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Customer Relationship Management for Anhui WHYWIN International Co., Ltd

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<p>Abstract</p> <p>The customer relationship management (CRM) is valued by every company nowadays due to its importance for companies' future development. How to build and maintain the customer relationships proves to be a big and serious issue for each company no matter their size.</p> <p>After 10 years of development, Anhui WHYWIN International Co., Ltd (AHW) has made a lot of great progress and become one of the most famous companies in the foreign trade area in Anhui Province. In 2013, the company decided to go public and expand their business scope. These big decisions will affect many issues within the company including the CRM. Therefore, how to keep and maintain the current relationships with the old customers and build new relationships during the expansion process will be a topic to be followed by AHW.</p> <p>The theoretical part of the thesis focused on the concepts and the implementation strategies of the customer relationship management. When it talked to the CRM strategies, theoretical and empirical parts are combined, aim to give readers a more clear understanding of the theory.</p> <p>The quantitative (a survey for employees) and qualitative (an interview with a manager) methods were used in the research, with the purpose of investigating the different opinions of managers and employees and their suggestions for the CRM of AHW. The research for employees was sent as a questionnaire via paper, and the interview with the manager who worked in the documentary department in AHW contained 10 questions. After the analysis of the result, combining with the real situation in the AHW company, it will be given some suggestions, with the hope to promote the better development of CRM implementation in the future.</p>			
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1 INTRODUCTION

1.1 Background of the Research

Nowadays, with the speeding up of the global economic integration process as well as the fierce competition situation, the business management mode of companies is going to switch from the product-focused into customer&services-focused mode, aiming at the realization of the customer value and reaching the goals of the company. Thus, customer relationships are the significant resources for the development and survival of companies. In order to build the good relationships with customers, companies must pay much attention to the project called customer relationship management (CRM), which is designed to fix the current problems and promote the better development of customer relationships. There is a lot of software concerning the CRM projects, like SAP, ERP, Free EIMCRM and Xtools, with the purpose to give some guidelines to the company's relationship development. (Wenku Baidu, 2011.)

Accompanied by the influences of internalization, Chinese employers realized that only concentrating on the company size will result in decreased competitiveness, so it also needs to focus on customers and services. Therefore, the concept of customer relationship management is welcomed to be accepted by the Chinese companies. However, the CRM is still a new thing. How to maintain the relationships with the target customers will be the main challenges for the Chinese companies.

Anhui WHYWIN International Co., Ltd (AHW) is a young but strong company, which was invested in the end of 2005 by Anhui Publishing Group. The company has established cooperative relationship with nearly 500 suppliers and had regular business with more than 800 customers within 96 countries or regions. Therefore, with such a huge customer group, the company has great competitiveness in the import and export area. So, how to manage these customer relationships to support the future development will be a big question for the company. (AHW website) In this situation, the thesis hopes to give some useful comments concerning the CRM development based on the main findings of the research results.

1.2 Objectives of the Research

Customer relationship management is a significant business strategy to a company, through organizing and strengthening the customer satisfaction behaviour, and implementing the customer-centric processes around customer group, to achieve maximum profits and customer satisfaction. Under the development of social information technology, customer relationship management strategy is able to get a wider, deeper, more efficient and effective implementation, which makes the enterprise know better their customers and give them better care and support. (Butter 2009, 4.)

As a young company, AHW finds out that there are too many things that need to be completed as well as the customer relationship management. With such a huge customer group, it is necessary for AHW to consider about the relationships with different customers, and come up with a professional CRM strategy.

The research problem is: **How to maintain the customer relationship management during the developing period of the Anhui WHYWIN International Co. Ltd?** Thus, the objective of this research is going to find out what the challenges are, aiming at give some useful suggestions, help the company to build a more perfect CRM plan, meet the customers' expectations, and pave the way for future development.

The research methods in this thesis are the qualitative and quantitative methods. The qualitative research is an interview which contained 10 questions with a manager who works at the documentary department. The quantitative research is a paper form survey to the employees in AHW. From both the manager's and employees' point of views, the researcher will have a deep and comprehensive understanding of the CRM situation in AHW after analysis the result.

1.3 Structure of the Thesis

The thesis contains eight chapters, and it can be divided into four parts. At the beginning, the introduction will be the first part. It will give overall introduction about the background and objectives of the thesis research, so as to present a brief understanding about the whole thesis to readers. Then, the situation of the case

company will be introduced including its development history, products, services as well as some examples of the main customers.

The following parts are the theoretical part, containing two chapters. Some detailed analysis concerning CRM will be introduced in that part. It includes a lot of contents, for example the definitions, types and the models of the CRM, and the strategies for the CRM. When the thesis talks about the strategies, it will combine the real situation in the case company, which aims to help the reader to understand the theoretical part more clearly.

The next part is about the implementation and results of the research. In this section, the qualitative and quantitative methods had been used in the research. The questions in survey and in interview will be analysed one by one. At the same time, some figures and tables from excel also be given to the readers, which will give an intuitive looking of the results.

The last part talks about the suggestions for the CRM development in the case company, and the conclusion for the thesis. There are three main suggestions that have been given to the company. In the last chapters, some generally words have been written based on the whole thesis, and it also contains some personal learning and experiences from the writing process.

2 INTRODUCTION OF ANHUI WHYWIN INTERNATIONAL CO., LTD

2.1 Brief Introduction of the Case Company

Anhui WHYWIN International Co., Ltd was established in the end of 2005 by the Anhui Publishing Group Co., Ltd (APG), located in the governmental and cultural area, which is one of the most developed regions in Hefei, Anhui province. (AHW website.)

AHW is an international trade company, and mainly engaged in import and export business of the electronic media, pulp, paper, textiles and other products and related services. Among these products, the company focuses on the culture-related products, like electronic media, pulp and paper products and so on, due to the fact that company's working target is to popularize the Chinese culture products to the world. According to the definition, culture products contain two forms: spiritual products and material goods. The spiritual products are nonmaterial, and directly reflected in people's spiritual life. And the material goods represent the products with the characteristics: culture carriers, displayed tools, transmission and production of nationally characteristic, for example books, video products, and architectures. Thus in this case company, the products including paper, pulp and electronic media products are also counted as a kind of culture product. (Wenku Baidu, 2011.)

AHW was already established the cooperative relationship with nearly 500 suppliers, and has the regular business with more than 800 customers within 96 countries or regions. In AHW, it has been attached great importance to brand building and maintenance and gained the great reputation. In addition, AHW is also the only member of the international Montreal Pulp and Paper Association (PPPC) in China. (AHW website.)

Relying on the strong comprehensive strength of the Anhui Publishing Group, AHW has developed fast over the past decade, gradually became the most competitive company in the foreign trade area. Also AHW is the first export enterprise whose turnover already breakthrough one billion U.S dollars and nowadays ranking as the top one in the Anhui Province. (AHW website.)

Last year, AHW was successfully listed in China's A-share market and turned into the first Chinese company which supports the culture products export. In the meanwhile, AHW is dedicated in creating a new model of trade, improving the economies of scale,

and combining the culture and propaganda, in order to have a sustained boom and develop even better in the future. (Trade Services 2013.)

2.2 Product Categories

AHW is running hundreds of products, which are mainly divided into four categories, which are pulp and paper, electric and machinery, electronic and light industrial and textile, with the corresponding four business centers in the company.

- *Pulp and paper center* was established in 2007, as a main part of the cultural field, the products depending on the wood and pulp industry chain, to produce products such as greeting cards, paper bags, boxes and cups, stationery, office supplies, school supplies and so on, which are directly exported to the markets of Europe and the United States. What is more, the Pulp and paper center nowadays is committed to the foreign promotion of the traditional culture products of Anhui Provinces, like bamboo carving and tea products. (AHW website.)
- *Electric and machinery center* was set up in 2007. It has four subordinate units which are electrical and machinery department, primary material department, metal and mineral department and high technology products department. The major business of the Electric and machinery center are the agents of vessels and ships, mechanical and electrical products, large complete sets of equipment, chemicals, minerals, and new energy products and its domestic trade business. (AHW website.)
- *Electronic center* founded in 2008, has been set up the WHYWIN brand image in China due to the six years development, major products are LCD, LED, set-top box, DVD and LCD TV parts, digital photo frames, automotive multimedia and other related electronic media products. Based on the favourable platform of AHW, attracted a large number of valued customers from Europe and the United States, like some famous supermarkets and electronic products buyers. They already established the trade relationships with some famous customers such as AUDIOVOX, APEX, and WALMART in US, as well as UMC, TESCO, DSG, ARGOS and ANCHAN in Europe. (AHW website.)

- *Light industrial and textile center* devotes itself to the high-end and quality product development and sales since 2009, and actively expands the import and export business of the light industrial and textile products, for instance all sorts of knitted and woven fabrics, baby and adulating clothing, sports and casual shoes, outdoor leisure products, chemical products, silk products etc. Besides, the outdoor barbecue pits, camping supplies and other outdoor leisure supplies will be enter the European country market, the co-operator clients are LANDMANN, OUTDOORCHEF and other prominent importers. (AHW website.)

2.3 Introduction of the Main Customers

AHW has been dedicated in the foreign trade for almost a decade, and made the great progress. The accumulated import and export volumes exceeded 30 billion U.S. dollars, sales revenues exceeded 3 billion U.S. dollars, and total profits over 37 U.S. dollars in seven years.

TABLE 1. Annual exports and profits of AHW in 2010-2012 (AHW Annual Report 2012)

Project	2010	2011	2012
Annual Exports : (10000 USD)	18544	30475	42598
Annual Profits : (10000 USD)	4584	6352	8723

The Table 1 presents the annual exports and profits of the three consecutive years. The growth rate is over 20 %, and the average annual profit is more than 50 million Yuan. All these achievement required many trade partners. AHW had already made the long-term cooperation contracts with some famous international companies and had the regular business trades with several big supermarkets so far, like TARGET, ARGOS, COLES, DSG, TESCO, and aims to build more relationships with the influential companies around the world. (AHW Annual Report 2012.)

According to the overall sales amount and profit margin, the following two cooperation trade customers will be introduced, which count on the most important customers of AHW:

- *Universal Media Corporation.* UMC was established in 2003 in Slovak Republic (a EU member country), with the 700 employees as well as the subsidiary in China, UK, Germany and Switzerland. UMC dedicated to become the leading company who provides the wide range electronic products with manufacturing, assembling and logistic services, besides, the enterprise also focuses on the combination with the high quality and low cost under the private own label. (UMC Website.)

The cooperation of AHW and UMC started at 2009, and there is a breakthrough in the 5 years, the dominating export products are the LCD, LED and the LCE TV parts. The AHW annual export volume to UMC reached about six million U.S dollars, which counted on the 17 % of the total export. Nowadays, UMC gradually become one of the most significant customers in the electronic centre in AHW. (AHW Annual Report 2012.)

- *Medline Industries, Incorporated.* Medline is a global company founded in 1910, aims to help the worldwide customers to provide the quality health care, through the products with the value and quality they demand. From a small manufacturer of aprons, surgical gowns and uniforms, turned into a global enterprise with the value of 5 billion dollars, Medline made this achievement due to their positive enterprising spirits and the values of honesty. Now, with the grades of providing more than 350,000 products, Medline Industries, Inc. leveraging the success in the international market, ranking as the America's largest private manufacturer and distributor of healthcare products. (Medline Website.)

The main business between AHW and Medline is related to the Light industrial and textile center. The friendly cooperation relationship had been established for about 3 years. As an exporter, AHW main provide the products like standard surgical gowns, surgical gloves and other health care products. Although the profits are not very big compared to the electronic products, but AHW still regards Medline as a strategic partner due to its enormous influence in the international market. (AHW Annual Report 2012.)

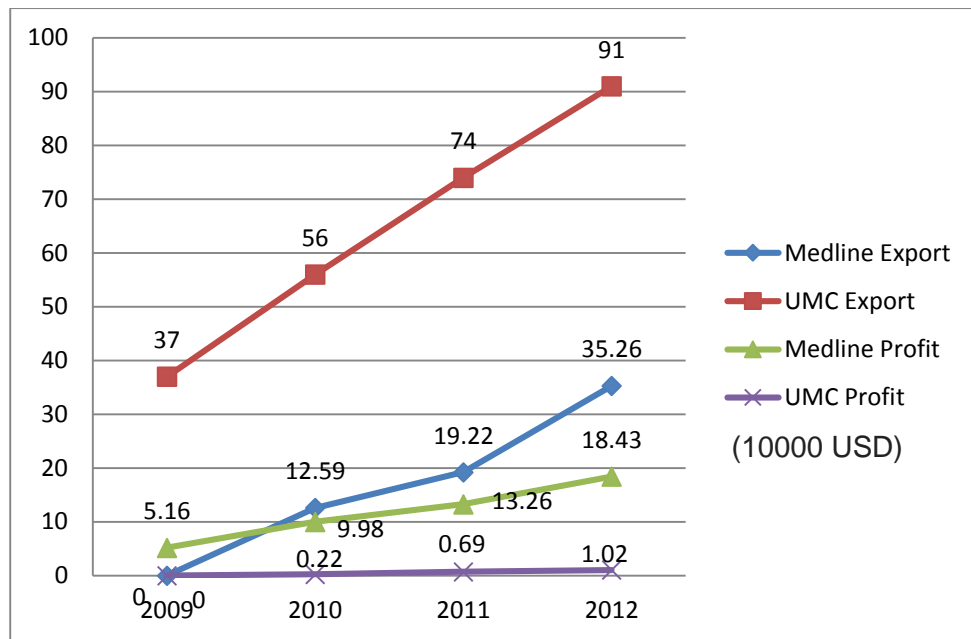


FIGURE 1. Annual exports and profits of AHW from UMC and Medline (AHW Annual Report 2012)

From Figure 1 can be recognized that, the export volume and the profit from UMC are far greater than the Medline due to the high price and big profit margin of the electronic products. But still, it shows the sustained growth of the business trades with these two companies. (AHW Annual Report 2012.)

