CUSTOMER RELATIONSHIP MANAGEMENT (CRM): A CASE STUDY OF SELECTED COMPANIES IN THE MAFIKENG AREA

by

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Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

Financial Management

IN THE GRADUATE SCHOOL OF BUSINESS AND GOVERNMENT LEADERSHIP

in the

FACULTY OF COMMERCE AND ADMINISTRATION

at the

NORTH WEST UNIVERSITY – MAFIKENG CAMPUS

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APRIL 2005

DECLARATION

I, MODISAOTSILE MATTHEWS PULE declare that the dissertation for the degree of Master of Business Administration at the North West University-Mafikeng Campus hereby submitted, has not previously been submitted by me for a degree at this or any other University. That it is my working design and execution and that all material contained herein has been dully acknowledged.

Signed.......................................

ACKNOWLEDGEMENT

My sincere and earnest words of gratitude go to Prof W.P.J. Van Rensburg for the invaluable guidance and support during the production of this mini dissertation. A big thank you to Rebonekgosi Herman Matonkonyane for this input in this dissertation. Special thanks to my wife Emmah, and my sons Kenny, Calvin, and Karabo. This report would not have been possible without the support of the respondents.

ABSTRACT

The study is aimed at investigating Customer Relationship Management in the selected companies in Mafikeng area. The sample consisted of twenty selected companies in Mafikeng area, four companies rejected questionnaires with the reason that they are not allowed to divulge information.

One hundred and fifty questionnaires were issued and with twenty of the questionnaires not fully completed. Only one hundred questionnaires was fully completed and used for findings. This method of sampling was preferred because it is highly reliable and simple to carry out. Responses were expected over three weeks but the researcher had to wait for more than four weeks.

From the figure 5.11, respondents were asked to indicate whether they see any improvement on customer retention towards their organisation. 45% of the respondents indicated that there is a constant improvement on the said question.

From the statistical point of view, more especially figure 5.14 above, 55% of the respondents opted for yes with the view that the employees proved themselves willing to change the way they work, if necessary, to provide better service to their customers.

The researcher recommends that regular customers, employees and management, need to be trained on customer loyalty, customer retention and about the implementation of CRM'S strategy. The question of why customer service is so important should be relatively simple to answer: no customers, no work, no income and jobs. The customer should be taken as the core of the business success.

The researcher further stresses the point that the success of a business relationship lies in the development and growth of trust and commitment among partners. To create meaningful customer relationships, relationships that will not only be more satisfying and fulfilling for the customer, but also more rewarding for the organisation, it needs to have

a better understanding of the notion of meaning and how meaningful relationships may be created in a business context.

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CHAPTER ONE

ORIENTATION

1.1 Background

Customer Relationship Management (CRM) is about building relationships with people significant to an organisation. Relationships determine the future of the organisation and predict whether new value will continue to be created and shared with the customer. CRM is there to create meaningful relationships with strategically significant parties and to indicate how these relationships can be created on a one to one basis. Before any organisation decides to use CRM technology, it must first include customer centricity as part of its corporate vision and mission. Prior to the use of CRM, many companies were beginning to question the large expenditure on marketing without a measurable return on investment that had been assumed in past decades. The actual needs, wants and expectations of the customer were, in fact, not perceived in reality as of paramount importance. Successful companies never lose sight of their customers' demands and are careful to keep track of these needs as they evolve and change. (Brink and Berndt, 2004).

In the mid-twentieth century, mass production techniques and mass marketing changed the competitive landscape by increasing product availability for consumers. However, the purchasing process that allowed the shopkeeper and customer to spend quality time getting to know each other was also fundamentally changed. Customers lost their uniqueness, as they became an "account number" and shopkeepers lost track of their customers' individual needs as the market became full of product and service options. Many companies today are racing to re-establish their connections to new as well as existing customers to boost long-term customer loyalty. Some companies are competing effectively and winning this race through the implementation of relationship marketing principles using strategic and technology-based CRM applications. (Chen and Popovich, 2003).

When technology changes, the customer becomes more knowledgeable and tactful than in the past and this results in the shift in the bargaining power from suppliers to buyers. CRM is a tool used to build customer relationships between customers and managers in a company. The company must focus on customer care, retention and satisfaction while moving towards profit maximisation. The long-term relationship with customers must be developed and the retention of customers while attracting others must be encouraged.

CRM is a technology that no organisation can do without. It is not a new technology, but the way it can be used in today's environment can be very different. It has also evolved from the base of many systems, where the functions were initially defined at the department level and gradually moved up to the enterprise. As with most technologies, successful systems are a careful blend of technology, work process change and metrics to support the business goals intended to be affected by the use of the systems. CRM systems become a key information food chain that feeds an organisation's growth and market value. Each of these systems operates with a combination of business rules, technology infrastructure and processes to deliver results to the organisation. (Cunningham, 2002)

CRM is about retuning the organisation and re-evaluating the relationship with the market in general and the customer in particular. It is a business strategy to select and manage customers to optimise long-term value. CRM is more than technology and it entails knowing your customers, understanding their relationships (both with you and with others) and managing all interactions with these customers accordingly. Successful CRM business process implementation will focus on knowing what you want to accomplish, creating an outside-in perspective, identifying and managing internal changes, building a CRM business case, and developing a comprehensive action plan.

Chen and Popovich (ibid) define CRM as a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organisational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability. However, successful implementation is elusive to many companies, mostly because they do not understand that CRM requires company-wide, cross-functional, customer-focused business process re-engineering. Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people.

Committed customers are profitable to an organisation for the long term. Customer commitment forms when a customer's expectation is satisfied and the customer realises fair value from his/her relationship with the organisation. From an organisation's perspective, this value reflects customer equity, but from a customer's perspective, it represents the customer's perceived value of the relationship. In order to manage such a relationship successfully, it is necessary to support diverse customer information - such as of-the-customer, for-the-customer, and by-the-customer information. (Park and Kim, 2003).

Effective CRM, Park and Kim, (ibid) state, has become a strategic imperative for companies in virtually every business sector. The authors observe that, companies are moving closer to their customers, expending more effort in finding new ways to create value for their customers, and transforming the customer relationship into one of solution finding and partnering rather than one of selling and order taking. Organisations will be more successful if they concentrate on obtaining and maintaining a share of each customer rather than a share of the entire market. It has been illustrated in practice that retaining an existing customer is more profitable than acquiring a new one.

