archives. During the field survey, it was possible to visit the whole business operation of Shenzhen head office in one day and the Ping An's reference room with the help of Ping An's Contact Person - Ms. Chen. The most of Ping An's public or internal data information is from that Ping An's reference room. After data collection, analysis of the data and information is the key issue in the exploratory research process, the available information which relate to the Ping An's CRM could be classified and found from the analysis of the collected data in the exploratory research part, and then the existing problems also could be structured and identified.

In the next chapter 4, the constructive research part's achievement will be based on the exploratory research in chapter 3. According to the research of chapter 3, the

solutions to the problems which are mentioned in chapter 3 will be constructed and developed in chapter 4.

3.1 The Introduction of Ping An

Ping An Life Insurance Company of China, Ltd. was established in 2002 as a major subsidiary of the Ping An Insurance (Group) Company of China, Ltd. Ping An Insurance Group is the first insurance company in China to have a shareholding structure and it is headquartered in a coastal city of China-Shenzhen. As the first insurance company in China to have a shareholding structure, Ping An Insurance Group was established in 1988. Today Ping An Insurance Group has developed into an integrated financial services conglomerate which takes the insurance as the core and contains securities, banking, and investment businesses. In 2009, the insurance premium income of Ping An Insurance Group reached 6.899 billion yuan, the short-term insurance income was 1.965 billion yuan and the long-term insurance income was 4.931 billion yuan, and profits were 361 million yuan. (Ping An 2010)

As the major subsidiary of Ping An Insurance Group, Ping An Life Insurance Company has 35 subsidiaries, over 10,000 full-time employees, more than 2,600 associated units and a nationwide service network. Currently, Ping An is divided into three main departments which include the frontline department, the backup department and the public resource department. The frontline department consists of marketing department, agent department and integrated development department, the backup department contains business management department, claims department and customer service department, the public resource department includes human resource department, finance department and computer department. In these departments, the backup department supports the frontline department and the public resource department provides service and resources to the other departments. (Ping An 2009)

Till 2009, Ping An had 7 types of products which include more than 200 insurance products for sales. The table below shows the 7 types of insurances and their typical products. (Ping An 2009)

Table1. The main types of products in Ping An Life Insurance Company (Ping An 2009)

Type	Product name
Accident Insurance	Personal Accident Insurance, Accidental Death Insurance, Student Insurance, Gas Insurance, etc.
Health and Hospitalization Insurance	Hospitalization Insurance, Sickness Insurance, Dismemberment Insurance, Dental Insurance, Disability Insurance, etc.
Term Life Insurance	Term Annually Insurance, Level Term Insurance, etc.
Permanent Life Insurance	Whole Life Insurance, Universal Life Insurance, etc.
Endowment Insurance	Ping An Longevity Insurance, Appreciation Endowment Insurance, etc.
Dividend Insurance	Group-type Dividend Insurance, Annuity Dividend Insurance, etc.
Investment Insurance	Variable Life Insurance, Unit-linked Insurance, etc.

3.2   Actuality of Ping An's CRM

The actuality of Ping An's CRM exactly is the current state of Ping An's CRM, it will be analyzed on the basis of the following three factors.

3.2.1 The States of Target Customers

Since Ping An has offered insurance business since 1994, the company has accumulated about 350,000 target customers so far. For keeping these customers,

Ping An needs to offer good services to satisfy these customers. So, the research of the customers' structure and characteristics is the necessary step. (Ping An 2009)

The states of customer classification

Normally, customers can be classified by customer loyalty, customer purchase trend and customer distribution. (Ping An 2009)

- Classification by customer loyalty: Currently, there are in total 100,699 insurance customers which are considered loyal customers in Ping An. Customers who have purchased a variety of Ping An insurance products occupy 41% of total customers (condition 1, moderately loyal customers). Customers who have renewed the insurance for more than 3 years occupy 3% of total customers (condition 2, loyal customers). Customers who have satisfied the conditions 1 and 2 occupy 1.8% of total customers (very loyal customers). All these customers are a huge advantage of Ping An's resource.

- Classification by customer purchase trend: In the total customers, 33% have bought Accident Insurance, 31% have bought Dividend Insurance, 22% have bought Health and Hospitalization Insurance and 15% have bought Term Life Insurance. Therefore, this percentage data shows that most customers are interested in Accident Insurance, Dividend Insurance and Health and Hospitalization Insurance.

- Classification by customer location: In the total customers, there are 86% who are urban dwellers and the other 14% are living in rural areas.

The states of customer structure

In Ping An Life Insurance Company, the customers are attracted by the salesman in one-to-one "sales" way, so there are no strict restrictions when the company recruits a new insurance salesman. The company just needs to pay the corresponding ratio of

sales commissions to the salesman according to the salesman's sales records. Due to the variety of the salesman, Ping An's customers are from various stratums of society. Thereby, the customer structure of Ping An has taken on the diversity, which is shown in table 2. (Ping An 2009)

Table2. The customer structure of Ping An Life Insurance Company (Ping An 2009)

Item	Government Organizations	Enterprises and Public Institutions	Foreign-Funded Enterprises	Others
Classification by character of the company or organization which customer work in	12%	64%	8%	16%
Item	Below 10,000 yuan	10,000-100,000 yuan	100,000-1million yuan	Above 1 million yuan
Classification by annual premium	85%	11%	3%	1%
Item	No insurance renewing	Renewing the insurance for 1 year	Renewing the insurance for 2 years	Renewing the insurance more than 3 years
Classification by situation of insurance renewing	47%	36%	14%	3%