3 CUSTOMER RELATIONSHIP MANAGEMENT

There are a variety of types of customer relationships. Specifically, the division standards of the customer relationship could be three, which are according to the time, the transaction process and the nature of customers. As for the first type, it includes the existing customers, new customers and future customers. Enterprises should generally focus on old and new customers as their managed objects. The second type is divided by the transaction process, consists of the customers who already finished the transactions, the ongoing trade customers, and the upcoming trade customers. The last type is divided by the nature of customers, including government agencies, special companies, ordinary companies, customers and trading partners. These customers differ in the nature, the demand of quantity, characteristics and patterns. So they required more customized management methods. Generally, companies should pay attention on these customers who have the long term cooperation and large transactions volume during the CRM process. (Zhidaobaidu, 2011.)

3.1 Definitions of CRM

The expression of CRM first appeared in 1990s. Since then, there have been many attempts to define the concept of CRM, the definition of CRM reached six different types (Baikobaidu, 2014). However, there is no consensus about what is CRM due to the contested of the three letters. Some people think that it refers to the customer relationship management, but others think the acronym stands for customer relationship marketing. (Buttle 2009, 3.) The report mainly explained the first definition of CRM.

The customer relationship marketing is a sales method in business, aims at establishing a long-time relationship with customers, which will be beneficial to both the customers and company themselves. (Harbour 2014) However, the definition of customer relationship management is: *the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customer at a profit. It is grounded on high quality customer-related data and enabled by information technology.* (Buttle 2009, 15.)

According to the definition, it can be divided into four parts:

- Previously, it denotes the ultimate aim of the CRM, which are '*a core business strategy to create and deliver value to targeted customer at a profit.*' It is not just a software or the managing tool to build the company awareness, moreover, to help company to win a more bright future.
- Subsequently, '*integrates internal processes and functions, and external networks*' told us that the implementation of CRM is a combination work of the internal and external factors of the company. CRM is impossible to be done in one department, it needs the co-operation within the whole company, and the back office. Also, the external factors like suppliers, partners and distributors which are interrelated to the CRM, thus, all these related factors must be considerate when launching the CRM.
- Furthermore, the CRM requires the '*high quality customer-related data*', as well as the selling, marketing and service functions to be aware of each other's interactions of customer.
- As a final point, the underpinning core of the business strategy is information technology, which is using some advanced management methods by the particular software, such as the ERP system.

In conclusion, CRM is a technology-enabled approach to the management of the customer interface. CRM influences customer experience, and that is the fundamental strategic significance. (Buttle 2009, 15.)

3.2 Four Types of CRM

Table 2 denotes that there are four main types of CRM. Because of the different types, a lot of opinions have been considered to explain what the CRM is. For example, the IT companies thought that the CRM is equal to technical software, and it pointing out that software is used in marketing, selling, services and other business activity. However, other people though that the CRM is a method to manage the valued customer relationship, and the technology is only one aspect. Thus, the following text will explain the four types of CRM. (Buttle 2009, 3.)

TABLE 2. Types of CRM (Buttle 2009, 3)

Type of CRM	Dominant characteristic
Strategic	Strategic CRM is a core customer-centric business strategy that aims at winning and keeping profitable customers.
Operational	Operational CRM focuses on the automation of customer-facing processes such as selling, marketing and customer service
Analytical	Analytical CRM focuses on the intelligent mining of customer-related data for strategic or tactical purposes.
Collaborative	Collaborative CRM applies technology across organizational boundaries with a view to optimizing company, partner and customer value.

– **Strategic CRM**

Strategic CRM concentrates on the business culture which focuses on the customer. The objective of this culture is to maintain customers' resources and loyalty, requires the enterprises to provide better services and create the best value to meet the expectations of customers and enhance the satisfaction, in order to achieve the setting goals and defeat the competitors. So, under the influence of this kind of enterprise culture, the role of CRM turns into a strategy. It helps the enterprise to maintain and promote the customer relationship. (Buttle 2009, 4.)

– **Operational CRM**

Operational CRM automates and improves customer-facing and customer-supporting business processes, which helps to improve the efficiency and accuracy of day-to-day customer-facing operations. CRM software applications enable the marketing, selling and service functions to be automated and integrated. (Buttle 2009, 6.) According to Buttle, the operational CRM has been applied to practice, depends heavier on the using of the CRM computer technology in order to enhance the level of sales (Chris 2012), make the change of marketing, as well as promote the better services, to achieve the core objective, which is to increase sales and achieve the company goals.

– **Collaborative CRM**

Just as the name indicates, this kind of CRM needs the co-operation of the related issues. Unlike the operational CRM, collaborative CRM is a highly

effective method of CRM implementation due to it covers almost every part which is associated with customers. The aim of the CRM is to gather and share the information about the customer interaction and communication, from various departments including sales, marketing, and technical support, as well as the back office to improve the quality of customer service, like every type of CRM does. (Buttle 2009, 11.)

– **Analytical CRM**

The core part of analytical CRM is the data. All data and information related to customer, including the internal company data (like process in sales, marketing, and finance as well as services) and the external data (like information from the business organization), will be collected as a database for the analytical CRM to operate. In accordance with Buttle, analytical CRM concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value. (Buttle 2009, 10.)

The analytical CRM can find the most useful data in the large database in the society, and make the customer classification, predict customer behaviour, thereby select a specific marketing channel. Because of the comprehensive of analytical CRM, it is considered to be the most essential part of the CRM implementation. As for customers, the analytical CRM is more likely to be an effective tool to solve the problems, thereby to meet their satisfaction and expectation. On the other hand, companies may think that the analytical CRM offer the prospect of more powerful cross-selling and up-selling programs, and more effective customer retention and customer acquisition programs (Buttle 2009, 11). However, the development of analytical CRM is still in the early stage, because of the complicated technical methods and the difficulties of understanding of it. (MBAlib 2013.)

– **The Difference Between the Strategic, Operational, and Analytical CRM**

There is a misunderstanding of the CRM, which is that people often thought the CRM project can be implemented in any company. Indeed, almost every company can turn to be more customer-centric, which is meeting the standard environment for the implementation of the strategic CRM. Also, the operational CRM can be used widely. Due to any company with a sales force can automate its selling, leading management and contact process. However, the analytical CRM is difficult to operate. Analytical CRM requires lots of related-data, it is

necessary for a company to classify and organize all the current data, and if these data are incomplete or missing, the analytical CRM cannot be implemented. Because of the difference, the situations of implementation are not the same.

3.3 Models of CRM

The customer relationship management is a complicated process to be implemented. How to manage the profitable customer? This is a very common question to ask. Thus, a number of the CRM models have been established, in order to help the better understanding of the CRM concept and deal with the implementation issues. In the following text, three models will be introduced.

- **The Identify, Differentiate, Interact, Customize model**

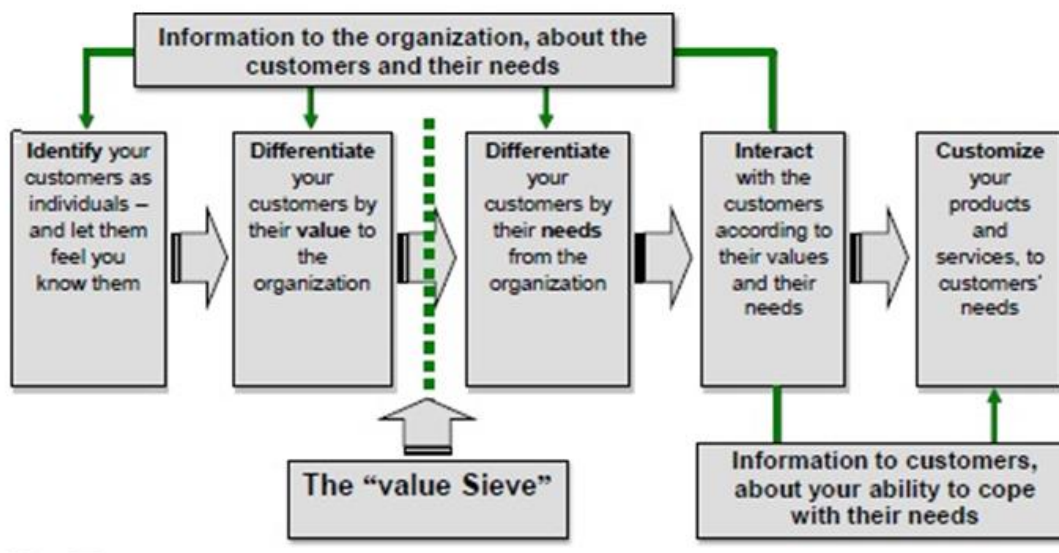


FIGURE 2. IDIC model (Blogspot 2014)

The IDIC model was developed by Pepper and Rogers, which is a consultancy firm. It indicated that company should pay attention to the four parts, which are identify, differentiate, interact and customize, in order to build the intimate one-to-one relationship with customer. (Buttle 2009, 19.)

- Identify. At first, every company has to consider which target group will be the customer, and get the comprehensive understanding of their customers, so that the company can provide the better services to the customers.

- Differentiate. Differentiate means classify. From Figure 2, we can see that we can differentiate the customer based on the value and needs. According to value, companies have to identify the most valuable customers at now and worth most in the future, and pay attention to them. Also, due to the differences in the customer' needs, companies also have to classify them, so that companies can provide the more suitable services and establish the friendly relationships with the customers.

- Interact. In order to build the relationship with customers and know their expectations, the most effective way of a company is to have frequent interactions with them. The same with the differentiate part, the interaction activities are also based on the needs and value of the customers.

- Customize. Offering with the personalized products and services also will help companies to meet the customer expectations. (Buttle 2009, 19)

The IDIC model points out the four steps to build and maintain the relationships with customers. The first two steps aim to gather the information and pave the way for relationship building. During these steps, the value and needs will be considered many times. In the last two actions, companies are going to narrow the space, and inform customers that you have the ability to service them. (Blogspot 2014.) By using the IDIC model, the companies can find the core parts of relationship building and identify the obstacles, so as to make the more suitable strategy and establish closer relationships with customers. (MBAlib 2013)

- The Quality Competitiveness Index Model



FIGURE 3. QCi model (Buttle 2009, 19)

The QCi model is also a product of a consultancy company. The model's authors prefer to describe their model as a customer management model, omitting the word 'relationship'. Figure 3 shows that the heart of this model are some activities related to customer management, which the companies should perform in order to acquire and retain the customers. (Buttle 2009, 19.)

The QCi model is also known as quality competitiveness index model. Figure 3 also tells us that the customer management activities are related to the company staff, decision making team, as well as the technology support. What is more, all the related components influence each other. For example, the external environment will affect the customer experiences, and these two parts will influence the decision making part, which are the analysis and planning and customer proposition, due to the external environments changes every time, and companies had to take the methods to adapt these changes.

- **The CRM value chain**

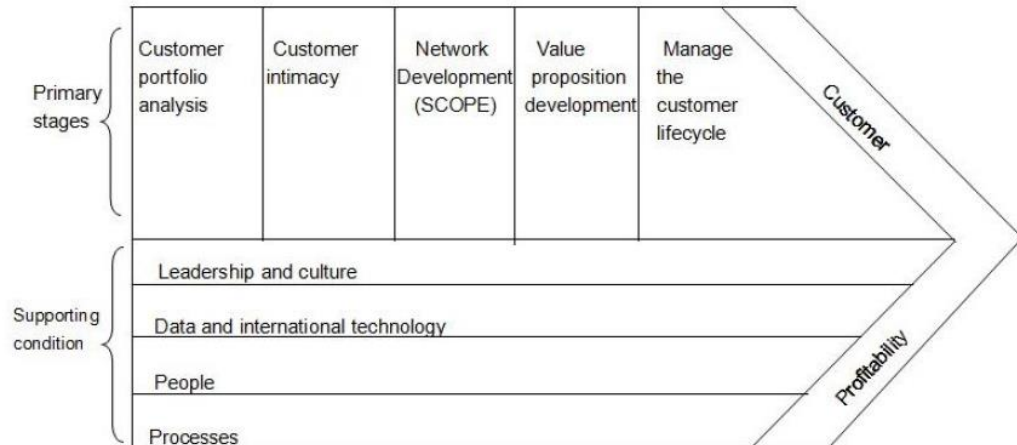


FIGURE 4. CRM value chain (Buttle 2009, 20)

The CRM value chain, as shown in Figure 4, consists of five primary stages and four supporting conditions leading towards the end goal of enhanced customer profitability. The primary stages which including customer portfolio analysis, customer intimacy, network development, value proposition development and managing the customer lifecycle are sequenced to ensure that a company, with support of its network of suppliers, partners and employees, creates and delivers value propositions that acquire and retain profitable customers. The supporting conditions of leadership and culture, data and IT, people and processed enable the CRM strategy effectively and efficiently. (Buttle 2009, 20.)

Companies can easily follow the CRM value chain when developing and implementing their CRM strategies. It has been piloted in a number of business-to-business and business-to-consumer settings, with both large companies and SMEs. (Blogspot, 2014)

The three models all point out some significant part of the CRM implementation: the IDIC model suggests that the company can build the better customer relationship through the four parts. On the other hand, QCi model is more focusing on the activities, point out the activities should be the center of the CRM. As for the customer value chain, it is mainly focus on the customer profitability. Comparing to the three models, they all can give some instructions for the company when made the CRM strategies, and can be applied at the same process due to the different preferences of the three models.