In the modern customer-centred era, customer value is a strategic weapon in attracting and retaining customers. Delivering superior customer value has become a matter of ongoing concern in building and sustaining competitive advantage by driving CRM performance. However, related studies are rather divergent, the key dimensions of customer value remain unclear, and there is no agreement on the evaluation of CRM performance. Customer value is a strategic weapon in attracting and retaining customers and has become one of the most significant factors in the success of both manufacturing businesses and service providers. Delivering superior customer value has become an ongoing concern in building and sustaining competitive advantage by driving CRM performance. As many researchers have suggested, firms should reorient their operations towards the creation and delivery of superior customer value if they are to improve their CRM performance. (Wang, et al, 2004).

Current competitive challenges induced by globalisation and advances in information technology have forced companies to focus on managing customer relationships, and in particular customer satisfaction, in order to efficiently maximise revenues. Company relationships with customers can be greatly improved by employing information technology (IT). IT can facilitate and enhance customer relationships in various ways, but mainly enables companies to attain customisation, the essence of the customer-centric orientation, through the deployment of sophisticated CRM systems. CRM is about knowing customers better and effectively using that knowledge to own their total experience with a business, and to drive revenue growth and profitability. CRM can also be defined as the management approach that involves identifying, attracting, developing and maintaining successful customer relationships over time in order to increase retention of profitable customers. (Stefanos, et al, 2003).

Customer relationship strategy is really about cementing long-term, collaborative relationships with customers based on mutual trust. For many companies, the strategy makes good profit sense given the lifetime value of a loyal customer and the role of the customer in helping to market the firm.

Anderson and Carol (2002) state that, the term CRM gained widespread recognition in the late 1990s. The authors further state that, researchers and practitioners both in the academic area and the business field enthusiastically have shared their viewpoints and experiences in applying CRM. It has attracted such great attention because of the emphasis that it can give mutual benefit to both the customer and the company. For the company, it is said that customer retention can enhance profitability.

At the centre of the relationship marketing philosophy is the notion that making the most out of existing customers is essential for long-term profitability. Keeping customers, by developing relationships with them, is crucial to establishing and maintaining a competitive advantage in the market. Much of the teaching and research in marketing has tended to focus on acquiring new customers by developing new products to satisfy specific needs. However, the higher relative cost of customer acquisition has shifted the emphasis to building and maintaining long-term customer relationships to improve profitability. (Russell and Russell, 1999).

Firms are not always successful in engaging strangers and helping them become customers. If firms were able to perform this task well, visitors to a firm would never terminate a service encounter without first making a purchase - signing on as a customer. Much of what transpires during a service encounter determines whether or not a firm ever sells anything. Yet few firms invest the time and money needed to research how their actions turn away prospective customers before they have a chance to become customers. There are countless examples of individuals who visited a business with cash in hand ready and intent on making a purchase but because of some event or service failure, abandoned their efforts to become customers. The almost customer is an individual who wanted and tried to conduct business with a firm for the first time but became so frustrated with one of more aspects of the firm's value proposition that he or she terminated all attempts to deal with that firm. The interactions between the firm and the prospective customer that lead to the creation of the almost customer are closely aligned with a potential interpersonal relationship that has gone off the rails during early encounters. (Barnes, et al, 2004).

Motivation for CRM:

In general, companies cite four key reasons for using CRM, and therefore to:

- attract new customers;
- increase sales per customer;
- reduce costs through improvements in business processes; and

- improve the relationship with the customer and thus customer loyalty.

CRM is the involvement and commitment of the senior management team. A strategic plan needs to be developed so that multiple actions are co-ordinated. Both short and long-term aims and results are important. These can include short-term objectives such as cutting delivery times and a fall in error rates. In the long-term come tougher targets, such as lowering customer churn rates and increasing market share. The aim of CRM is to improve the total customer experience, with the emphasis firmly on total. One of the main aims of companies considering CRM is improving the quality and quantity of their customer information, particularly in large companies where relations with hundreds and thousands of customers are difficult to maintain. (Peppers and Rodgers, 2001)

The general view of some observers of sales and marketing information systems appears to be that a number of major trends are apparent. The first is the move towards the development of business strategies within which the use of IT is simply the enabling mechanism. The increasing significance of information technology within business strategy places increasing demands upon to executive management team to understand the changing potential of the technology and its changing limitations. Since overall business strategies are the responsibility of the executive management team then it is argued that they can no longer delegate IT issues to others but must be personally at terms with them. (Corner and Hinton, 2002)

Corner and Hinton (ibid) provided an assessment of the major issues concerning senior IT executives and these are:

- Integrating IT with corporate objectives;
- Transforming through IT;
- Infrastructure;
- Uncertainty; and
- Cost control.

In recent years many organisations have identified the need to become more customer facing with increased global competition. As a consequence, CRM has risen to the agenda of many organisational strategies. Definitions of CRM and CRM systems are wide ranging and shall be explored in greater detail in the next section. Fundamentally however, CRM systems can be viewed as information systems aimed at enabling organisations to realise a customer focus. CRM is a highly fragmented environment and has come to mean different things to different people. One view of CRM is the utilisation of customer related information or knowledge to deliver relevant products or services to customers. Relationship marketing emphasises that customer retention affects company profitability in that it is more efficient to maintain an existing relationship with a customer than create a new one. Another view of CRM is that it is technologically orientated. (Bull, 2003)

1.2 Statement of the problem

The study was motivated by the following problem: Poor customer relationship management, that is:

- Customers are still demanding high levels of support;
- The level of satisfaction is most low for each customer;
- Companies could not track, store or access communications between clients and staff.

Currently, many organisations realise the importance of CRM but most organisations still operate with a mixture of the transactional marketing and the relational marketing approaches. By building relationships, organisations are able to obtain an advantage in the marketplace over their competitors, thus increasing the overall profitability and success of the organisation.

This study is an investigation into customer relationship management in selected companies within the Mafikeng area - North West Province, as it specifically relates the case of customer relationship management.

1.3 Objective of the study

The objectives of the study were to investigate services delivery, cost reduction, profit maximisation and new customer acquisition while retaining existing customers focusing particularly on the use of customer relationship software in selected companies within the Mafikeng area. The study was aimed at assisting companies selected to deliver an effective customer service regarding customer relationship and to some extent assist the North West University to introduce CRM as a programme on its own.