From the analysis of table 2, the customers could be classified by number of customer annual premium and situation of insurance renewing. Through comparing the premium and insurance renewing situation of different customers and profits which are provided by different customers, the customers could be divided into 4 levels in Customer Pyramid Model. (Soft6 2007)
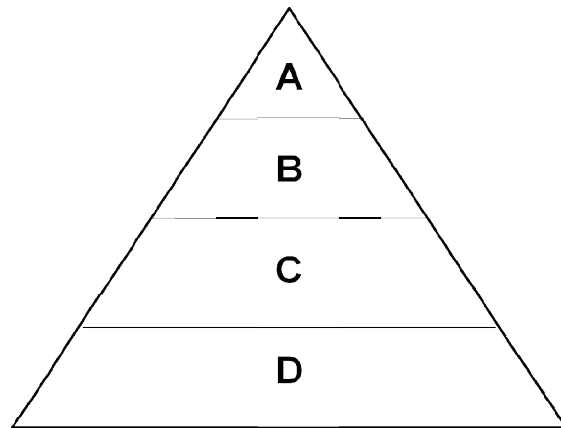
Figure4. Customer Pyramid Model (Soft6 2007)

According to the customer structure and the sales statistics of Ping An in 2009, the states of customer in Customer Pyramid Model can be easily seen. The type A in Customer Pyramid Model which in figure4 is the high-end group in insurance customers is also called platinum customers. That because it accounts for 1% of the total customers and its sales account for 45% of the total sales in Ping An. As the key customer of Ping An, the customer of type A needs more attention and service from Ping An to maintain and increase its purchase motive. (Soft6 2007 and Ping An 2009)

From the total customers, about 3% is type B that belong to the middle-end group also called gold customers in insurance customers and its sales 18% of the total sales, so the customer of type B is the group who needs to be exploited by the company. Type C as the middle and low end group which is also called silver customers account for 11% of the total number of customers but its sales just account for 12% of the total sales. Type D's sales just account for 25% of the total sales, so it is the low-end group which is also called lead customers, it accounts for 85% of the total number of customers. (Soft6 2007 and Ping An 2009)

3.2.2 Actuality of CRM's Information System

In Ping An, all the subsidiaries use the Digital Data Network (DDN) individual line to connect the headquarters for keeping the connection without let or hindrance. Till now,

Ping An has been using 6 functional systems in practical application. The systems include the Business Operation System (BOS), Management Information System (MIS), Customer Service System (CSS) and other systems. As the most important information system, MIS is composed of some subsystems which are presented in the figure4, and normally used for the collection, transmission, storage, processing, maintenance and use of information. (Ping An 2009)
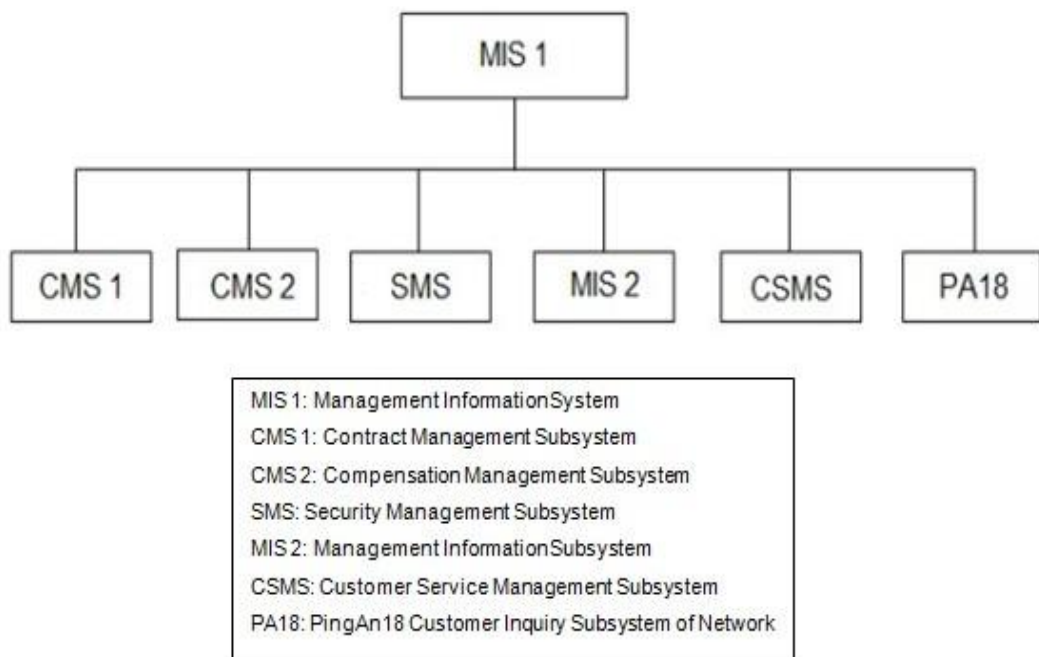

MIS 1: Management Infomation System
CMS 1: Contract Management Subsystem
CMS 2: Compensation Management Subsystem
SMS: Security Management Subsystem
MIS 2: Management Information Subsystem
CSMS: Customer Service Management Subsystem
PA18: PingAn18 Customer Inquiry Subsystem of Network

Figure5. Module of Management Information System (Ping An 2009)

In Management Information System each subsystem provides the business service as shown in the following: (Ping An 2009)

- Contract Management Subsystem: Inputting the policy, assessing and handling the customer purchase, etc.
- Compensation Management Subsystem: Inputting and handling the compensation of policy and then making the decision, etc.
- Security Management Subsystem: Modifying the customer information, notifying the change of policy's status, managing the renewal fee, etc.