4 CUSTOMER RELATIONSHIP MANAGEMENT STRATEGIES

4.1 Creating Value for Customers

In the chapter 3 the definition of CRM has been introduced. The main tasks of CRM are creating and delivering the possible value to target customers at a profit. But, what is value? According to Buttle (2009, 187.), in a CRM sense the value can be thought of as follows:

'Value is the customer's perception of the balance between benefits received from a product or service and the sacrifices made to experience those benefits.'

It is possible to represent this definition in the form of an equation:

$$\text{Value} = \text{Benefits/Sacrifices}$$

From the equation we can see that, the increasing of customer's perceived value is depending on the two sides: the increase of the benefits they experience, and the decrease of the sacrifices they make. (Buttle 2009, 188.)

The following chapter is going to analysis how to create value for customers both from the theory of CRM and the real situation in AHW company.

4.1.1 Value from Product

Product is a kind of service that company provides to their customers, in order to solve customers' problems. Buttle said that products can provide customers better problem-solving solutions and bring them more value. A better solution is one in which the balance between benefits and sacrifices of the value equation is enhanced for the customer (Buttle 2009, 197). Companies can create value for customers by their products and balance the value equation by managing product innovation, additional benefits, product-service bundling, branding and product synergies (Buttle 2009, 198). This part will focus on the first three aspects.

- Product innovation. The world requires the innovation everywhere. Some of the invariable products cannot satisfy the needs of customers. The product innovation will bring better quality and performance of products; not only provide the services to meet the ever-growing customers' expectations, but also lead to the decreasing of the cost and the increasing of the profit of a company. As a foreign trade company, in terms of the product innovation, needs to pay attention

to develop circular and green environmental protection products. However, it is very common to meet some strong competitors who provide the same services and products as AHW itself. AHW has to provide more creative products, for example some traditional culture products of Anhui Provinces (bamboo carving and tea products), to attract attention of foreign customers who are interested in Chinese culture (Observation Zhu May-August 2013).

- Product-service bundling. It means the practice of offering customers a package of goods and services at a single price (Buttle 2009, 200). Indeed, this action may increase the cost of the company, on the other hand, it will win the customer's preference by the free services. Every purchasing activity will lead to a series of services, especially when the company dealing with foreign countries. In this aspect, AHW wins the customers' praise. There is a documentary department in AHW, mainly provides documentary services, for example all kinds of commercial invoices, landing of bills. It also helps customer to deal with the international settlements as well as the import and export tax rebate services. The crucial point is that all these services are bundled with the products and they are free. (Observation Zhu May-August 2013.)
- Branding. A brand can be defined as follows: a brand is any name, design, style, word or symbol that distinguishes a product from its competitors. As for company, having its own brand will reduce search costs by identifying one product as different from others, and brands also can create the value to customers from both side of the value equation. (Buttle 2009, 201.) Nowadays, AHW is going to establish its own brand in the light industry as well as in the pulp and paper area. With the gained reputations which were approved by customers these years, the own brand of AHW will stand for a good quality and a better choice for customers. Therefore, it will easy to accepted and trusted by the current customers. Moreover, it is more convenient for AHW to adjust the products structure due to the changes in the market demand. So, establishing a new brand helps AHW to maximize the product value, develop and occupy a new market, so as to win more customers. (Interview Ms. Jiang January 2014.)

4.1.2 Value from Service

Service is a performance or act performed for a customer, in the meanwhile, it is an important part of many companies' value propositions (Buttle 2009, 201). In China, due to the increasing emphasis on the service industry of government, around 50 %

of gross domestic production created by the service organizations. (News Xinhua 2013.) But compared to some developed country, the percentage still has a room to rise. As for a foreign trade company, the typical services include the international settlements, freights and logistics, inspections of import and export as well as the tax rebate services. As noted earlier, AHW has a documentary department to deliver all kinds of services to customers which are related to trade activities, and make a lot of achievements. However, AHW should find out what service elements are important to customers and how to improve the performance. Only when the customers' problems were resolved on time, the services provided by AHW can meet the customer's requirements. (Buttle 2009, 203.)

In order to create value for services, Buttle named a lot of service-related methods in his book, which are improving services quality, services guarantees, services level agreements and service recovery programmers (Buttle 2009, 204). The following part is going to analyse the services quality method, also combined with the actual situation of AHW.

Service quality method

There are two major perspectives on services quality:

- Quality is conformance to specification. People who hold this view believe that the quality of services depends on whether the services meet the specification. For example in the foreign trade area, the services like delivering the products on time and making timely settlement, the quality of them will conformance to specification.
- Quality is fitness for purpose. These people hold the view that the quality means the creating products that well suited to customers' requirements, and which meet their expectations (Buttle 2009, 202).

The SERVQUAL model can effectively improve the company's services performance through the management practice. This model points out five core parts of the service quality: reliability, assurance, tangibles, empathy and responsiveness. The Table 3 shows the definitions of the five components. (Parasuraman 1988, 41-50.)

TABLE 3. SERVQUAL components (Buttle 2009, 204)

Components	Definitions
Reliability	Ability to perform the promised service dependably and accurately
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence
Tangibles	Appearance of physical facilities, equipment, personnel and communication materials
Empathy	Provision of caring, individualized attention to customers
Responsiveness	Willingness to help customers and to provide prompt service

The SERVQUAL authors developed a measurement and management model, which identifies the reasons for any gaps between customers' expectations and perceptions.

The gaps are as follows:

- Gap 1 is between what the customer expects and what the company's management thinks customer expects.
- Gap 2 occurs when management fails to design service standard that meet customer expectations.
- Gap 3 occurs when the company's service delivery systems – people, processes and technologies – fail to deliver to the specified standard.
- Gap 4 occurs when the company's communications with customers promise a level of service performance that the service delivery system cannot provide.
- Gap 5 is the product of gap 1, 2, 3 and 4. (Buttle 2009, 203.)

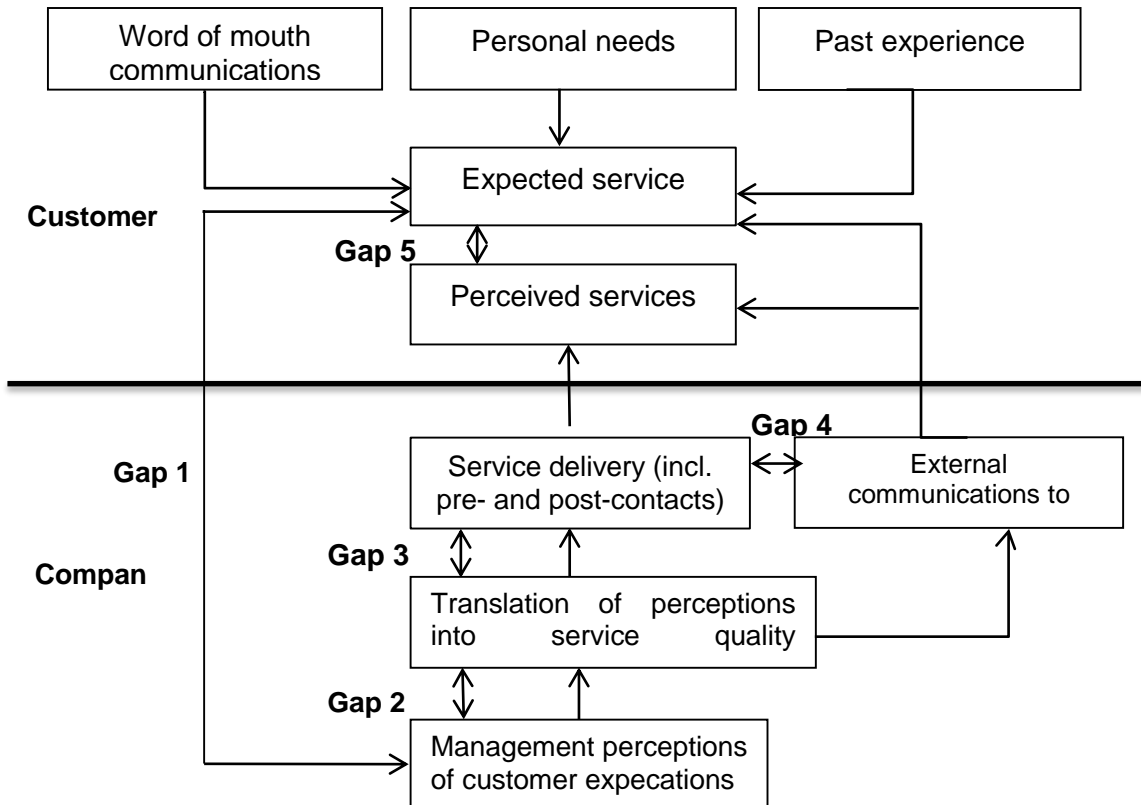


FIGURE 5. SERVQUAL gaps model (Buttle 2009, 204)

The importance of SERVQUAL is that it offers managers a systematic approach to measuring and managing service quality. It emphasizes the importance of understanding customer expectations and developing internal procedures that align company processes to customer expectations (Buttle 2009, 204).

When it comes to the real situation in AHW, in order to close the gaps, the managers need to take some methods as following:

To close gap 1 (between what customers expect and what managers think customers expect) (Buttle 2009, 205), AHW has to know clearly what the customers' expectations are. AHW has about 800 customers, and it is hard to contact every customer very frequently. So, in order to know customer expectations as much as possible, every business center in AHW needs to classify its own customers, according to their different requirements and expectations, establish an expectation data and keep the record of customers. This method can help managers to have a clear understanding about what are the customer needs, and provide the better services.

To close gap 2 (between what managers think customer expect and services quality specifications) (Buttle 2009, 204), it requires AHW to accept the development of services standard as much as possible, and develop service quality goals. Customers will sure enjoy the services with the quality specification, so this gap is easy to be closed.

To close gap 3 (between services quality specifications and actual services delivery) (Buttle 2009, 205), AHW needs to build a high performance team and realizes the rational allocation of all the employees. The managers can improve the communication with employees, organize some training about delivering services, tell them about the job and service specifications, and reward the people who were done the excellent job in services.

To close gap 4 (between actual service delivery and the promises communicated to customer), it is associated with the company's integrity (Buttle 2009, 205). In AHW, the managers have to train the employees to be honest. When they contact with customers, they have to ensure that the given promises are reasonable and will be able to achieve. If some employees overpromised to customers but the services cannot meet the standard, it will lead to the integrity losing of AHW. In the meanwhile, AHW can encourage customers to experience the sample service and listen to the comments from customers to improve services.

The gap 5 is the product of gap 1, 2, 3 and 4. If these 4 gaps are closed, means that the line which separates the company and company does not exist, so the gap 5 will be closed automatically. (Buttle 2009, 205.)

4.1.3 Value from People

For every company, the employees is a very essential part. They are the key differentiator, and the major sources of customer value. (Buttle 2009, 213.) More companies realized that, having a high-performance team will improve the management and the core competitiveness effectively. In this aspect, AHW is a dynamic company with an energetic team. The major employees in AHW are young adults, most of them have a bachelor's degree. They have creativity, enthusiasm, team spirits and abundant expertise, and willing to contribute to the development of the company. (Interview Ms. Jiang January 2014.)

There are many important roles related to CRM of AHW. The managers in the AHW count the core part of the company. As leaders, the managers themselves have to learn many skills like communication, negotiation, as well as the professional expertise, so that they can give a guideline to employees in their own department. According to the interview with Ms. Jiang, she said that the main work for all the managers in AHW is making the daily work plan for employees, helping them deal with some difficult issues. They also need to oversee the completion of the transaction process, and pay attention to the customer relationship maintenance as well. Ms. Jiang also said that, the role of managers refers to be a bridge which connect the top decision-making group and the level employees, to make the information transmits more fluently within AHW. (Interview Ms. Jiang January 2014.)

In addition, every center has some particular employees who are mainly responsible for the customers. They are playing boundary-roles which sit in the place between AHW and its external customers (Buttle 2009, 213). Their main responsibilities are conducting business, keeping the record of customer data, and helping the company to know clearly about their requirements and expectations as well as getting some feedbacks for company. In China, there is a common word "Guanxi" that describes the informal social bonds and reciprocal obligations between various actors that result from some common social context, for example families, friendship and clan memberships. (Buttle 2009, 54.) These boundary spanners aim at building a good interpersonal Guanxi with their customers, so that they can get more orders and make more profits for company.

4.1.4 Value from Customer Communication

All the CRM activities are based on the customer communication. Nowadays, companies are able to facilitate multilateral communication: company-to-customer, customer-to-company and even customer-to-customer, which were impossible in the earlier years. There are many tools used in customer communication such as fax, email, letter, and even personal visits. Here are three processes responsible for the enhanced power of communication to create value for customers: disintermediation, personalization and interactivity. (Buttle 2009, 216.)

- Disintermediation. With the development of the new technologies, the direct communication tools have been used widely, like email, fax and phone. Companies and customers use all the possible tools to get the information easily.

- Personalization. This process requires companies to establish a detailed database of the customer information. Based on the different customer preferences, the company needs to customize personalized communication with customers. (Buttle 2009, 216.)
- Interactivity. Interaction is an effective way for company to build the intimate Guanxi with customers. Having the frequent interactions with customers will make customers feel a sense of participation, rather than the company just to sell products to them. Fortunately, AHW had done a good job in the customer interaction. In the 2009 and 2012, AHW organized some staff to visit one of the main customers – UMC in Slovakia, promoted the further development of the relationships. (AHW Annual Report 2012)

4.2 Managing Lifecycle of Customer Relationship

Customer relationship lifecycle means the whole process from the company established the business relationship with customers, to the relationship completely terminated. The core processes of customer relationship lifecycle are customer acquisition, customer development and customer retention. Those three processes determine how companies identify and acquire new customers, grow their value to business and retain them for the long term. (Buttle 2009, 227.)