The study investigates the forthcoming specific aspects:

- Management of CRM programmes
- Customer benefits from those programmes
- Main reasons for implementing CRM in selected companies
- Share and support of the companies CRM vision by employees.

1.4 Scope of the study

The study was conducted and limited only for selected companies in the Mafikeng area. The study entails the following:

- How CRM evolved from the marketing concept.
- The new capabilities that an organisation requires to implement CRM.
- The current procedures and systems relating to CRM.
- The role of CRM in the modern world of business.
- CRM as competitive weapon.
- Secrets of building CRM system.
- A comprehensive approach for creating, maintaining and expanding customer relationships.
- Development of skills that create customer loyalty and customer retention.
- An exploration of how the employees of a company experience the concepts of customer satisfaction and retention or to expand the understanding of how people who work with customers interpret the concepts of customer satisfaction and customer retention.

1.5 Importance of the study

CRM is a tool to create effective competitive advantage and rapid growth of the company. All companies have limited resources, accurate profiling of your clients allows company to spend more time on your valuable customers thereby keeping them happy and the company profitable. Therefore allowing the formation of individualised relationships with customers, with the aim of improving customer satisfaction and maximising profits; identifying the most profitable customers and providing them the highest level of service.

The question of why customer service is so important should be relatively simple to answer: no customers, no work, no income and jobs. Customer relations are more than just providing excellent service and care at the point of transaction. Relationships have a temporal span; they have a beginning, middle and an end over a span of time. (Cartwright, 2000)

1.6 Plan of the study:

- Chapter 2: Literature Study and Theoretical Foundation.
- Chapter 3: Defining the Problem and Research Questions.
- Chapter 4: Research Design and Analysis.
- Chapter 5: Results and Interpretation.
- Chapter 6: Discussions, Conclusions, Implications and Recommendations.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1 Introduction

Brink and Berndt (2004) argue that, a company must know who its customers are, their value, what they buy, where they are located and through which channels they want to interact with the company. Not all customers are the same, thus different customers should be treated differently. The key is to know who the best customers are and to treat them as such. Customers should be categorised or segmented, based on what is known about them. In terms of CRM, the marketer should focus on the most profitable customers and reject the unprofitable ones. Some customers do not know what they want until they see actual products. To implement CRM, the support of top management is essential. An organisation wishing to implement CRM must have support at executive level and there is a need to be a commitment to CRM, initiated by top management.

Successful companies in South Africa are those that receive enthusiastic support and who have recognised the importance of adopting CRM as a philosophy behind the business. The objective of relationship marketing is to turn new customers into regularly purchasing customers and the progressively move them through being strong supporters of the company and its product, and finally to being active and vocal advocates for the company. The authors further explain information as the key to a successful CRM strategy. A CRM strategy requires both hard and software that an organisation may not have, which contributes to the overall costs of the strategy.

CRM is viewed as a major tool to corporate strategy for many organisations. It entails initiatives that surround the customer side of the business. An example is initiatives wrapped around the customers in an effort to increase sales, improve customer service, add market share, enhance customer loyalty and reduce operating costs of sales and service. At its more formal definition, CRM is a business strategy comprised of process, organisational and technical change whereby a company seeks to better manages its enterprise around its customer behaviours. It entails acquiring and deploying knowledge about customers and using this information across the various customer touch points to increase revenue and achieve cost reduction through operational efficiencies. (Pppers and Rogers, 2001)

Understanding the customer and the type of relationship customers wish to have core is key to CRM. This means not only customer profiling and knowledge of customer behaviour but also insight into customer motivations and attitudes. Through effective market segmentation, companies can identify differences between customers and manage them flexibly. This chapter serves to define the concept of marketing relationship, CRM and further shows why many organisations are focusing on structuring themselves around customer segments and not product lines and as well as strategies for a successful CRM.

Brink and Berndt (2004) state that CRM encompasses the roles and responsibilities of those employees who directly work with customers. This involves a range of mobile employees including sales representatives or account managers, field service personnel, and customer support staff. The financial function has the task of the management of the financial resources that are at the disposal of the organisation. The questions that are asked by those in the financial function include the following:

- What are the costs associated with any CRM strategy?
- What are the time costs that will be associated with implementing CRM?
- What will the additional income be as a result of the implementation of a CRM strategy by the organisation?
- Will a CRM strategy create value for the shareholder?

The mobile computing needs of those working with customers vary, which drives the need for different types of mobile devices, different ways of connecting to important information and different approaches to architecting a mobile software solution. Effective mobile CRM solutions have the potential to:

- Understand, track, and deliver on the customer's needs

- Provide answers to customer questions including product information and availability
- Deliver service and repairs wherever products are deployed in a cost-effective and timely manner

2.2 CRM-strategy concepts

It is necessary to group customers into value based tiers, that is, groups of customers with similar values to the organisation. The most valuable customers, the ones that have the most potential to grow and the unprofitable ones can be identified. According to Ford et al (2003), the following are concepts to be considered:

2.2.1 Works on the basis that not all customers are equal

2.2.2 Is about treating different customers differently

2.2.3 Is about identifying, differentiating, interacting and personalising every customer's relationship

2.2.4 Is about acquiring the right customers in the first place

2.2.5 Is about process of making it easier for the customer to do business with you.

2.3 Customer Profiling

Customer profiling is an important part of developing the CRM strategy. Unless a company understands the value of its customers it can not adopt CRM? The value is not just about how much business the customer have already brought a company, or are worth to the company presently (actual value), but also about their strategic value. Strategic value looks at their potential: occupation, relationships, affiliations, which can be very valuable. Once the company understands who its customers are, it can then provide them with different levels of service according to their value to it. The company will encourage face to face contact with its valuable customers and those customers who are unprofitable will be encouraged to use more automated delivery channels and thereby cut the cost of transacting with them.

Winning new customers is a challenge, but keeping them has become even more important. More of competitors are trying very hard to win customers and good customer service may no longer be enough to ensure customer loyalty. The cost of winning new customers is increasing alarmingly as opposed to the cost of keeping customers. Customer loyalty is built on the strength of a relationship and strong relationships like friendships get stronger as the company know more and more about each other. This is exactly what CRM, sets out to achieve. (Sheth, et al, 1999)

Third Wave Advantage is a powerful customer management software system designed to assist both management and sales people in gaining more business. It has lead management, prospecting and customer servicing features combined with time scheduling and activity management. It is suitable for anyone looking for a sales automation, customer management, contact management, database marketing system that is easy to use, powerful, and upgradeable from single user through to enterprise client server. Third Wave Advantage makes your competitors your followers.