- Management Information Subsystem: Making the data report of customer, etc.
- Customer Service Management Subsystem: Inputting and handling the call information and complaint from the customer, etc.
- PingAn18 Customer Inquiry Subsystem of Network: Helping customer to inquire the personal information from the internet, etc.

3.2.3 Analysis of CRM Process

There are over 10,000 full-time employees and about 8,000 insurance salesmen in Ping An, and the customer relationship has been commenced and developed with the salesmen's promotion. (Ping An 2009)
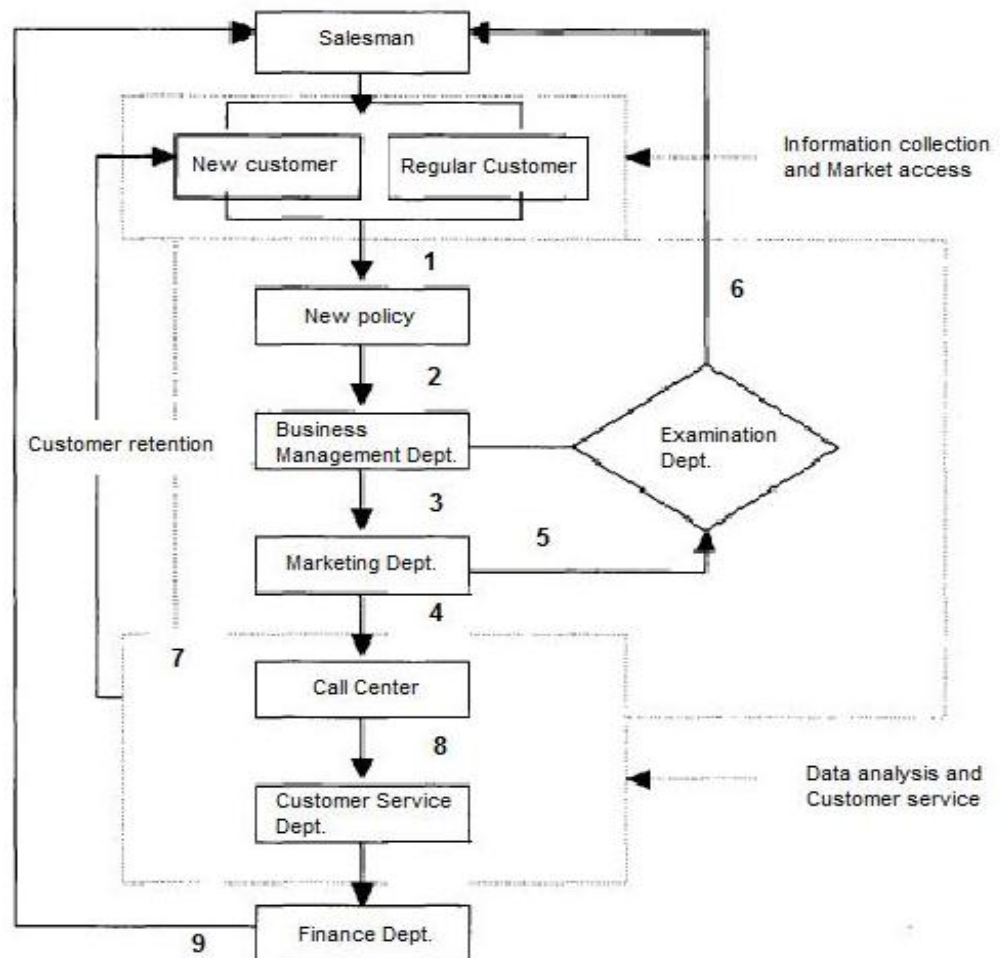

Figure6. CRM Process of Ping An Life Insurance Company (Ping An 2009)

- Customer identify: Customer purchases the product which is introduced by salesman. The purchase order is delivered to the Business Management Department and needs to be examined and verified. Then, the purchase order of the insured with a proved physical and financial state can be fed back to the Marketing Department and salesman, but if the insured's health and finance do not qualify, the purchase order will stay in the observation stage. This process is presented in stages 1, 2, 3, 5, 6 of figure 5.

- Customer retention: The customer can get full refund from the company within the 10-day-hesitation time. The company could communicate with the customer through the Call Centre and then confirm whether the customer will purchase or not. This process is shown in stage 7 of figure 5.

- Encouraging the salesman: When the insurance policy is verified as an efficient policy, the Finance Department will pay the commission to the salesman after calculation. This process is presented in stage 9 of figure 5.

- Data support: Data support is reflected in the customer information collection and history records which are shown in the dashed parts (dashed arrows and dashed box).

3.3   The Existing Weaknesses in Ping An's CRM

The existing weaknesses in Ping An's CRM can be analyzed in two parts which are strategy and system.