4.2.1 Customer Acquisition

Customer acquisition is the premise for the later customer activities. The retention and development will be pointless if there is no customer. In the meanwhile, it is the most important factor for company's growth. In the early stage of AHW, it was impossible to have 800 customers; most of them were acquired during the developing period. Also, AHW is seeking for the greater development, and the customer group will be expanded continuously in the future.

In general, there are two meanings of a new customer, which are new to category and new to company. New to category customer is a customer who has either identified a new need or has found a new category of solution for an existing need. They will easier to become the committed customers, and they won't switch to other competitors unless the company cannot meet their expectations. New to company customers refer the new customers that company won from the market or

competitors. These customers can be regarded as potential value for companies, they will compare some company at same business field, and make the choices depended on their needs. (Buttle 2009, 229.)

In the developing period, when the product categories are gradually saturated, company will pay more attention to seek the new-to-company customers. However, the new-to-category customer is easier to recruit than the new-to-company customer. The new-to-category customer only requires the company to adjust the product types or provide some new services, it is not a difficult work for some company like AHW. But as for gain the new-to-company customers, it requires companies to make great efforts, like providing the better products and services, even with lower prices, so as to win the trust of customers from their competitors. However, companies have to evaluate the bringing value of the customers and the acquisition cost. If the value is much more than the acquisition cost, the efforts are reasonable. It is worth mentioning that the number of customers is not the more the better, every company has the customer saturation. (Buttle 2009, 229.) For example in AHW, if there are 8000 customers under the current situation, they will be hard to manage and possible lead to the collapse of all the customer relationships.

The target of AHW is to become a foreign trade company which exports the Chinese culture-related products to the world. Due to the adjustment of the product structure in the future, companies which are interested in this field will become the new target customers to AHW. The potential customers are all around the world, but before AHW established a new relationship with a new customer, the decision-making group had to have sufficient understanding about the new partner, such as the financial situation, reputation and the influence in the foreign trade area and so on. On the other hand, they also need to consider whether AHW can get the benefits from the new customers. Searching for new customers for AHW is not only just find a place to sell the products, but also to establish a long term relationship and gain the maximum profit from customers. (Interview Ms. Jiang January 2014.)

In 2012, AHW opened three online shops on the Taobao, which is the largest online shopping website in China. The three shops main sell the culture products in Anhui Province. This is AHW's first attempt in the business-to-customer model. Before these shops, all the customers in AHW were domestic and abroad companies. AHW took a lot of publicity measures about the three shops last year, the CTR (click through rate) of online shops continued to rise and the product sales volume also increased since they were opened. Maybe the total turnover of the three shops is far

away from the company's main business revenue, but it is an effective way to acquire customers. (AHW Annual Report 2012.)

4.2.2 Customer Retention and Development

Customer retention and development is the second core management process of customer relationship lifecycle. A customer retention strategy aims to keep a high proportion of valuable customers by reducing customer defection. A customer development strategy aims to increase the value of those retained customer to the company. (Buttle 2009, 257.)

Strategies for Customer Retention

Customer retention is the maintenance of the current customer relationship in a long term, refers the number of customers doing business with a company at the end of a financial year. It expresses as percentage of those who were active customers at the beginning of the year, which reflects the customer loyalty also (Dawkins 1990, 42). However, the appropriate retention rate should depend on the customer repurchase cycle. Companies sometime even did not realized that the customers were already defected because of the location of customer-related data, which might be retained in product, channels or functional silos. (Buttle 2009, 258.)

There are two opposing strategies for customer retention, which are positive and negative ways. Negative strategy requires the customers to stay in the current relationship, and they will face the punishments if they abandon it. Positive strategy is friendlier, and it encourages the customers to remaining in the relationship continuously. Due to the high switching cost on customers of the negative strategy, more companies prefer the positive strategy on the customer retention. And here will be introduced some positive strategies, including creating customer delight, creating customer bonds and building customer engagement. (Buttle 2009, 264.)

- Customer delight. In order to establish a long term and stable relationship with customers, it is a fundamental premise for companies to know their customers' requirements and expectations well. Customer delight occurs when company's performance exceeds the expectations of customers so as to cause a positive emotional response. In a formula terms, it will be like this:

$$CD = P > E$$

Where CD=customer delight, P=company performance, E=customer expectation

The formula shows that there are two ways to influence the customer delight, which are company performance and customer expectation. It is impossible for companies to reduce the customer expectation to a low level, so that they deliver the better performance to achieve the customer delight. Because the customer expectations usually exceed the company performance thus the satisfactions decrease gradually. Moreover, the competitors may improve their performance to acquire the customers if the company decides to lower customer expectation. Therefore, a good way to achieve customer delight is to perform well to customers. (Buttle 2009, 264.)

Customer expectations are mainly reflected in product quality, price and service. Since AHW have been founded, the product quality has been valued by the managers. So at this point of performance, AHW can meet the expectation of customers. The company needs to improve the quality of service: the level of the document, the speed of logistics as well as the customer problems solving. They will be the main challenges for AHW. (Interview Ms. Jiang January 2014.)

- Building customer engagement. AHW has established the engagement with many big customers, such as UMC. It will make the customers to commit to the company, and ensure the customer longevity (Buttle 2009, 277).

Strategies for Customer Development

Customer development is the process of growing the value of retained customers. There is a contradiction between companies and customers. Companies always prefer to obtain the maximum benefit from their customers, so they generally attempt cross-sell and up-sell into the customer base while still take the satisfaction of the customers into account. On the contrary, customers hold the views that company should seek to down-sell, and they do not want the additional products or services that not related to their requirements. If companies offered them with too much up-selling, they would reconsider the current relationship, or even turn to the competitors. It will against the long lasting relationship maintenance. Thus, in order to decrease the risks of losing relationships with customers and make the possible profits from them, there are some CRM technologies used for the customer development. (Buttle 2009, 283.)

- Event-based marketing. The campaigns can be offered under some particular event, and it will be easily accepted by customers (Buttle 2009, 283). In AHW, if there happens to come up with a policy about reducing the rate of export tax rebates, the customers will think the price is feasible.
- Data mining. The data mining can tell the probability of a customer buying any other product, based on their transactional history or demographic/psychographic profile (Buttle 2009, 283). It is required that the company has the business records of every customer. After the related data mining analyse, the company will know clearly about the customer purchasing abilities, propensities and levels, and then decided whether to use up-selling or cross-selling to them. As for AHW, it is necessary to complete the customer data, so that the transactional history can play an important role in the customer development and the whole CRM process.

4.2.3 Customer Loyalty

Customer loyalty means that customers have a preference of repurchasing in the same company due to the impact of product, service, price and other factors. It is the result of the experience about continuously positive emotional, satisfaction and perceived value. The customer loyalty has some differences with the customer satisfaction. The customer satisfaction evaluated whether the past transactions can meet the origin expectations, but the customer loyalty is to measure the willingness of customer repurchase and participation of the company. In order to keep the customer loyalty, companies need to come up with the loyalty schemes to reward customers. (Beyond Philosophy 2013.)

In AHW, except the high qualified services, the company often provides the low price for old customers. As an exporter, AHW will offer a discount price of some products to the customers who have been traded for many years, and keep the price for a long time. This action will directly lead to the repurchasing activities of customers, and keep the loyalty of them. (Interview Ms. Jiang January 2014.)

The other common way to keep the customer loyalty is to add the additional value to them (Buttle 2009, 267). With the same price, customers are more interested in the company which provide them the value more than the product or services itself. The additional value can be visible or invisible. The visible additional value can be the quality of products or the business present. In China, in order to build the good

Guanxi with customers, sometimes it is necessary to send some presents during the holidays, or invite them to the outdoor activities. It will promote the relationship developing, and achieve the customer loyalty. But all the companies as well as AHW have to notice that the presents and the interactive activities need to be suitable, otherwise it will undermine the relationships with customers. (Interview Ms. Jiang January 2014.)

As for the invisible additional value it can be the impact brought by this company. For example, due to the day-creeze influence of AHW, it will occupy an important position in the foreign trade field in China in the future. Thus, some abroad customers will consider about the development trend of the company and measure if they can benefit from the influence and meet more opportunities in China, then determine whether to establish the long term relationship with AHW. This required the huge growth potential of companies, and when the customers trust the company and decide to stay, the loyalty of the customers will keep for a long time.

4.3 Managing the Relationships with Interest Groups

4.3.1 Investor

The unique and the largest investor of AHW is the Anhui Publishing Group (APG). Anhui Publishing Group was established in November 2005, it is the first group-formed and large state-owned cultural enterprise and finished the enterprise restructuring when founded. Since now, the APG has 11 wholly owned and holding subsidiaries, which include 2 listed companies. In 2012, the overall economic scale of APG was ranked as fifth among the 33 publishing groups in China, among the large cultural media companies which sales revenue and total assets amount achieved two billions Yuan. (APG Website.)

AHW operates independently out of the APG, conducts various business activities. However, the APG has the regulations of the overall work including the finance and direction, which requires AHW to report the annual work summary every year. When there are big decisions need to be determined, like whether develop the new products or invest in the new industry, the top managers of AHW have to report to the superiors in APG and get the permission. What is more, APG also controls the right of appointment and removal of senior managers in AHW. At the same time, the AHW employees enjoy the infrastructure and welfare that provided by APG. In a word, the

relationship between AHW and APG is very harmonious. APG attaches great importance to the development of AHW, gives the substantial financial support when necessary, and inspects the work of employees regularly, encourages them to work hard. As a return, AHW opens a new business area of investment and brings a lot of profits for APG after these years development. (Observation Zhu May-August 2013.)

4.3.2 Commercial Banks

As a big foreign trade company, just relying on the investment by APG is not enough for company's daily operation. To make sure that each order can be done successfully as well as the normal operation, AHW sometime needs the support from the commercial banks. Also, commercial banks play a very important role in the international settlement. They provided the services to promote the foreign trade business as an intermediary. Thus, every foreign trade company needs to deal with the commercial banks.

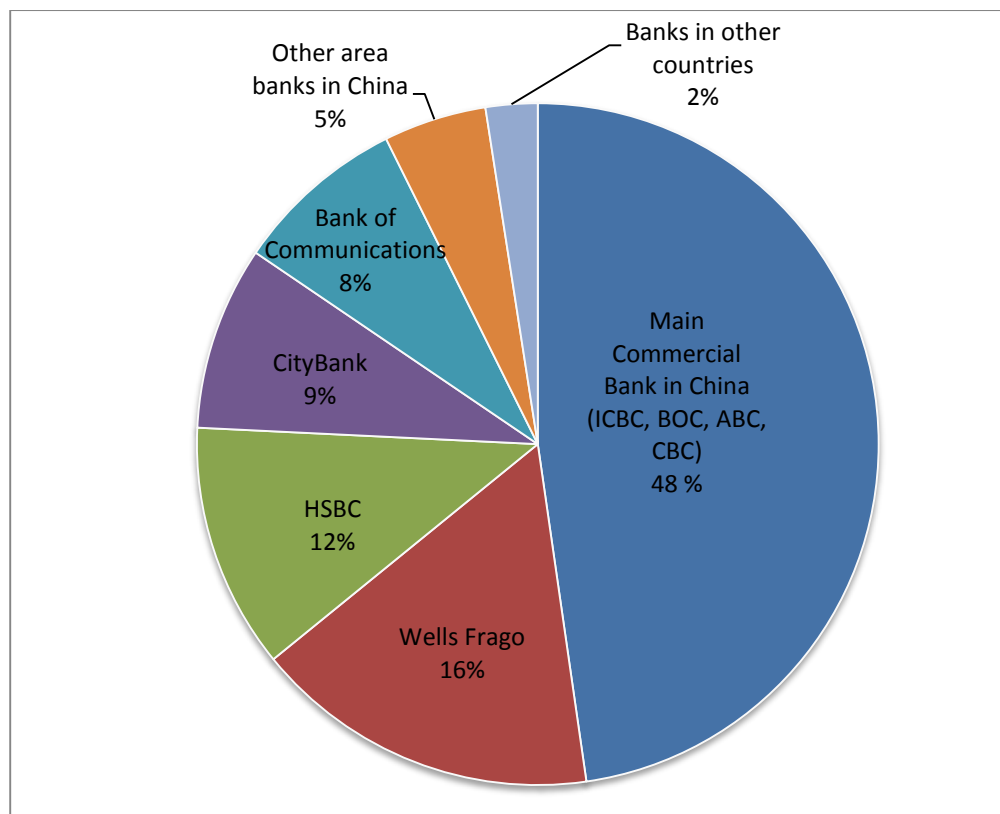


FIGURE 6. The proportion of settlement by major banks in AHW international business 2012 (AHW Annual Report 2012)

There are plenty of international settlement documents from the banks every day in AHW. From the Figure 6 we can see that AHW had the frequent business with

several commercial banks, and Chinese commercial banks accounted for the majority. Due to the familiar processes and working standards of domestic banks, they may provide AHW more convenient services. In the meanwhile, AHW also do business with some foreign banks, because the main trade activities happened with the foreign companies, and sometimes required the settlement services from the worldwide banks. (AHW Annual Report 2012.)

4.3.3 Suppliers

Suppliers affect the company's reputation directly because of the quality of products. A good relationship with suppliers not only can help company to ensure the quality of products and reduce the cost, but also adapt to market changes and increase the satisfactions of customers. AHW acts as an intermediary in the foreign trade business, to connect the suppliers and the trade companies. The import and export situations are substantially the same: at first AHW receives orders from the abroad or domestic companies and signs the contracts, and then the orders will be given to the suppliers. For getting the quality products, AHW also needs to value the suppliers as well. According to the trade experiences in the past ten years, AHW built the cooperative relationships with almost 500 domestic and foreign suppliers. Among them, the Electronic and Chemical Department have the most suppliers because of the huge volume of business activities.