2.4 Relationship Marketing

Relationship marketing is the continuing increase in the level of competition, threats and corresponding decrease in business opportunities which has lead to increased importance in customer retention. Relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relationship exchanges.

Brink and Berndt (2004), state that, to enhance a customer relationship, the marketer needs to acquire knowledge about the customer and be able to develop insight into this knowledge. The authors further state that a learning relationship between a customer and an organisation gets smarter and smarter with every individual interaction, defining in ever more detail the customer's own individual needs and tastes. The objectives of relationship marketing is to turn new customers into regularly purchasing customers and then progressively to move them through being strong supporters of the company and its product. The development of the CRM marketing practice has made more and more people realise the importance of strong customer relationship in building sustainable competitive advantages in their market competitions and in generating sustainable profits in the long run.

The current CRM practice originated from a combination of database technologies and database marketing (analytical techniques), so unavoidably, it inherits database as its only focus. When it gets into the spotlight and becomes a major marketing practice, its inherited characteristics become its limitations. It incorrectly defines customer purchase and contact behaviours as customer relationship, restricts its marketing scope within a company's database and ignores customer needs by focusing on purchase correlation in a company's database.

The concept of marketing relationship has been neglected for so long by companies, but is currently receiving increasing emphasis and attention. Initially the focus has always been on how to attract new customers. But due to the increase and improvements in technology, companies are now giving attention also to the concept of customer retention and use marketing as an integrated tool of CRM, (Sturdy, et al, 2001).

2.5 Competition for customer

Competition for customer attention is continually increasing as world markets become saturated with products. Data mining is becoming an essential part of any CRM strategy and is already a multi-billion dollar international industry. The growth in the market for data mining is directly proportional to the growth in the global CRM market. Due to tremendous growth in Internet and e-commerce applications such as eCRM and web mining, the need for database pre-processing and data mining software such as MineLogic is currently increasing all the time.

Have CRM initiatives really helped companies change to a more customer-centric business strategy, weed out bad or redundant business practices, or achieve other promised benefits?

Successful CRM always starts with top management. If they do not lead the charge, it will not happen. People should know that it is not about technology. it is about a new way of doing things, a new way of doing business, (Gurau, 2003).

2.6 Customer perceptions of service

Perceptions are defined as the process of receiving, organising and assigning meaning to information or stimuli detected by the customer's five senses. The customer also describes perceptions as the end results of a number of observations, (Brink and Berndt, 2004)

2.6.1 Service quality

Service quality can be defined as the ability of an organisation to determine correctly customer expectations and to deliver the service at a quality level that will at least equal those customer expectations. The five dimensions are as follows:

- Reliability: the ability to perform the promised service dependably and accurately.
- Responsiveness: the willingness to help customers and to provide prompt service.
- Assurance: the knowledge and courtesy of employees and their ability to convey trust and confidence.
- Empathy: the caring, individualized attention the firm gives its customers.
- Tangible: the appearance of physical facilities, equipment, staff and communication materials.

2.6.2 Customer satisfaction

Customer satisfaction is described as the customer's evaluation of the product/service and the way in which this product/service has met the customer's needs and expectations. Four factors are as follows:

- Recovery: it includes all incidents where the service delivery system has failed somehow and an employee has to respond to customer complaints.
- Adaptability: it is how adaptable the service delivery system is when the customer has special needs or request.

- Spontaneity: it encompasses pleasant surprises for the customer such as special attention being done that was not requested.
- Coping: it revolves around the customer being uncooperative, where the service provider could do nothing that would satisfy the customer or lead to their being pleased about the encounter.

2.7 Consumer-centric organisation

Business will continue to be driven by the need for integration, especially with regard to CRM. Traditional CRM systems are usually implemented in isolation from any other systems in place in the business, making them less effective. Organisations that have implemented CRM systems are often only able to see a soloed view of a customer, outside the context of other information about that customer that resides in the business. (Cohen, 2004) As a result, there is a need for integration systems motivated by:

- Consumer specific strategies are well defined, implemented, reviewed and updated

- Technology investment is sufficient to promote meaningful consumer data collection and analysis

- Consumer research is a key input to all strategic and operational decisions

- Consumer purchase and promotional response data and other consumer information is tracked and managed across all channels

- Best consumers are identified, known, and differentiated across all channels

- Consumer needs are understood and segmentation is by a mix of needs, consumer purchase histories, and consumer profitability analysis

- Direct marketing supports all channels

- Consumer contact is planned and managed across all channels

- Loyalty and consumer programmes are in place
- Product development and planning has a consumer input
- Consumer related performance indicators are in place and used
- Service delivery performance tracked and managed across all channels
- A consumer vision permeates the corporate culture, mission and drives all strategies and operating policies.

2.8 Types of customers

Enabled by advanced information technologies, companies can now collect unprecedented amount and depth of data on their customers and turn them into information for their strategic business purposes. Here, the important issues are: to identify what kind of information they need; about whom they will collect this information; and how they will manage such information for future use. From an information management perspective, customer identification is a critical beginning point for CRM. When customers do not reveal their identity to the firm, they are invisible to the firm, thus unmanageable. Once able to identify its customers, a firm can make its customer-base more loyal by collecting, processing, and applying customer profile and transaction data to create in-depth understanding of customer needs and provide fair value to all customers.

As the firms nurture their relationships with their identified customers, some of them will evolve to become, what we call, core customers. Core customers are typically a small group of customers who are truly loyal to the firm and create enormous value for the firm. Despite their significant contribution to the firm, identifying these core customers is not always as easy as it sounds. In fact, defining core customers is regarded as one of the most critical strategic processes. The core customer of a firm is defined as an identified customer who accrues substantial value to the firm through high profit contribution, long-term active relationship, or strong opinion leadership. (Park and Kim, 2003)

How to respond on the types of customers:

- Segment the buyer base on past purchase behaviour
- Pinpoint buyers who are most likely to buy particular products, to respond to offers, to defect - address each group differently
- Prioritise the buyers. Who needs fast response? Who are most profitable? Etc.
- Research issues that will be useful knowledge for buyers
- Move to one to one targeting
- Build buyer loyalty - back to the buyer cycle
- Innovate existing products: observe use of existing products
- Extend products/services and cross-sell

2.9 The effects of customer retention on profits

Many companies spend a great deal of effort, time and money wooing new customers, yet surprisingly few take equal trouble to retain existing customers. Very few companies actually go to the trouble of regularly measuring customer satisfaction in any systematic way, partly because they are obsessed by a perceived need to win new business and partly because they fail to understand the very real and demonstrable relationship between customer retention and profitability. According to Brink and Bernd (2004), the effect of long-term relationships with customers can be explained by the following reasons:

- Acquiring new customer costs more than retaining an existing one.
- Regular customers tend to place frequent and consistent orders.
- Efforts to retain customers make it difficult for competitors enter the market.
- Improved customer retention can lead to an increased level of employee satisfaction.
- Long time customers tend to be less price sensitive.