3.3.1 Lack of Strategy in CRM

CRM should put the customer retention, customer acquisition and customer profitability improvement as a paramount objective. If the company lacks an effective strategy in CRM, the CRM will turn to be an inefficient management module that cannot serve the

company. The strategic weaknesses of Ping An's CRM have been reflected in the aspects which are mentioned below.

The aspect in new customer development

New customer development is the emphasis in the Ping An's marketing. The company is used to inputting plenty of finances in the salesman's encouragement and advertising media to develop new customers, but in the process of the operation, the company always lacks the basic management and support in target customer's detailed analysis, customer satisfaction and customer experience. By this kind of strategy, the company is wasting human and financial resources, which will affect developing new customers and expanding market share.

The aspect in customer communication

In Ping An company, customer communication is carried out by the corresponding salesman, other departments of the company normally cannot intervene it, and till the salesman has left, the corresponding work will be delivered to the customer service department of the company. Actually, this strategy is not reasonable because the company cannot communicate with the customer directly and also cannot get sufficient information from the customer. In this situation, the company will lack sufficient information so it cannot make a systematic analysis about the customer state and lacks the understanding of the customer state, this will have a negative effect on customer retention.

The aspect in customer retention

Like customer communication in Ping An, customer retention is also carried out by the mainly corresponding salesman. But due to the drives of the benefit and achievement, the salesman always uses ultra ways like cheating the customer for customer retention. Though it will provide the transient benefit and profit to the company, this kind of way will decrease customer satisfaction and affect the company's image when the

customer realizes the truth. So, for the company's long-term development, Ping An could build a good control system for its staff.

3.3.2 Lack of Perfect System in CRM

As a concept of management, CRM cannot lack a perfect system to support its implementation, because perfect system is the basis for a successful CRM and the shortages of the system will affect the implementation of CRM. In Ping An, there are two system weaknesses which need to be perfected.

Chaos of customer information data

When the salesmen record the customer information in the database, they always neglect the normative and accuracy of customer information. Due to the chaos of customer information data the system will be unable to identify customers effectively, while customer information also cannot be integrated correctly. In this situation, the customer information cannot become the strategic assets of the company that unable service for the customer-centric business analysis.

Lack of decision analysis technique

Nowadays, Ping An has a relatively perfect information system and the database can support the implementation of CRM, but for the company's routine work, the application of information system and database are not enough. Lack of decision analysis technique will lead to more inconveniences. Because in some organizations and departments like Marketing Department, Sales Department, Integrated Development Department and Customer Service Department, the decision analysis system is a necessary tool that can evaluate and analyze the marketing trend, customer feedback and operational condition freely from a different point of view. So, the company should improve its decision analysis system which is based on the information system and database to perfect the implementation of CRM.

4 THE PLAN FOR PING AN'S CUSTOMER RELATIONSHIP MANAGEMENT

From the research of Ping An, the information about the actuality and weaknesses of Ping An's CRM could be obtained. For optimizing the company's CRM, this plan will provide improved solutions and recommendations in the following.

4.1 Improved Solutions for Ping An's CRM

The solutions for Ping An's CRM are made up of five parts which are customer information collection, customer recognition and selection, customer relationship development, customer loyalty improvement and a mechanism for the establishment of customer retention.
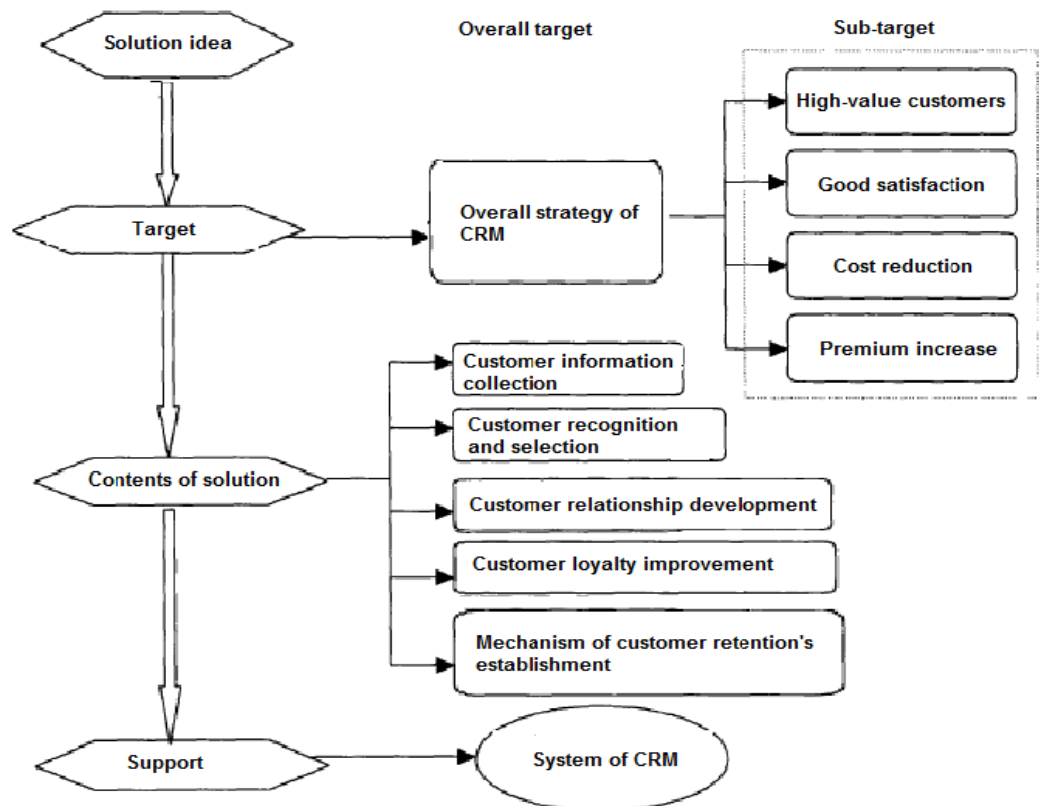