Here is an example of a supplier:

- **ILIM Timber Co., Ltd**

ILIM Timber Co., Ltd is a wholly owned subsidiary of the "ILIM Forestry Group", which is the largest timber group in Russia. ILIM Forestry Group owns 4.7 million hectares of woodland, and the annual deforestation reaches 7 million cubic meters, and the production of pulp and paper accounts for 7 % of the world's. The annual output is 2.5 million tons, of which 1millions tons softwood pulp will be exported to China every year. (ILIM Co., Ltd, 2009.) AHW has signed the long-term cooperation agreement and formed the strategic partnership with ILIM Timber, made ILIM become one of the most important suppliers in the Chemical Dept. (AHW Website.)

For the long time trust and friendly relationship between AHW and its suppliers as well as achieving the win-win situation, AHW has already adopted some methods. The managers who main responsible for the suppliers will visit them regularly, and

encourage the suppliers to innovate the product technology. But because of the 500 suppliers, it is impossible for AHW to visit them one by one. Thus, as same with the customer database, the database of the suppliers has to be established. The managers should ensure that the information between suppliers and AHW is unobstructed. In the meanwhile, AHW can build an incentive program, including the incentive of price, information, quality, order, and reputation as well as the elimination; also evaluate the performances of the suppliers, which aims to motivate the suppliers to improve the shortcomings during the business. (Observation Zhu May-August 2013.)

5 IMPLEMENTATION OF THE RESEARCH AND THE ANALYSIS OF RESULT

5.1 Implementation of the Research

AHW is a large company with around 100 employees and 20 managers. In order to get the overall CRM situation of AHW nowadays, and the opinions from both employees' and managers' point of views, there are two methods which have been used in the research, which are qualitative and quantitative methods.

The qualitative method often uses the small sample, investigates the why and how, rather than what, when, where questions of the decision making, aims to gather the deeply understandings and reasons of the decisions or the human behaviours (Wikipedia 2014). In the research of the thesis, the qualitative research way was the interview with Ms. Jiang, who is the manager in the documentary department. The interviewer has designed ten questions for the interviewee. (See in the appendix 2) The documentary department makes all the documents that required in the business orders. Differ from the four product centers, the employees in the department often directly contact and interact with all the customers. It can say that this department would have better opinions towards the customer relationship. That is the reason why choose the department manager as the interviewee.

The quantitative method refers to the systematic empirical investigation of social phenomena via statistical, mathematical or numerical data or computational techniques. Hence, this method requires the large sample, and researcher asks a specific, narrow question and collects a numerical data from participants to answer the question. (Wikipedia 2014.) Therefore, the form of quantitative used to be the questionnaire. In this thesis research, a questionnaire had been designed and delivered to the employees in AHW through paper.

Around the end of January in 2014, the qualitative and quantitative research have been delivered. The whole company had an annual summary at that time, so that both the managers and the employees would have a general understanding of the overall situation of CRM. There is a statistical analysis after the questionnaires collected, based on the Excel, and will give a clear result through figures.

5.2 Research Results from the Survey

The questionnaires have been delivered to employees in AHW 24th of January 2014 in paper form. The total number of delivered paper questionnaires was 50 and 34 responses were received. There were total 16 questions in the questionnaire, and the first four questions were asking the background information about the respondents. The rest of questions aimed to investigate the employees' opinions and evaluations towards the methods of CRM improvement, and collect some useful suggestions for current CRM situation in AHW.

The first question was "What is your gender?" There were 21 female employees who participated, which accounts for 70 percent of the respondents, while only 13 male employees answered to the question.

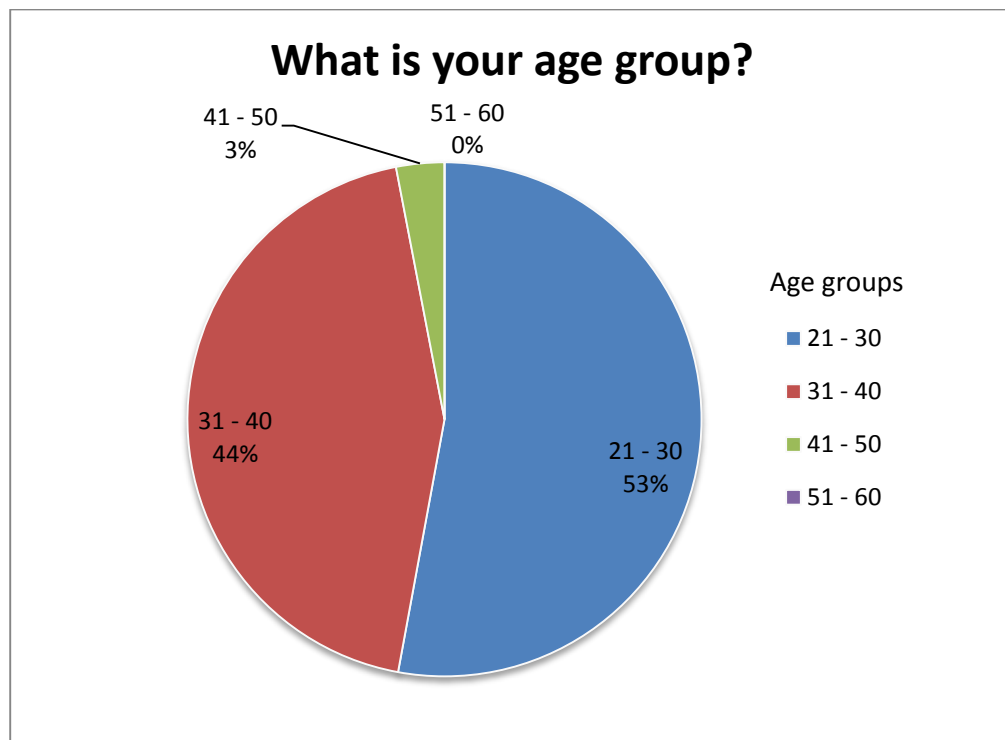


FIGURE 7. What is your age group? (n=34)

Figure 7 is about the result of the second question "What is your age group?". From the figure we can see that, these respondents are all young adult people, the average age of them is around 30 years old, which shows that there is a young employees team in AHW. They might graduate from the university, full of the energy and passion about work. However, from the age of respondents, there is only one respondent aged above 40. As for the reasons, it is possible that the older employees have paid insufficient attention to this questionnaire. On the other hand, it might point out the

common situation about CRM implementation in Chinese companies. Due to that CRM is a new issue for the company management, it easily accepted by the young people, and they would pay more attention in the operation. However, some of the older employees did not notice the importance. So, the managers themselves have to value the importance of CRM first, and then, give some lectures about the significance of CRM, popularize the concept to all employees.

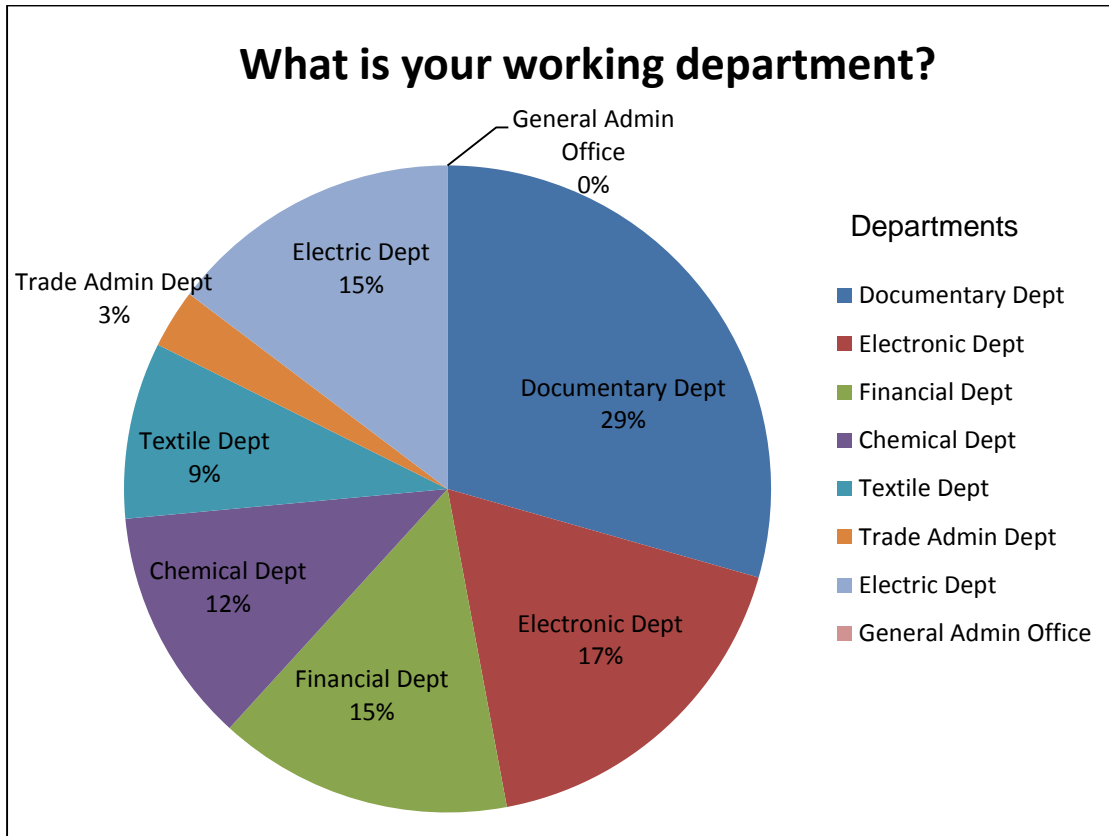


FIGURE 8. What is your working department? (n=34)

The third question was “What is your working department?”. Figure 8 tells that the respondents are mainly from the documentary, electronic and financial department, and the total percentage of these participants is up to 60. But, the general admin office had no respondent. For this reason, the main duty of this office is to assist the top managers to manage the company, including overall planning of administration, human resources development, coordinate the relationship between the various departments, as well as company documents, files and data management. All the employees in the office have the huge workload and they will not contact with customers directly indeed. However, just like the older employees in AHW, this office should also realize the importance of the CRM. (Observation Zhu May -August 2013.)

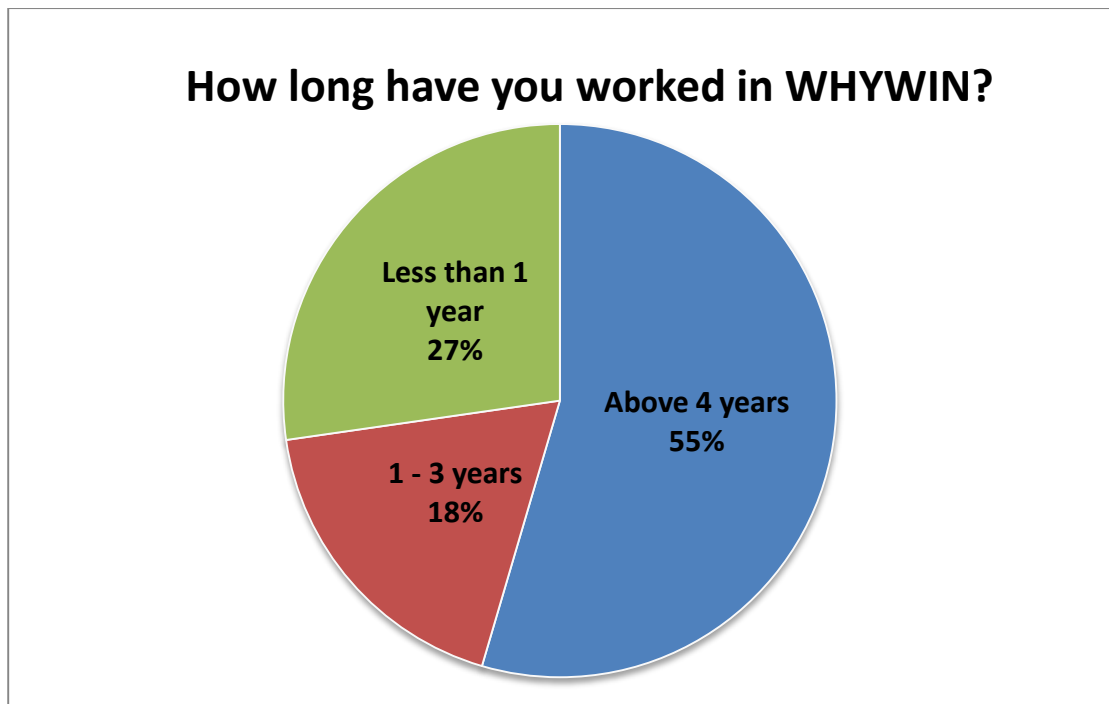


FIGURE 9. How long have you worked in WHYWIN? (n=34)

The last background question was “How long have you worked in AHW?”. There was up to 55 % who had the working experience over 4 years in AHW, and the second place was for the new employees in the company who just worked less than 1 year. And 18 % of the respondents who worked in AHW from one to three years. Because AHW is a young company with only 9 years old, so the employees working years in AHW are not very many.