2.10 Defining CRM

- To create meaningful customer relationships, relationships that will not only be more satisfying and fulfilling for the customer, but also more rewarding for the organisation, it needs to have a better understanding of the notion of meaning and how meaningful relationships may be created in a business context. A review of the work of researchers and scholars in marketing and consumer psychology suggests three applications of the concept of meaning. The first interpretation reflects a literal or linguistic bias, as in "what does the advertising mean to say?". It references the clarity of communications, whether various messages sent by a company to its customers or prospective customers are received and understood as intended. The second approach to meaning is most commonly encountered in the marketing and consumer psychology literature and may be labelled the cultural view. The third approach to meaning in customer relationships deals with how companies and brands can come to "mean" something special to certain customers. (Barnes, 2003)

- Cunningham (2002) states that CRM comprises of the business process, the technology and the rules required to deal with a customer at various stages of the business lifecycle. It is a term defined to describe how we interact and proactively manage our customer relationships. It is particularly important to understand that CRM is really a system in the truest sense.

- From a technological point of view, CRM involves capturing of customer data, consolidating internal and external data collected and using this information when dealing with customers via any touch point, such as mobile sales force, call centers and web sites (Bernstein, 1999). A method to optimise relationships with customers (for example, customer management and customer service) using the latest information technologies or business models. A strategy used to learn more about customers' needs and behaviours to develop stronger relationships with them. It brings together information about customers, sales, marketing effectiveness, responsiveness and market trends. It helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers.

- It is in this viewpoint that CRM goes beyond the concept of selling from a discrete act performed by salesperson, brokers and agent. With the rapid change in technology and high knowledge customer's have of different product and services offered by different companies. Companies are find it difficulty to consider CRM without addressing technology, though CRM and technology go hand in hand, it is CRM that lead the way. The technique of establishing and maintaining a long-term business relationship with your customers. CRM involves utilising the data collected during customer interactions to determine the demographics and future needs of each customer, (Park and Kim, 2003).

- Ford, et al, (2003) state that CRM is a business approach that integrates people, processes and technology to maximise the relations of an organisation with all types of customers. The true value of CRM is to transform strategy, operational processes and business functions in order to retain customers and increase customer loyalty and profitability. CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer - namely marketing, sales, customer service and field support-through the integration of people, process and technology, taking advantage of the revolutionary impact of the Internet. CRM is a business strategy that aims to understand, anticipate and manage the needs of an organisation's current and potential customers. It is a journey of strategic, process, organisational and technical change whereby a company seeks to better manage its own enterprise around customer behaviors. It entails acquiring and deploying knowledge about one's customers and using this information across the various touch points to balance revenue and profits with maximum customer satisfaction.

- It must be stated that CRM is not easily defined; it is defined as finding, getting and retaining customers. CRM is also defined as tracking customer behaviour in order to develop marketing and relationship-building programs that bond consumers to a brand often by development of software systems to provide one-on-one contact between the marketing business and their customer. It is the core of any customer-focused business strategy and includes the people, processes, and technology associated with sales, marketing, and service, (Timm, 2001).

- To some extent, the term CRM has grown in usage through the desire of the IT industry to sell products and services. Therefore, there are almost as many definitions of the term as there are products and services, each with its own slant towards a particular solution. At the simplest level, CRM could be taken to mean the efficient management of the existing relationships with existing customers; enhanced by, for example, contact management tools and databases. At another level, there may be an attempt to gain customer feedback through Help Desk or Customer Service systems, thereby guiding product improvement and increasing customer satisfaction. Although these tools may be important components of CRM, they are only a part of the solution. Those businesses that are leading the way in CRM are those that are prepared to put the customer at the centre of the business process. The primary question for these businesses is not how to sell their product but how to satisfy their customer, (Crosby, 2002).

2.11 Factors for implementing successful CRM

It is clear now that CRM is not about technology alone but is about creating a competitive advantage by being the best at understanding, communicating, delivering and developing existing customer relationships in addition to creating and keeping new customers. The concept of product life cycle is giving way to the customer life cycle, focusing on developing products that anticipate the future needs of existing customers and creating services that extend existing customer relationships beyond the merely transactional. The customer life cycle will focus on lengthening the life span of the customer with the organisation rather than the endurance of a particular product. Customers have changing needs as their lifestyles alter the development and provision of products or services that continuously seek to satisfy those needs, is good CRM. Mission statements will focus greater attention on how to deliver customer satisfaction and organisations will begin to structure themselves around customer segments and not product lines, (Dean, 2002)

A good CRM strategy will take the business vision and apply it to the customer base by asking the questions:

- What products and services are we offering now and in the future?
- In what markets?
- What customer groups will these products and services appeal to?
- Which of these are of most value to the organization in terms of:
  - spending?
  - reliability?
  - profitability?
  - growth potential?

2.11.1 Five key areas of success:

- **Technology**: The best-promoted products do not always sell. It takes doing a lot of things correctly to get product sales. It is not just about buying the best software from micro software. There is no formula, every situation is different, but about positioning for customers and their needs. As a company positions for markets against competitors, for profit and maximum use for assets.

- **Strategy**: The customer is the driver of the corporate strategic direction in turn, the strategic direction moves the two elements: strategy and communication. The interaction of those elements is the business processes that sit behind successful

CRM. In order to ensure that the five key areas work the following steps must be taken in to account:

Step 1: Define the existing customer relationship management processes within the company.

Step 2: Determine the perceptions of how the company manages their customer relationships both internally and externally.

Step 3: Tailor the customer relationship management solution relative to the company or industry.

Step 4: Deliver a strategy for the implementation of the recommendations based on the finding.