Figure7. Design of improved solution

4.1.1 Collection of Customer Information

When salesmen contact customers, the different needs of individual customers should be identified in order to provide appropriate and better service to different customers. Therefore, the company requires the collection and classification of customer data and information to help the salesman to identify the customer easily. Normally, types of customer information consist of the points listed below, and when the salesmen communicate with the customers, due to different customer characteristics, the type of customer information collection is also different.

The original information of the customer

The original information of the customer is the basic customer information and first-hand information that usually includes the customer's code, address, zip code, contact person, phone number, work unit, business scope, registered capital, living habits, social relations, customer types and so on.

The background information of the customer

The background information of the customer mainly includes the customer's local living standard, per capita income, culture, custom, propensity to consume, credit information and so on. And through the analysis of these information, the salesman can get more in-depth understands for customer demands.

The research and analysis information of the customer

The research and analysis information of the customer is the second-hand information which obtains from the research and analysis of the customer. It includes the customer's attitude and evaluation to the company, the customer's experience and problem to insurance, the customer's transaction with other insurance companies, demand and potential of the customer and so on.

The interactive information between the company and the customer

The interactive information mainly includes the time, place, manner, payment record, compensation information, customer complaint information, after-sales service when the salesman contact and trade with the customer.

4.1.2 Customer Recognition and Selection

For Ping An's CRM, the customer recognition and selection can be analyzed from the steps as following.

Establishing a unified database of customer information

Customer recognition and selection is based on a unified database of customer information, and the integration of customer data resource is a critical step for customer recognition and the establishment of selection system. The unified database of customer information is collected from various departments of the company and every department can access the database to find the customer information, so the purpose of the unified database's establishment is achieving customer information sharing.

In the process of the unified establishment of database, the customer department of the company could determine which type of information should be collected, decide what kind of information should be analyzed (including general statistical analysis and decision support) and cooperate with the IT department to establish the customer information database (such as system construction, customer classification).

Establishing the customer recognition and selection system

The process of customer recognition and selection system's establishment mainly contains the steps below.

- Identifying the customers: The company could use the customer name, ID number, type of work, payment amount and policy number which as the most reliable way of customer identify to find all known customer identifying information from the customer database.

- Collecting and integrating the customer information from different databases into a unified customer database: The necessity of unified customer database is mentioned in last step.

- Collecting more customer identification information: The customer identification information should be collected in multi-angle factors which include questionnaire of customer satisfaction, customer attitude, the difference between service and customer demand, competition of the company, customer behavior and so on.

- Trying to identify loyal customer: The company could offer the corresponding services to the loyal customers to keep their loyalty. The general performance of loyal customer includes: the strong dependence in products and services, long-term payment in insurance and good relationship with service staff, having continued intention to use the production or services and promotion for the company's products and services.

Customer segmentation by customer recognition and selection system

Customer recognition and selection system can recognize and select customer information from different information sources by database, in order to selecting the valuable information and eliminate pleonastic and worthless information.

- Formulating ideas of the customer segmentation strategy: In insurance industry, not every customer can provide the profit to the company. Like the high risk customer, most of them like purchasing more insurances, but when the risk happened the company also will lose more benefit and profit, that because normally the compensation is at least equal to 10 times for customer's insurance

payment. So it is necessary to do the customer segmentation base on customer information and then offer corresponding service to different customers. In addition, by customer segmentation, the company can try to design the insurance product and service which according to the customer requirements from different levels.

- Ranking the customers by customer value: Customers should be ranked according to customers' value for instance customer payment term, customer expectation, customer impact, customer total premium and customer attitude to do the customer classification.

4.1.3 Customer Relationship Development

To ensure that every customer will become interested in the company's insurance products and services, a salesman should try to build a relationship with every customer even some potential customers, and generally effective ways of customer relationship development are as follows.

Keeping benign contacts with customers

One of the important parts of CRM is reducing the cost of contact with the customer and increasing possibility of success in transaction. For achieving this important part in CRM, the company could develop more channels which like information exchange on internet to replace the duplication of manual work and update the customer information timely and sufficiently to get more new information about the customer demand and requirement. In the process of contacting with customers, the company does not try to keep all kinds of customers; facing the customers who have not potential profit, the company does not need to pay more attention to keep them.

Keeping the customer by "learning" relationship

The "learning" relationship is that the company could build a kind of relationship that the customer can learn about the company and get more information from the

company and meanwhile the company also can learn about the customer and understand the customer's demands and requirements in the process of communication. This kind of "learning" relationship is a good tool which could help the company and the customer to get to know each other well. It also will be a competitive advantage if the company could build a "learning" relationship with the customer.