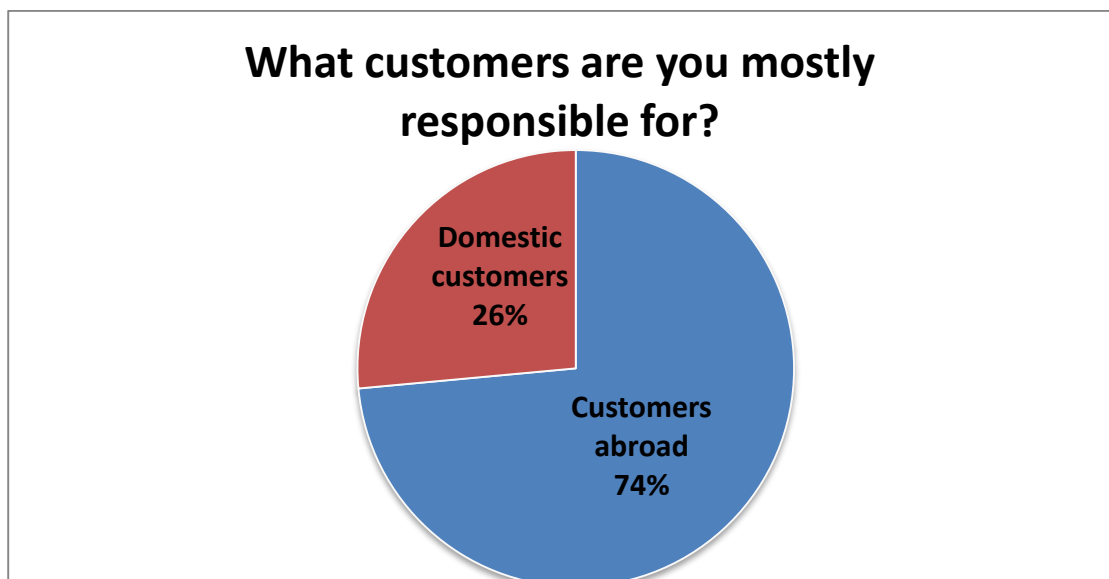


FIGURE 10. What customers are you mostly responsible for? (n=34)

The export and import business accounted for three-quarters of total business volume in AHW, and only a quarter of trade business is happening in domestic market. Corresponding, the number of customers abroad is twice as much as than the domestic customers, so there are 74 % of respondents responsible for the customer abroad, and the rest 26 % of respondents are in charge of the domestic customers.

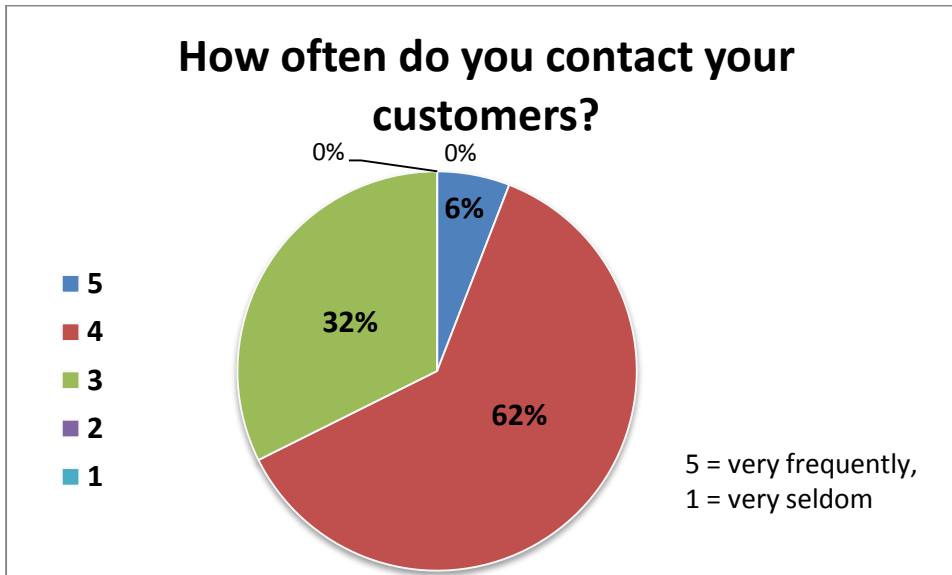


FIGURE 11. How often do you contact your customers? (n=34)

The sixth question was about the frequency of the customer contacting. Fortunately, the employees in AHW regard the customer contacting as an important part of their work. Over 60 percentage of the respondents replied that the frequency of contacting customers is very high, which showed that the employees value the customer contacting as a good way to promote the relationship with customers. Indeed, just like the thesis mentioned before (in chapter 4), in order to create the value of services, products, as well as the customer retention and development, keeping contact with customers is one of the most effective ways.

The next question asked “How do you contact your customers?”, the objective is to know what kind of methods has been used in the customer contact in AHW. This is a multiple choice, providing the respondents with four answer options and a blank to fill if they have some other channels. Table 4 tells that all the respondents choose the first two choices, which is “Email, MSN, QQ etc.” and “Telephone”, and about 20 % repliers also meet the customers sometimes, or write letters.

TABLE 4. Methods of contacting customers (n=34)

7. Which kind of methods are you using in contacting your customers?	Number	%
(Multiple choice)		
Email, MSN, QQ etc.	34	100%
Telephone	34	100%
Personal meeting	7	21%
Letters	6	18%
Others, what? _____	2	6%
Respondents added: Skype		

Due to the fact that abroad customers occupy the three-quarters of the total customers, thus, the employees rarely meet the opportunities to have a face to face communication with them, so the telephone will help a lot. The internet getting easier nowadays, so the letter is gradually replaced by the email. The email is so convenient that can delivery all kinds of information to customers. What is more, the staff also can chat with customers online through the different chatting tools, like MSN and QQ. In additional, two respondents add the "Skype" as a new option. In the later days, the number of using Skype will continuously increase because of the popularization of the chatting tool in the western country.

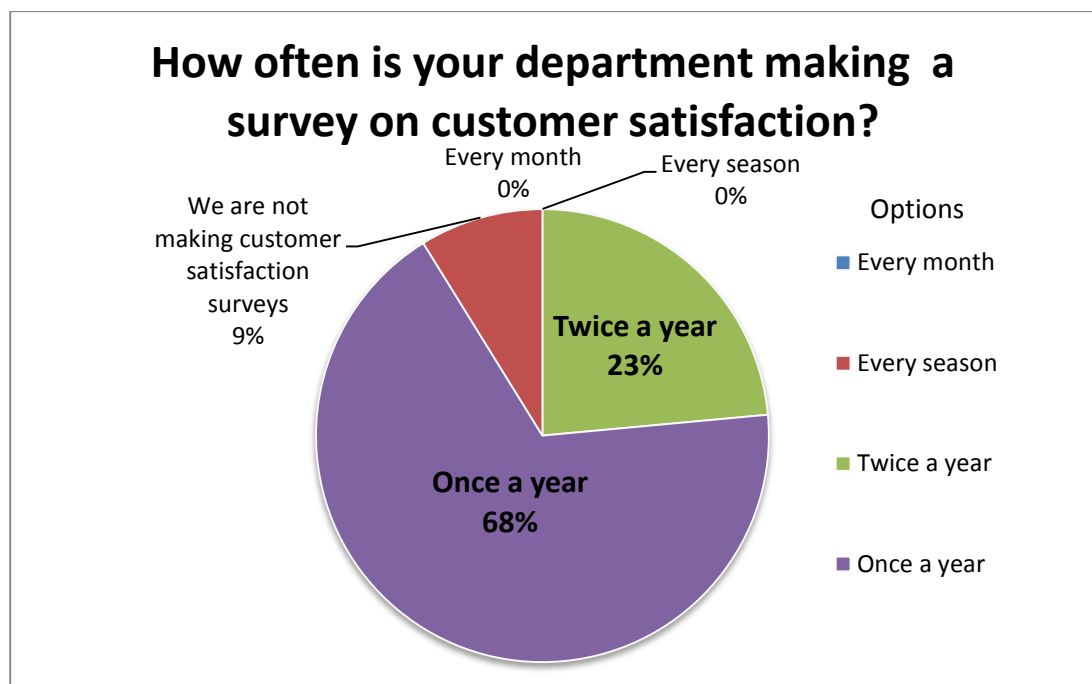


FIGURE 12. How often is your department making a survey on customer satisfaction? (n=34)

The eighth question asked “How often is your department making a survey on customer satisfaction?”, and the Figure 12 shows the result. In AHW, more than half of the departments made survey on customer satisfaction once a year, which are documentary, financial, chemical, electric, and textile department, only the electronic department makes the survey twice a year. The result suggests one problem, the frequency about customer satisfaction investigation is too low in AHW.

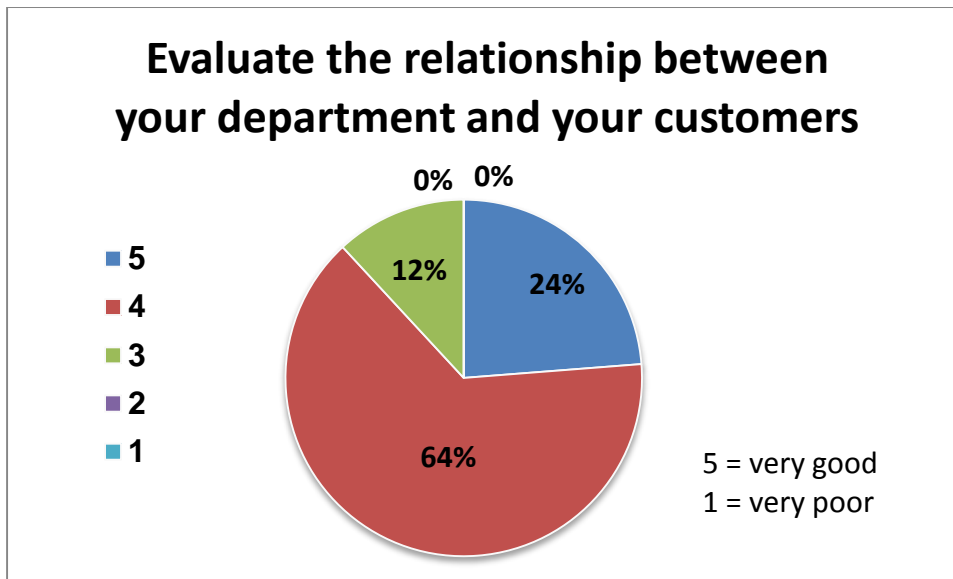


FIGURE 13. Evaluate the relationship between your department and customers (n=34)

The next question was to know the relationship evaluation from the employees' point of views. Fortunately, all the respondents think that the relationships between their department and the customers are very harmonious, donate that the current customer relationships are very healthy in AHW.

Because the ERP system (Enterprise Resource Planning system) has been successful running since 2012, so as for the tenth question “Which CRM software are you familiar with?”, all the respondents say that they are familiar with the ERP. And also there are other answers, like Xtools, Free EIMCRM and SAP, which all are some popular CRM software in China.

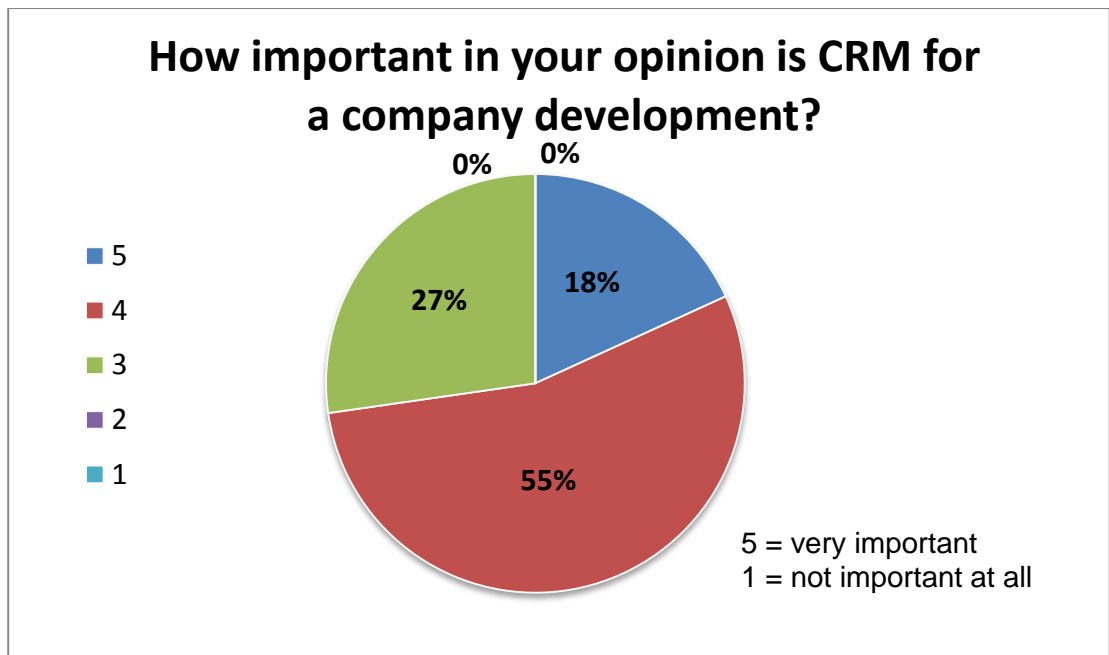


FIGURE 14. How important in your opinion is CRM for a company development? (n=34)

The eleventh question was “How important in your opinion is CRM for a company development?”. In the answers, all respondents think the CRM plays an essential part of the company development, answers show that all the respondents have a good understanding about the importance of the CRM.