- **People**: every one in the organisation- from the Chief Executive Office to the mailroom clerk has to care passionately about customer service. The right team for CRM projects should be assembled, at the right time and at the right cost. This includes training of employees or even the use of external experts in terms of key areas of implementing, processing and analysing the CRM results. Employees should have insight knowledge of the CRM project, its goals and what it aims to achieve.

- **Communication**: Communications refer to all of the interpersonal communications that occur within and between customers and suppliers, the supply chain, internal stakeholders and account teams. The quality of communication can build upon or detract from the social relationships between a customer and supplier, the only way to understand what the customer needs, unlike in the old days communication is technological, with the Internet it is easy to communicate. It is also essential collect or capture any information gathered trough communication and use the same data to understand the different needs of the customers and the market. This requires hiring qualified people with the appropriate professional attitude. Communication ensures that the business functions smoothly for both employees and customers understanding the customer, product and process segmentation and enable people to function as a team. The content of ongoing communications with the customer frequently focuses on value of the company's global program, data standards & quality, customer applications, value-added products and customer satisfaction. Within the supplier's company the focus is on customer messages.

- **Processing**: qualitative and quantitative online customer surveys must be increasingly integrated into the CRM process. Surveys can aid in many efforts, including identifying customer needs and wants, designing new products, and services, determining pricing strategies, surveying customer loyalty and satisfaction and forecasting sales. Each of these processes lie within the domain of CRM, and should be treated as such even though, in most cases, they are not formally integrated into the CRM process.

2.12 Structured approach to CRM

The path to successful CRM is based on the establishment of:

- A clear and well-defined business mandate,
- Sponsorship at the highest level,
- Correctly controlled project activities to deliver quick-wins as well as a long term vision,
- Evaluation and selection of the best systems for the job,
- Controlled organisation and cultural change,
- Consistent definition of integrated processes.

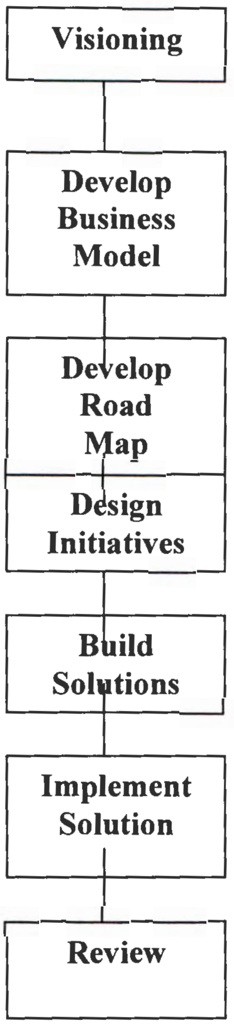

Figure 2.1: Structured approach to CRM, (Gartner, 2001)

A successful outcome demands a structured approach as explained in the following steps.

Step 1: **Visioning:** Establish the business objectives and goals to be addressed, the customer experience to be delivered and the key performance indicators to be achieved. Involve the Executive Sponsor and a Visioning Team of senior business and IT managers. Involvement of customer representatives may also be appropriate.

Develop the CRM Strategy defining how the business will function to meet customer needs and what it will look like to the customer as well as how it will deliver improved business performance.

Step 2: Develop Business Model: Identify and defining:

- The business processes that will support the CRM strategy
- The organisation structure, the people and skills required to manage the processes.
- The business or IT infrastructure required to support the new CRM processes.

Step 3: Develop Road Map: Identify the CRM initiatives that support the overall strategy and identifying which ones will provide quick wins in terms of being the easiest to implement and bringing the greatest benefit. Develop these into Systems and Technical Architectures.

Step 4: Designing Initiatives: Carrying out a review of all aspects of the organisation that will be impacted by the CRM initiative, systems and processes, the organisation, its culture and values are all key to unlocking the potential of an organisation. A process review and improvement programme must be undertaken to ensure that all information is processed, updated and communicated in such a way that it supports the CRM strategy. The organisation structure will also be reviewed to ensure that all customer-facing activities are co-ordinated and customer communications are consistent.

Step 5: Build Solutions: Developing or sourcing solutions based on best of breed products. Developed a number of specialist techniques to guide package selection and rapid decision-making. Build metrics into solutions to ensure that benefits can be delivered and assessed.

Step 6: Implementing Solutions: Deploying the new and changed organisation structure, processes and technology. Manage the changes to culture and values.

Step 7: Review: Regularly review the strategy, fine-tuning and redirecting as the environment and needs change. Remain flexible and continuously innovate.

2.13 Awareness & Education

From the outset, the company should run an awareness and education programme that specifically targets:

Senior management	Ensuring they understand, and are committed to, investing resources enabling a programme of change for the organisation.
CRM Project Team	Ensuring they understand the customer needs and the information systems and their impact on the business processes, structure, culture, and values.
Employees	Ensuring they understand the changes that are taking place and their roles in relation to customer services.
Trading Partners	Ensuring there are equipped to offer customer services according to the CRM strategy.

Figure 2.3 Awareness and education programme, (Collins, 2001)

2.13.1 Factors Capturing the Voice of the Customer

Once the structure is established which defines the target market and customers, the next step is to plan how to capture these customer's needs for each development project. This includes determining how to identify target customers, which customers to contact in order to capture there needs, what mechanisms to use to collect their needs, and a schedule and estimate of resources to capture the voice of the customer. As opportunities are identified, appropriate techniques are used to capture the voice of the customer. The techniques used will depend on the nature of the customer relationship as illustrated below.

DIRECT RELATIONSHIP ⟷ **INDIRECT RELATIONSHIP**

DIRECT RELATIONSHIP

- Relatively few customers
- Direct business relationship
- Methods to capture requirements
  - -Requirements document, specification, or PFP
  - -Contract or order
  - -Customer meetings
  - -Warranty & repair data
  - -Customer representatives

INDIRECT RELATIONSHIP

- Relatively many customers
- Distributors & retailers interface with customer
- Methods to capture requirements:
  - -Surveys
  - -Focus groups
  - -Market research
  - -Interviews
  - -Customer service feedback

Figure 2.3: The two relationships with the customer, (Ford and Gadde, 2003)

There is no one monolithic voice of the customer. Customer voices are diverse. In consumer markets, there are a variety of different needs. Even within one buying unit, there are multiple customer voices, e.g., children versus parents. This applies to industrial and government markets as well. There are even multiple customer voices within a single organisation: the voice of the procuring organisation, the voice of the user, and the voice of the supporting or maintenance organisation. These diverse voices must be considered, reconciled and balanced to develop a truly successful CRM.