Building the relationship with potential customers

Acquiring potential customers is the most important factor that can help the company to occupy more potential market, so the company cannot ignore potential customers. In CRM, the building of relationship is not only for regular customers, but also for potential customers, building the good relationship with potential customers can increase the possibility to acquire these potential customers.

4.1.4 Customer Loyalty Improvement

Normally in marketing, the customer loyalty has a positive proportional with the company profitability directly. For the long-term development of the company, the important part is the customer loyalty improvement, and the best tool to improve the customer loyalty that is customer satisfaction. So, for Ping An company, the ways to increase the customer satisfaction should be emphasized in these points:

- Promoting the brand image to provide the brand power to customers.
- Ensuring the type of insurance to keep pace with the times.
- Improving the quality of salesman's service, especially in after-sales service.
- Using the customer segmentation to make the different strategies for improving the loyalty of different target group, like offering the VIP service for the high-value customers.

4.1.5   Mechanism of Establishing Customer Retention

Currently, the missing of systematic mechanism of customer retention has made the high rate of the customer attrition, and the effective tool to avoid the customer attrition that is establishing the mechanism of customer retention. The mechanism is a tool that could search and analyze what kinds of customer need to retain through customer communication and customer database, so the company and the salesman could pay close attention to the customer behavior at any time. By the mechanism of customer retention, the company and the salesman could find the intention of customer attrition which is reflected in frequent complaint, refusing renewal and disliking communication in time, so they can do the corresponding analysis to research the reasons of the customer attrition and then make a strategy to avoid this situation.
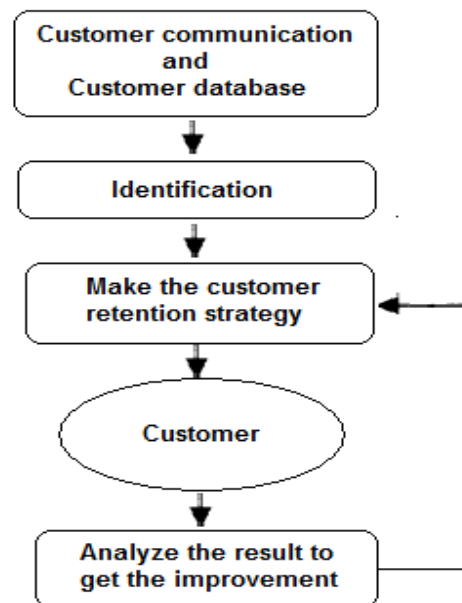

Figure8. Process of customer retention mechanism

4.2 The Proposal on the Future Development of Ping An's CRM

As a big insurance company in China, Ping An will face the plenty of problems in the process of CRM's improvement. For the long-term development of Ping An's CRM, a systematic proposal which refers to many factors is necessary tool for guidance, and the analysis for these factors also is very important. For Ping An's CRM, the proposal generally should be analyzed in four factors.

4.2.1 Restructuring the Business Process and Organizational Structure

For Ping An's existing business process and organizational structure, the significant feature is management-oriented but not customer-oriented. But for a company, if it want to success or stay in successful stage, it should change its traditional concept and put the customer demands as the primary needs. (Levitt 2008) Therefore, the business process and organizational structure of the company which attaches importance to the customer demand generally is customer-oriented type, so the process and structure of Ping An really should be restructured.