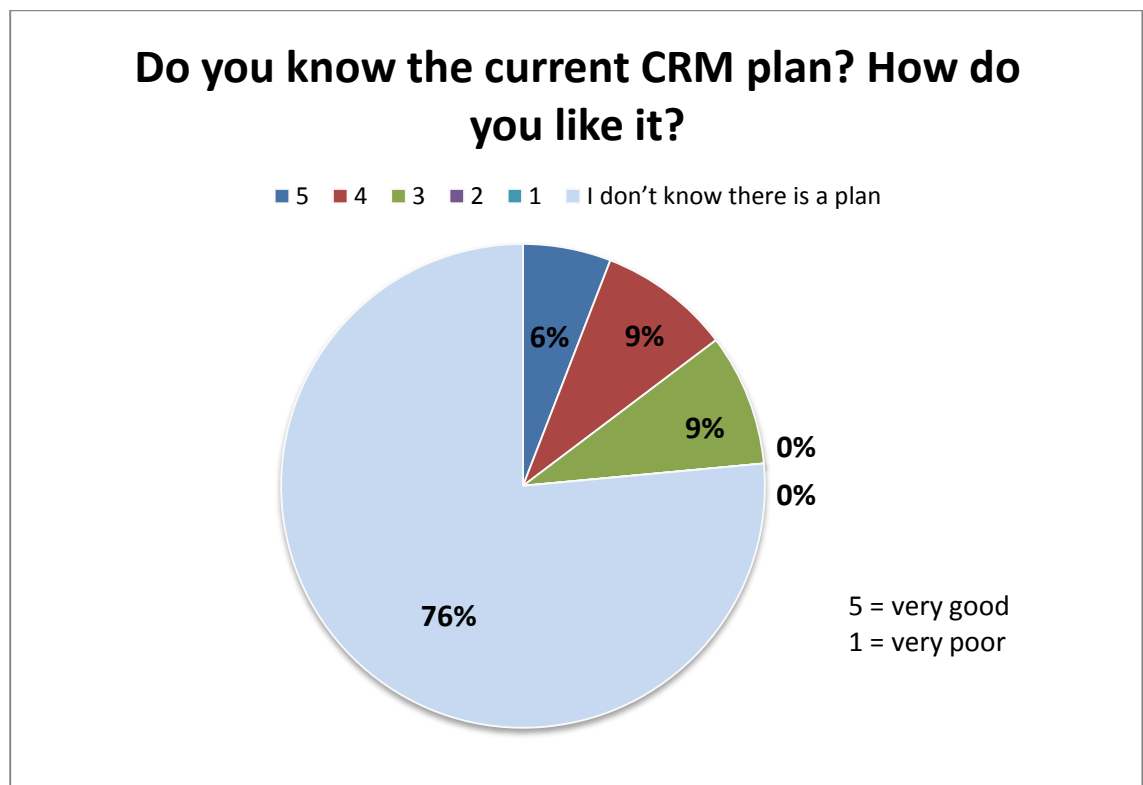


FIGURE 15. Do you know the current CRM plan, How do you like it? (n=34)

The twelfth question was “Do you know the current CRM plan? How do you like it?”. The result shows a big problem in AHW, which is that most employees even do not know there is a plan existing. From the Figure 15 we can see that, only 24 % of respondents know the current CRM plan and thought it was pretty good, and most of them are from the four business centers (electric, textile, chemical and electronic department). This indicates that AHW lacks of a systematic CRM plan. The top managers maybe indeed emphasize the importance of CRM to their employees, but forget to mention how and what to do. Only when the decision making group give a detailed plan to all the staff as a guideline, do the grassroots employees who work in the business department as well as in the back office know what to do and should do during the communication with their customers.

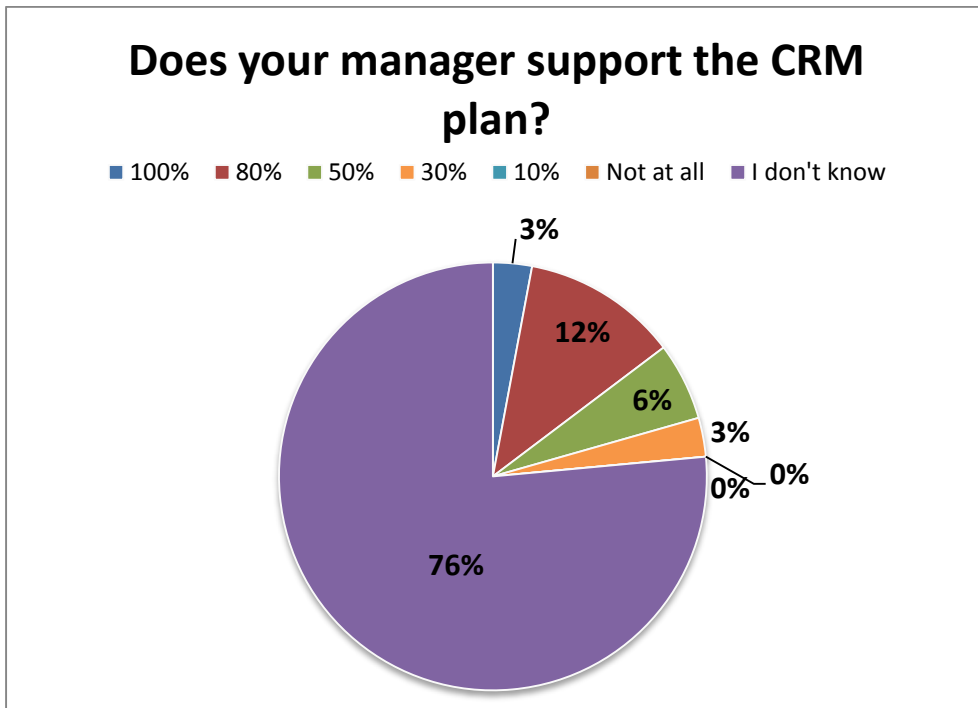


FIGURE 16. Does your manager support the CRM plan? (n=34)

As corresponding, when the respondents answered the thirteenth question, 76 % of them do not know whether their managers support the current CRM plan. Only 1 respondent choose the “100 %”, and 4 choose the “80 %”. The position of the five respondents might be the assistant manager, and they know what the managers’ opinion is. Under this condition, at first, AHW has to come up with the systemic plan, and then managers need to spread it to all the employees after sufficient understanding. Furthermore, the managers in every department need to exchange their opinions about the plan with staff. It can help the managers and the staff to know

each other better, get the feedback from employees more quickly so that the problems can be resolved in a timely manner.

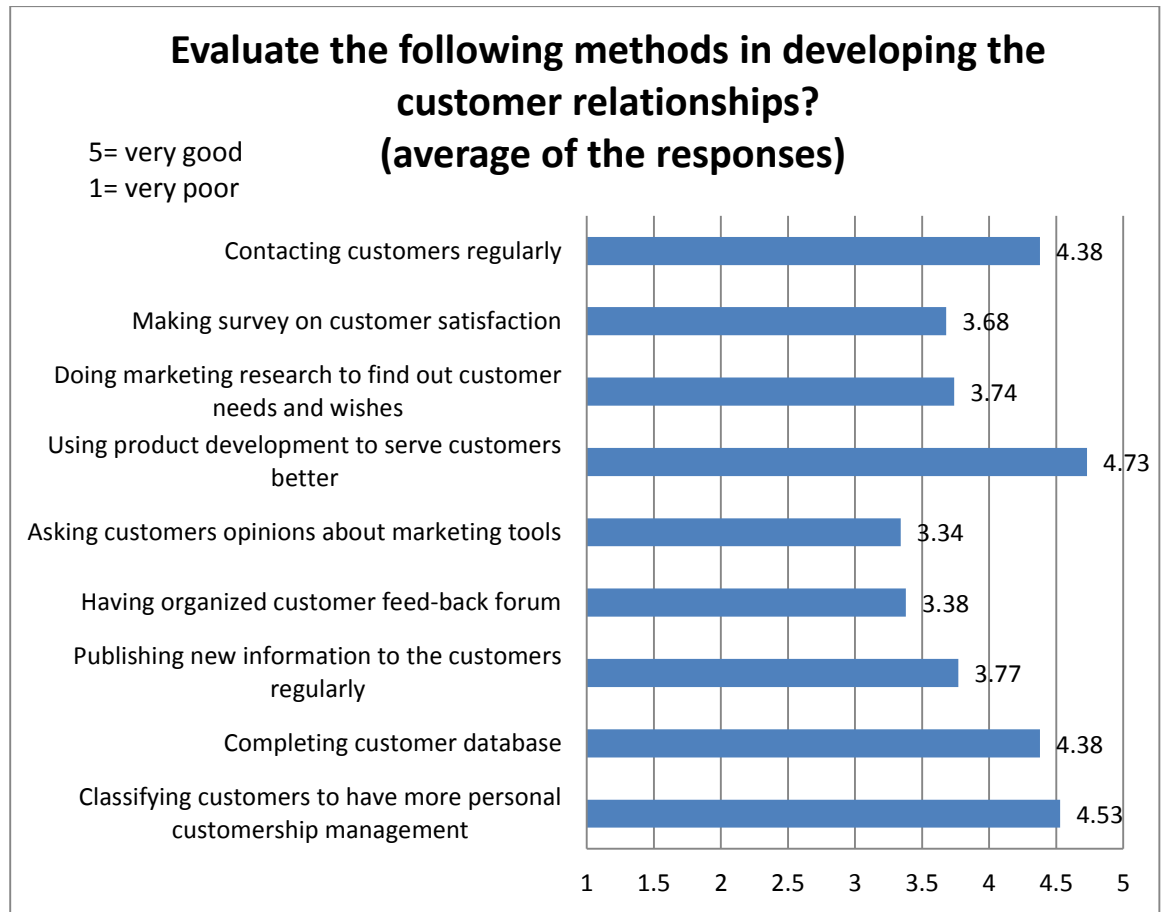


FIGURE 17. Evaluate the following methods in developing customer relationships? (n=34)

The fourteenth question asked the evaluation about some methods of customer relationship development. Figure 17 gives the average point of each method, which 5 is very good and 1 is very poor. The respondents agreed that all these methods can improve the relationship with customers, and from their opinions, the most effective ways are contacting customers regularly, classifying the customers to have more personal management, and pay attention to the products. In addition, the research asks the respondents to add some other methods that they consider viable. One of the respondents added that company can organize more visits to customers. This is also a good way to promote the relationship. However, this method only works on the customers in China, as for the abroad customers, it will cost some of the company finance.

The last one was a suggestion question, to ask the respondents to give some suggestions about the company CRM development. Unfortunately, the researcher only got 5 answers, and 3 of them are the same, which is hope the company can communicate more with the customers. Not only during the business, but also to care about their development process, and then customers will regard the company as a truly friend rather than the trade partner, so the relationship can last for a long time and achieve the win-win situation.

5.3 Research Results from the Interview

The qualitative research had been designed into an interview with the manager in the documentary department, who is Ms. Jiang. Fortunately, she was willing to be interviewed when the researcher asked. This interview was a face to face interview, it happened in 24th of January, at the same time when questionnaires were delivered. There were total ten questions in the interview, from many aspects to discuss the CRM improvements with the manager.

The first two questions asked the main background information about Ms. Jiang, which are *“How long have you worked as a manager, including your pervious work experience?”* and *“Which is your working department? And what is your position?”*. Jiang said that she has been working as a manager for more than 10 years. Before AHW established, she worked in the Anhui People’s Press, which is also a subsidiary of APG. Having a bachelor's degree in English as well as the excellent working behaviour, Ms. Jiang has been promoted to be the documentary department manager till now.

The third question was *“Can you explain how you manage the department daily work? Do you have a daily work plan and do you keep a record of visits and calls of your customers?”* The documentary department is an assistant office, which main responsible is dealing with all the document issues in the company business. As a leader in this department, Jiang said the main duties are looking through many letters of credits, noting the important parts and the required documents in the order, signing the permit file from the other departments, and helping her staff to solve some problems during the document making process. Jiang will prepare the working plan a day before, but the actual work is usually more than the plan, and she often works overtime with all her employees. When she answered whether keeping a record of visit of customers, she said yes. Due to the regulation of AHW, she had to report this

detail information to the top managers once a week, just same as she requested to her staff. (The answer for the fourth question *“How often your staff reports about its work to you?”*)

The next question was *“Do you have the detailed information about your customers? How often you update them?”*. Jiang answered that, the customers information is scattered in each center, and does not flow in the company. On the other hand, because of the hectic work, some information of customers was even from a few years ago. She also suggested that the current customer database needs to be completed and updated regularly. Due to the huge effect, the work can be done by the various departments' cooperation and then share to all the company.

When the interview came into the sixth question *“What is the great force of CRM implementation? Does it need the co-operation of other departments? And what are the difficulties it will face?”*, Ms. Jiang expressed that the customer relationship management can help the company to serve customers better. Customer is the sources of company interest and the most valuable asset. Owing 800 customers pushes AHW to implement the CRM project. In addition, the other companies have also paid the efforts to the CRM operation, so AHW has to keep up with the pace. However, the CRM implementation is not an easy issue. All the departments in AHW are involved in the implementing process, and it will take a long time to see the achievements.

“The competitors are everywhere, they differ in the sense whether they have an impact on our business or not,” said Jiang, *“the main competitors are mainly in export and import of clothing, machinery and other fields. They indeed affect the implementation of CRM in our company. For example, sometimes they come up with a new strategy about providing the long term discount to some customers for increasing the amount of orders. And if we know, we will take some methods to prevent the loss of our profit, or the loss of customers.”* It is the answer of the seventh question *“Are you familiar with the competitors' conditions? Do they affect the company CRM plan? Why (or why not)?”*

The last three questions were about the evaluation of the current CRM situation and the personal suggestions concerning it. Ms. Jiang mentioned that the most effective way to promote the relationship with customers is to try the best to improve the customer satisfaction. The ultimate aim of all the methods is to achieve it. The more customers are satisfied with the company, the longer time they will stay. From Ms.