2.13.2 Metrics and Rewards

Service with a smile might do the trick in-person, but on the Web, customers prefer their service fast and accurate. White and Yanamandram (2004) state that: consumers expect replies to e-mail queries within one hour, yet only nine of 50 retailers surveyed by Giga met this standard. White and Yanamandram (2004) further suggest compensation strategies that focus on issues such as customer retention, cross selling product lines, team account management and customer satisfaction metrics that take on a CRM focus.

2.13.3 Segmentation

Broad customer segments identified are:

- Profitability-based segmentation and house holding for current customers are the primary weapons
- Unrefined customer analyses have some influence on the product, channel, pricing, retention, cross-selling, and service mix offered
- Generally speaking, the organisation is internally focused

2.14 Benefits of CRM

A customer is a person who seeks service and benefits from an organisation and is ready to pay for it. He or she is the most important entity for any organisation as all of organisations focus their efforts over customer satisfaction. CRM is a term which is not only used by business organisations today to maintain such good relationships with their present and old clients and associates, but the terminology is now being used by almost any type of organisation to create a beneficial environment for them and all in the current competition. CRM has played an ever increasing and important role in the growth of all such organisations that have developed a sense of understanding towards customer service and satisfaction and implemented CRM-eCRM. (Bindra, et al, 2002).

2.14.1 CRM and eCRM

CRM is the philosophy of interaction with the customer and e-CRM is electronic CRM, which is conceptually the same as CRM, the only difference being that it is a new term where all integration in the purview of the customer takes place with the help of electronic media.

2.14.1.1 Benefits to the customer

- The e-business offers its customers multiple channels for communication.
- The e-business delivers real value to the customer with every interaction.
- The e-Business knowledge is captured and given context during the customer interaction.
- The e-Business systems are integrated throughout the value chain, not just at the level of the financial transaction.

2.14.1.2 Benefits to the company

- **Efficiency benefits:** Efficiency benefits result from performing and operating quickly and accurately in the least wasteful manner. Examples include automating many previously error prone manual processes and data rationalisation to make better, more intelligent decisions, so that enterprises can increase revenues and decreases costs.

- **Effectiveness benefits:** Effectiveness benefits result from operating in the most impressive or extraordinary ways. Benefits in this category include revenue enhancements attributable to new software and hardware installations and help in best allocation of budget towards infrastructure investments.
- **Cost savings:** A number of such educational enterprises are establishing shared service (centralised) center for handling prospect and customer enquiries in order to create economies of scale, reduce costs, and improve customer satisfaction. Workflow can automate some manual process such as approvals. Eliminating steps in enterprise wide processes and applying automated workflow capabilities around streamline processes is even better. The elimination of non-value-added activities can significantly reduce the cost of processing certain transactions.
- **Intangible benefits:** Intangible or soft benefits are difficult to quantify and can be controversial. They can be exaggerated, and may not be measurable or stated scientifically or statistically. Such benefits include customer loyalty, (Gurau, 2003).

2.15 Factors which cause CRM failure

Wang, et al (2001) outlined the following as roadblocks to a successful CRM implementation:

- Availability of customer information
- Limitations imposed by the database design
- Limitations in analysing structured and unstructured information together.

The problem with CRM currently is that most of the leaders and managers believe that once the software application is installed that the results will follow, its more than that is it requires adequate supervision at all times and necessary skills from the employees.

2.16 Reasons customers stay

Customer dissatisfaction diminishes an organisation's customer base, forces the firm to rely on a more volatile customer mix and erodes the firm's reputation. This is particularly true in service industries, where customer dissatisfaction is a serious problem. Customer responses to dissatisfaction occur along a continuum of severity and although some defections are caused by dissatisfaction, consumers may simply remain inactive and take no action at all when dissatisfied. However, few studies in the marketing literature address why customers stay, despite being dissatisfied.

One of the objectives of this study was to determine the reasons customers choose to remain with their current service provider despite being dissatisfied. It is suggests that researchers should remain alert to the reluctance of customers to change routine purchase behaviours despite expressing dissatisfaction. White and Yanamandram (2204) identify three potential contributions from further research in the area of inertia in service industries. First, the authors suggest a focus on the missing element in consumer research in a services context for a study into the largely ignored dissatisfied consumer's decision to stay and the cognitive process that precedes this. Secondly, he recommends that research is needed by those organisations whose customer base includes prospective switchers, in order to identify why these customers stay and how to dissuade them from leaving. Thirdly, he comments that research is needed by organisations to help create strategies that overcome the inert behaviour of their competitors' customers, that is: their prospective customers, (White, Yanamandram, ibid).

2.17 Tailoring e-service quality through CRM

Gurau (2003) states that the World Wide Web has allowed companies to reach customers in previously inaccessible markets, and to compete efficiently with the traditional suppliers. The computer technology and the Internet applications have offered for the first time in marketing's history the possibility to collect, process, analyse, and efficiently use large volumes of data, and to adopt a personalised marketing approach for every customer. However, the low entry barriers, the market size and the relatively low costs of online business activities have created a situation of intense competition. The only possibility to increase company's profitability in this context is to build a strong brand name and to enhance customers' long-term loyalty. The customer service procedures need to adapt to the challenges of this new marketing channel, in which the customer is no more a target, but a partner. The existing studies on e-service quality have attempted to identify the elements that define customers' perception of quality and to build models that outline the differences between customers' expectations and real service experience. Some of these studies adapt the theoretical models used to assess the quality of traditional services to the new characteristics of the online interaction. Gurau (ibid) further states that the company needs:

- To use a predictive model that integrates customers' satisfaction, customers' profitability, the competitive conditions of the market, and company's capabilities, in order to identify the optimum level of e-service quality, required by each market segment; and

- To build around this conceptual model a CRM system capable to provide the necessary information, procedures and strategy for designing, implementing and managing the required level of e-service quality on a long-term basis.