Restructuring the business process

According to integrating the customer needs and expectation into the key business process of the company, the sales, marketing, customer support and service process will be adjusted as following.
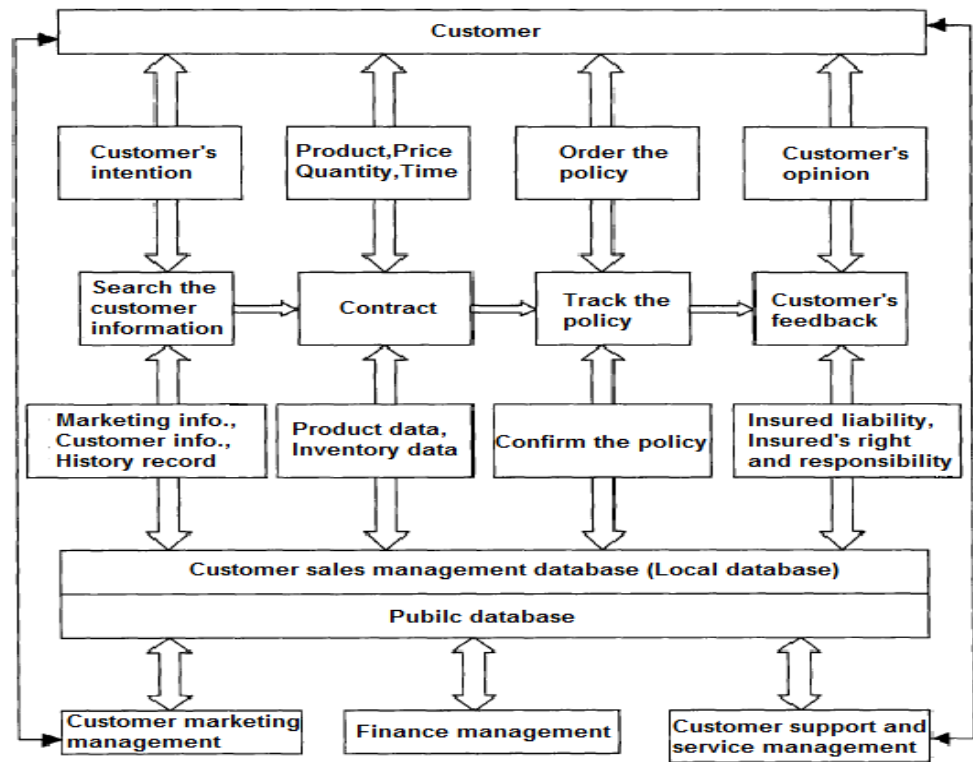
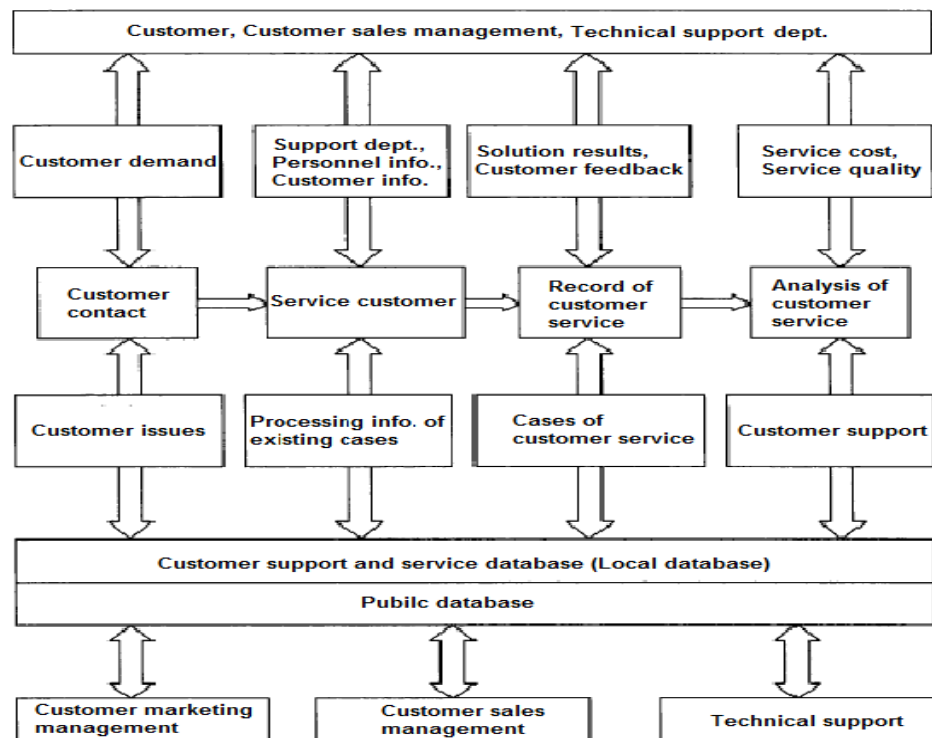*Figure9. Business process of sales*

Figure10. Business process of customer support and service

The restructuring of the company business process will shorten the distance between the company and the customer to build the one-to-one communication relationship, and make the cooperation of all departments more closely; it is benefit to customer satisfaction's improvement and maximum customer value's achievement.

Adjusting the organizational structure

The customer-oriented organizational structure normally is flat organizational structure that is also called horizontal organizational structure. Customer-oriented is what the key point in CRM, so the organization structure of Ping An could change its traditional structure into a flat structure. That is where the middle managers provide support and service to the lower department respectively under the direct leadership of CRM manager, as shown in the figure 10.
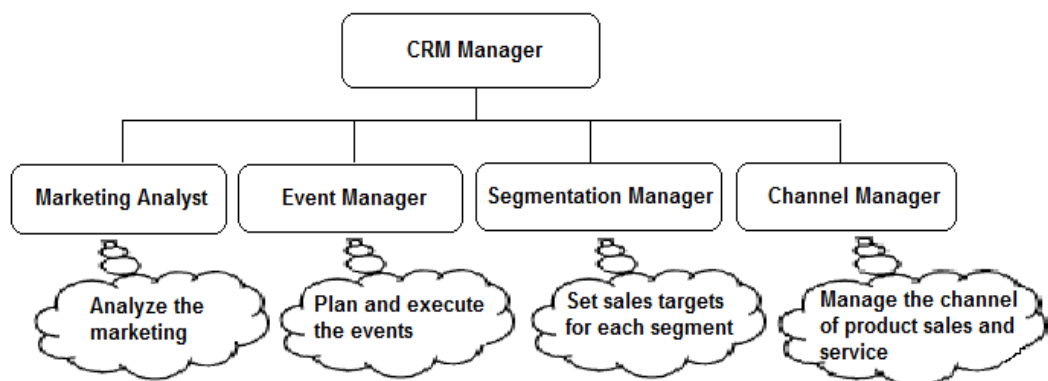

Figure11. Flat organizational structure

In the process of the adjusting of organizational structure, a transition period to avoid the system confusion and management conflict should be needed; in the transition period, the feasibility of the new organizational structure should be verified by system debugging.

4.2.2 Improving the Technical Support System of CRM

In the implementation of CRM, a large number of customer information should be recorded, updated, shared, treated and searched, so CRM cannot without the helps from the technical supports like internet technology, data warehouse, data mining and other modern technology.