Jiang point of view, she thought the present situation is pretty good. Although the implementation of CRM in AHW still is in the early stage, the running ERP system will promote the development process a lot. However, Ms. Jiang said that the ERP system operation situation in AHW is not optimistic. The ERP requires the operator with the professional knowledge, but AHW lacked these kind of people as well as a specialized technical department. When some departments meet the technology problems in ERP, it will delay for a long time if asked external people to solve them. Therefore, Ms. Jiang suggested that AHW can establish a department, which main responsibility is solving the ERP technology issues in the company. With the necessary technical support, the software can maximize its value for the company.

In a conclusion of the interview, Ms. Jiang has the belief in the CRM development in AHW. "Owing an outstanding leader group will give our employees the right guide in the work." Also, she mentioned about the young employees in AHW, "They are hardworking and having the passion, positive work attitudes. The working environments in here are harmonious, we are easier get along with each other. So, I believe that the young work team will provide their customer with the quality services and products to meet the customer satisfactions, and also bring the creative and dynamic ideas into the CRM development process in AHW."

6 CURRENT SITUATION OF CRM AND SWOT ANALYSIS OF WHYWIN COMPANY

6.1 Current CRM Situation

For the further development as well as the maximum profits of the company, AHW attaches importance to the customer relationship management. According to the questionnaire result, almost 70 % of respondents hold the view that CRM is important for the development of company. There are four business centers which are responsible for four categories customers. The customer database has been established in AHW, which is a basic part of the CRM. In addition, AHW has been using the ERP (Enterprise Resource Planning) management system since 2012, became the second foreign trade enterprise which is running the ERP system successfully in Anhui Province. (Observation Zhu May-August 2013.)

The current relationships between customers and the company are quite good. Some major customers regard AHW as a good partner to work with. However, due to the huge amount of customers, AHW felt powerless to manage these relationships. With the continuing development of the company, they will face a bigger customer group. How to deal with the old and new customer relationships will be a challenging issue for the managers in AHW to solve. (Interview with Ms. Jiang.)

6.2 SWOT Analysis

SWOT (Strengths Weakness Opportunities Threats) analysis, also be known as trend analysis or analysis of strengths and weaknesses. Through the analysis of company's competitive advantages and disadvantages (strengths and weaknesses), opportunities and threats, the company's strategy internal resources, external environment can be organically combined. Using this method, a systematic and accurate research about a specific study object can be carried out. Sets of appropriate development strategy plans and countermeasures will be formulated corresponding to the analysis results. (Baik Baidu, 2014.)

- **Strengths**

Based on supporting from APG and its strong cultural communication strength, AHW developed very smoothly during the past 8 years and grew rapidly. It is easy for AHW to become a culture-related foreign trade company. Besides,

AHW gained the reputations at the business area, received a number of honorary titles, and become a listed company successfully last year. Furthermore, AHW has an experienced management group and a dynamic work team, which can maintain the well-organized state and add the energy to the working life of the company. Nowadays, the using ERP system helps manages to take charge of the company, as well as the customer relationship management in a better way. (AHW website.)

- **Weaknesses**

Every company has the weakness side, so does AHW. As for the customer relationship management part, AHW lacks a systematic CRM management plan. The results of research survey showed that a lot of staff in the company even do not know the existence of CRM plan. It indicates that the implementation process of CRM has a few problems in AHW. Besides, AHW depended too much on the producers due to they do not have the own factories. Once the producers stop supplying, the chain of business trade will be under threat. What is more, the main culture products are mainly based on the paper and pulp products, which cannot highlight the characteristics or create the awareness of cultural products. Thus, it is necessary to adjust the product structure, concentrating more on the culture and media products. (Interview Ms. Jiang January 2014.)

- **Opportunities**

Since the Chinese government implemented the reform and opening-up policy, there is a booming situation in the foreign business trade. In the 21 century, government still encourages the development of import and export trade, which also promotes the growth of AHW. What is more, concentrating on export of the culture products still is a new trade part of the whole business field. Thus, AHW should seize the opportunities to develop own characteristics, expand the scope of business and attract more potential customers. (Interview Ms. Jiang January 2014.)

- **Threats**

The further opening market brings more foreign trade companies which come from China as well as abroad, makes the situation of competition increasingly

fierce. However, the dramatic turn in the high-speed development situation in the Chinese foreign trade, which caused the global economic crisis in 2008, led to the related companies were confronted with a serious situation. Chinese government issued the New Deal of the processing trade and also made the changes of policies like the adjustment of the export tax rebate. They will also be serious challenges for foreign trade companies. (Xie, 2011.)

7 SUGGESTIONS FOR THE CRM DEVELOPMENT

Based on the forward analysis of the present situation in AHW as well as the research result, the report put forward several suggestions to this company. Combined the current challenges with the main findings of the research, these suggestions aim to help AHW make changes in the implementation process of CRM, and dedicate to promote the customer relationship development in a better way.

- 1) Coming up with a systematic plan of CRM. This is one of the main findings of the results. Over 50 % of employees in AHW do not know the current CRM plan. A good plan can help the company achieve the goal with half of efforts. Although the plan can be changed according to different situation, but some regulations and strategies should be obeyed all the time. A long term plan of CRM not only should contain the final objectives, but also some detailed steps. If there is no plan in the development period, employees will lose the direction when they meet the complicated situations.

According to Ms. Jiang, the top managers have already noticed the importance of CRM and pay attention to it, but they think the relationship building rely on the daily communicate, rather than a plan on the document. However, the top managers ignore that the CRM is not just build the relationships with customers, but also to create more values for them and get benefits from it. Therefore, it is necessary for AHW to make a CRM plan for the future development, using the theoretical and practical experience as a guideline.

What necessary for the decision-making group to do now is to make a proper plan for the company. Combining the successful experiences from other companies with the real conditions in AHW, to give a guideline for the employees. After the plan released, the leader group should give a description to all the employees, so that they will have a better understanding about the central idea and know what to do during the working time.

- 2) Completing the customer database. Customer database is a collection of large amounts of information about the current and potential customers. By using the computerized management tools to help company to have a better grasp of customers. (Lu 2011.)

The huge customer of group is hard to manage for AHW. Eight hundred customers will create great amount profits for AHW, in the meanwhile, they also cause some technical problems in management. For example, the speed of customer information updating is too slow. Employees have to deal with hundreds of business issues, sometime they don't have the spare time to do the work, which will result in the delay of the customer information. And also, some basic information of customers is far from enough, the customers' common expectations, requirements and purchasing preferences can also add into the database, so that it can have the role in CRM.

In the implementation of CRM, the database of customer should contain all kinds of information and be updated regularly. But, the work cannot be done within one department, also need all departments' cooperation. In addition, there are many aspects in CRM implementation that require the personalized service, such as in the creating value for customers and IDIC model. According to the information in the database, every employee has to classify his or her customers and give the individual services. The core part of analytical CRM is data, too. The customer database is necessary if the analytical CRM is going to be used in AHW in the future. Furthermore, all the managers as well as the employees have to keep the record of customer visits, this information also can be the useful data for the analytical CRM operation.

- 3) Establishing a technology department. Although the ERP system has been used in AHW since 2012, but AHW still lacked of the experiences. The ERP system requires the user who has the expertise in management and computer technology area. Therefore, a specified technology department has to be established in AHW. The employees in the IT department should be skilled at operating ERP software and solve the possible system problems on time. What is more, the operation of ERP also required a professional training to all the employees in AHW so as to maximize the value of the software. With the supporting from the technology department, the running ERP system can be more effectively. Thus, the system can play the role in the CRM implementation as well as the whole management of the company in the future.

8 CONCLUSIONS

With the influence of the company management internalization, Chinese companies pay more attentions to the customer relationship management. Most of entrepreneurs think the CRM projects will bring the company more profits and promote the long term development. As a young but promising Chinese company in the foreign trade area, the future development of AHW relies heavily on customers. Thus, the implementation of CRM project is necessary for the company. In addition, AHW officially listed in Chinese A 'share market last year, both the business scope and the customer group has been expanded. How to survive and remain competitive in the later development time will be a big challenge for the company. Fortunately, the CRM implementation has become one of the major strategies in AHW. There are already some useful methods have been applied, such as the running ERP system and the using customer database.

The thesis attempted to show the situation of current CRM in AHW and give some suggestions about the problems. The research had been done by the qualitative and quantitative ways. Thanks to all the participants in this research, they all showed the positive attitudes toward the CRM implementation in the company, and gave the researcher a lot of useful personal opinions about the current situation. The analysis of results was based on the research data and pointed out the overall situation is pretty good. Both the employees and the managers valued the role of CRM for the future development of the company. However, because AHW lacked the experiences of the CRM implementation, the CRM process is still in the primary stage and there are still many problems need to complete.

Combining the three-month working experiences in AHW with the research results, the researcher suggests that the top manager should focus on the CRM frame nowadays, which includes a definite plan and the foundation work of CRM improvement. Laying the groundwork for the CRM project will help to achieve greater success in the future. When the CRM process enters into the advanced stage after many years development, the company has to divert attention to collecting the customer feedback. At that time, the customer relationship will be stable, the company should make the regularly surveys on customer satisfaction and then analyse the feedbacks, so as to find out the inadequacies during the cooperation and provide more better services to meet the customer expectation and demanding.

The development of the society is speeding up as well as the information updating. Adjusting the CRM plan and strategy timely according to the changing situation within the company is an effective way for AHW to make itself stronger. The top managers will make efforts to build a more powerful AHW in the future, and gain much more profits both for the employees and themselves. These all the solid supports for the AHW development in the future.

The whole writing process of the thesis brings a deep understanding of the CRM theory as well as the implementation of the research to the author. Persistence, and cooperation are the biggest benefits that the author learned from the thesis. This is the first time that the author have written such long report, and whole process is accompanied by the emergence of the difficulties. Thanks for the help from the comments of the supervisor, the suggestions from classmates and the resources on the professional books and internet, then the author finally finish the report and present to all of you now.

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Interviews

Interview with Ms. Jiang Ya, the manager in the documentary department of the Anhui WHYWIN International Co., Ltd. 24th of January 2014 in Hefei. Interview.

Observation

Ms Yingting Zhu 2013. Student of Savonia University of Applied Science. The internship in Anhui WHYWIN International Co., Ltd. From May to August 2013. Observation.

APPENDICES

Quantitative research questions(questionnaire)

APPENDIX 1

The Anhui WHYWIN International Co. Ltd is a new company and has developed very fast. That is why a research about the customer relationship management will be done. The purpose of this questionnaire is to have a better overall understanding about the current customer relationship situation within WHYWIN Company, to help the company to have better customer relationships in the future.

The results will be dealt in a statistical way so that no personal answers will be presented.

Answer to the questions by ticking the options you choose based on your opinions and real information.

Thanks you for your participation!

1. What is your gender?

- Male
- Female

2. What is your age group?

- 21 - 30
- 31 - 40
- 41 - 50
- 51 - 60

3. What is your working department?

- General Admin Office
- Trade Admin Dept
- Documentary Dept
- Financial Dept
- Electronic Dept
- Chemical Dept
- Electric Dept
- Textile Dept

4. How long have you worked in WHYWIN?

- Less than 1 year
- 1 - 3 years
- Above 4 years

5. What customers are you mostly responsible for?

- Domestic customers
- Customers abroad

6. How often do you contact your customers?

(5 = very frequently, 1 = very seldom)

- 5
- 4
- 3
- 2
- 1

7. Which kind of methods are you using in contacting your customers?

(Multiple choice)

- Email, MSN, QQ etc.
- Telephone
- Personal meeting
- Letters
- Others, what? _____

8. How often is your department making a survey on customer satisfaction?

- Every month
- Every season
- Twice a year
- Once a year
- We are not making customer satisfaction surveys

9. Evaluate the relationship between your department and your customers?

(5 = very good, 1 = very poor)

- 5
- 4
- 3
- 2
- 1

10. Which CRM software are you familiar with? (Multiple choice)

- SAP
- Xtools

- Quick CRM
- Others, what? _____
- I don't know any CRM software

11. How important in your opinion is CRM for a company development?

(5 = very important, 1 = not important at all)

- 5
- 4
- 3
- 2
- 1

12. Do you know the current CRM plan? How do you like it?

(5 = very good, 1 = very poor)

- 5
- 4
- 3
- 2
- 1
- I don't know there is a plan

13. Does your manager support the CRM plan?

- 100 %
- 80 %
- 50 %
- 30 %
- 10 %
- Not at all
- I don't know

14. Evaluate the following methods in developing the customer relationships? (5 = very good, 1 = very poor)

Method to develop customer relationship	5	4	3	2	1
1. Contacting customers regularly					
2. Making survey on customer satisfaction					
3. Doing marketing research to find out customer needs and wishes					
4. Using product development to serve					

customers better					
5. Asking customers opinions about marketing tools					
6. Having organized customer feed-back forum					
7. Publishing new information to the customers regularly					
8. Completing customer database					
9. Classifying customers to have more personal customership management					
10. Other, what? _____					

15. If you are a manager, which of the methods will you take to keep the good relationship with customers? Why?

Reason for your choice _____

16. Give some suggestions for the company CRM development?

Qualitative research questions (interview)

APPENDIX 2

1. How long have you worked as a manager, including your previous work experience?
2. Which is your working department? And what is your position?
3. Can you explain how you manage the department daily work? Do you have a daily work plan and do you keep a record of visits and calls of your customers?
4. How often your staff reports about its work to you?
5. Do you have the detailed information about your customers? How often you update them?
6. What is the great force of CRM implementation? Does it need the co-operation of other departments? And what are the difficulties it will face?
7. Are you familiar with the competitors' conditions? Do they affect the company CRM plan? Why (or why not)?
8. What do you think about the current CRM situation of the company? What are the strengths and weakness at the moment?
9. Can you tell some methods to maintain the good customer relationships? And which is the most effective way?
10. If some changes would take place in the CRM situation, what are your suggestions in improving it?

Thank you very much for your co-operation!