And the technical support system of CRM generally has two types of system that are operational CRM and analytical CRM; the type of Ping An's CRM currently is operational CRM, it is an aspect of CRM that provides automated support like the customer information and customer history to the "front office" business processes which including marketing, sales and customer service by database. (Delaney 2010) And another type of CRM is analytical CRM, it is an analytical application that can help the company measuring, predicting and optimizing the customer relationship. (SAP 2001, 9) So, Analytical CRM can fill the lack of operational CRM to some extent, it is a flexible tool for application that cannot be neglected. Therefore, the combination of the operational CRM and the analytical CRM is the best choice to improve the technical support system of CRM.

4.2.3 Establishing a Good CRM Team

As the performer, a good CRM team will affect CRM's success, and to be a good CRM team, the personnel of the team should have the following qualities:

- A wealth of business knowledge that includes marketing knowledge, product knowledge, customer knowledge, negotiation skill, communication skill and so on.

- Strong insight and analytical ability for the quick reaction and analysis for the changing customers, competitors and market factors.

- Good personal qualities that consist of self-discipline, professional ethics, friendliness, enthusiasm and so on.

Therefore, the establishment of a good CRM team should start with the following three aspects.

Training

The key point of a good CRM team is that the personnel has to establish customer-centric business concepts and service sense, while having certain business skills. So, the objective of training is to catch that key point, the company could open a periodic training course containing value training, team spirit training, business knowledge training and customer service training to improve the quality of the personnel in CRM team.

Incentive

According to the incentive theory, the incentive consists of positive incentive and negative incentive. (Baidu 2010) For the personnel in the CRM team, initiative and creativity are needed, so negative incentive shouldn't be used, the company could use the positive incentive which combines material incentive like money and presents with the spiritual incentive like honour and promotion to motivate the personnel.

Evaluation

It is imperative for the company to institute a system of evaluation about the personnel's qualities and abilities on the basis of the evaluation, the company can evaluate the personnel in depth and make the best possible use of them, while providing the basis to the personnel's commendations and promotion. But, it is difficult to measure the personnel's performance by data, so the company had better to use the qualitative analysis in the customer feedback, personnel's business knowledge, work enthusiasm, sales report and other record information to evaluate the personnel.

5 CONCLUSIONS

The conclusions part mainly consists of the conclusions and evaluations of the thesis.

5.1 Conclusions of the Thesis

When CRM has gradually become an important asset in the enterprise, the application of CRM is not only reflected in the management concept of the enterprise, but also more reflected in the technical support and practical application of the enterprise. In this thesis the definition and meaning of CRM were introduced and then the reasons for the emergence of CRM and relevant theories of CRM were researched, thereby providing the theoretical basis to the case study. In the research process of the case study, most of the information and data was derived from the Ping An's internal data and field survey for the Ping An. Through the analysis and research of the existing information of the company it was aimed at finding the information which relates to the CRM and identifies the actuality and existing weaknesses of Ping An's CRM. Thus providing the information basis to the improved solutions and proposals for Ping An's CRM.

Insurance company as an industry that needs to contact customers frequently should pay more attention to customer relationship. Currently, the existing problems in the implementation of company's CRM are obvious, so more and more insurance companies have realized the importance of customer relationship, but a perfect establishment of CRM also needs long-term efforts. The result of research for the implementation of Ping An's CRM showed that like the most of Chinese-funded insurance companies, Ping An's CRM is not professional and a strategic CRM and especially lacks technical and systematic support that cannot achieve the desired results. So, for the majority of insurance companies, including Ping An, there should be a comprehensive CRM plan which is based on company's actuality to guide and improve it.

To sum up, this thesis aimed at giving some suggestions for the implementation of CRM at the Ping An Life Insurance Company. The suggestions are based on the theoretical and practical research of CRM. Furthermore, the case study could give some suggestions about CRM's implementation to other insurance companies especially for the insurance companies with a weak competitiveness in order to help them confront the competition better.

5.2   Evaluations of the Thesis

In the process of this thesis, the first problem was the content selection of the theoretical part. Actually, the scope of the CRM theories is very broad, so it is difficult to put all kinds of theories which relate to CRM in this thesis. Consequently, in the theoretical part of this thesis, only some main CRM theories or some theories which relate to the case study were selected for the research and analysis. So, the theoretical part of this thesis was seemed too thin in general.

Because this thesis was similar to the solution optimization and design which are based on Ping An's existing CRM, the majority of information and data in the research part was secondary data which from the Ping An's public or internal documents, reports and archives. So, to some extent, the lack of primary data which was derived from the survey or interview to the Ping An's market and customer led to the fact that the exploratory research part had some limitations.

The process of this thesis was probably not easy, because various theories from a large number of literature needed to be classified and identified, then it also was necessary to combine the theory part and the research part to analyze the case company's CRM, and the last difficult thing was to make a personal improvement plan for the case company's CRM alone. But it is worth mentioning that all the improved solutions, proposals and all kinds of figures and tables in chapter 4 were completed independently by myself. Although the improvement plan for Ping An had some unprofessional defects, it also could provide some help and inspirations to optimize the Ping An's CRM.

Therefore, this thesis has given a lot of theoretical and practical knowledge on CRM to me, while it also taught me how to conduct a complete research and project design. But in the future study, the improvement plan which is based on the implementation of existing CRM still requires the test of practice to determine whether it is reasonable or not. Meanwhile, during the practice, it also needs to be found the new problems and issues constantly for providing the more continuous improvements and developments to CRM's implementation and application.

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