2.18 Customer loyalty

2.18.1 Loyalty encompasses a non-random behavioural response that results from evaluation processes that lead to commitment. Loyalty is to a service provider and is therefore service loyalty, rather than brand loyalty, which has been developed in relation to goods. Service loyalty is operationalised as an attitudinal concept, and it includes word-of-mouth communication and intentions to remain a customer. Unlike brand loyalty, service loyalty is under-represented in the literature and is an area of current interest. Customer loyalty is acknowledged as an important indicator of the likely success of a business. As noted in the previous section, there is evidence to support a link between service quality and/or customer satisfaction to customer loyalty. More specifically, direct and significant paths have been demonstrated between service quality, service encounter satisfaction and customer loyalty. Similarly, customer orientation has been found to be related to customer service perceptions and outcome behaviours, (Dean, ibid).

2.18.2 Chumpitaz and Paparoidamis, (2004) state that the advent of relationship marketing and the increased competition that has characterised markets over the past 30 years has resulted in consumer satisfaction and related research constructs becoming central topics in the services literature. Particular attention has been given to the conceptualisation and measurement of the variables of quality and satisfaction. These variables are central to modern marketing theory and practice

as principal indicators of marketing performance. The importance of studying and understanding these two related variables can be illustrated by their relation with behavioural intentions and loyalty. Although numerous studies have made an effort to clarify, conceptualise, and measure these constructs in a business-to-consumer environment, in a business-to-business (B2B) context there continues to be debate regarding: the identification of the variables responsible for external effects; the form and/or strength of the relationships between them; and the presence of interaction or mediational effects between them. There is a large body of contradictory empirical evidence. In assessing the effects of perceived quality, many researchers have suggested its positive influence on loyalty. However, recent findings demonstrate that this correlation is either not significant or mediated by satisfaction.

2.18.3 What the organisation wants to know is how to make the service better for that customer at the next opportunity. If one can find out how to treat a specific customer better the next time, one can begin to lock that customer into a learning relationship with one's organisation. If, every time a customer deals with a company, it is more satisfying for that customer than it was the previous time, the company is creating a learning relationship with the customer, and after just a few interactions, the customer will be come very loyal. Loyalty is a concept close to the heart of CRM. Customer loyalty means that customers are committed to purchasing products and services from a specific organisation and will resist the activities of competitors attempting to attract their patronage, (Brink and Berndt, 2004).

2.19 Customer knowledge management

Customer knowledge is an important asset for all businesses. It is at the origin of most improvements in customer value. Vendors of customer relationship management and business intelligence solutions claim that the data collected at the customer interface can be translated into business intelligence and customer knowledge. Yet others remind us that 80 per cent of CRM implementations fail, and academics express scepticism about the viability of interpreting traffic data in such a way that it generates useful insights into customer and user behaviour.

Knowledge management is concerned with the management and exploitation of corporate knowledge. It is a holistic philosophy that drives organisations to optimise the utilisation of their knowledge resources. These knowledge resources include both explicit knowledge that might be recorded in databases and other archives, and implicit knowledge that is held in workers' minds, and which is embedded in the fulfilment of their job role. The focus of this article is customer knowledge management. Customer knowledge is viewed as an important asset for e-business. Customer knowledge management is concerned with the management and exploitation of customer knowledge. There are two types of customer knowledge:

- Knowledge about customers, which may include knowledge about potential customers and customer segments as well as knowledge about individual customers.
- Knowledge possessed by customers, about product ranges, such as compatibility between computer hardware components, or the efficacy of specific drugs in treating complaints, and about the wider context and marketplace into which products and services are delivered.

2.20 Relationship quality measurement

2.20.1 Relationship quality measurement is defined as the degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship.

2.20.2 Relationships, the cornerstone of relationship marketing, have been best described as the formation of bonds between the firm and the customer, bonds which include social bonds, knowledge bonds, psychological bonds, and ideological bonds. Implicit in the notion of relational bonds is the aspect of voluntary participation by the customer as opposed to an enforced relationship that often endures between a service provider and customer. Cellular phone contracts, for example, often have stipulations that sometimes make it more expensive for a customer to exit the "relationship" than to continue using the service, thus forcing customers to maintain the relationship, (Roberts, et al, 2003).

2.20.3 The success of a business relationship lies in the development and growth of trust and commitment among partners. The two parties also need to have shared goals and mutual benefits to build a successful relationship. Trust and commitment appear to be an important indicator of when CRM strategies may be potentially valuable. Trust can be seen as a willingness to rely on an exchange partner in whom one has confidence. High levels of service need to be present through the product service delivery process. This would enable customers to receive what they want, when they want it and a perfect delivery each and every time with the desired levels of service that appeal to the customer. Commitment implies that both parties will be loyal, reliable and show stability in the relationship with one another. Trust facilitates commitment to a relationship because commitment creates a vulnerability whose perceived risk is reduced with trust.

2.20.4 As mentioned earlier, the purpose of building relationships with customers is to retain customers. And by retaining customers, loyalty is created and loyalty in turn, results in superior long-term financial performance.

2.21 Theoretical risks to successful implementation.

A risk is assumed to be a potential hazard. The definition of CRM has been further refined the purpose of data interpretation. Hence, a risk that is recorded as being present or evident is a hazard or obstacle that has been encountered by the project. The theoretical development of CRM risks is that CRM implementations have eight sets of risks that differ from other system implementations, (Corner and Hinton, 2002). The following discussion focuses on these risks:

2.21.1 The system user

The assertion is that CRM system users are essentially different from those who operate financial and electronic fund transfer systems. The grounds for the assertion are based on the observation that sales people demonstrate tendencies for higher levels of domination and influence in psychometric test results whereas accounts people tend to demonstrate steadiness and compliance. Although the obvious conclusion would be that sales people are more difficult to manage as system users, the only risk described that might relate to psychometric profiles out of the following list appears to be the first and that risk might apply to any user in any organisation. The risks are:

- Reluctance of users to support the project or use the system.
- The need to design user interfaces that fit well with the working style of the users.
- The large number of users involved with CRM systems can cause disproportionately long implementation times.

- The variety of users combined with change processes may mean that there are no viable data present in the system at its outset. This would result in limited benefit for the users at the outset, no opportunities for quick wins and a resultant drop in support for the system.

2.21.2 The processes used

The assertion is, that relative to financial and manufacturing systems, the processes used in sales, marketing, customer service and other parts of the customer lifecycle are less well defined. There is less of a recognised discipline and commonality across business sectors and between companies in the same business sector. It is also suggested that management believe that their CRM processes are, or should be, different in order to gain a competitive edge and although true, to some extent, it is a significant factor in complicating an implementation. The risks that are identified as being specific to CRM processes are:

- Re-engineered processes that are out of step with the organisation culture and people.
- Difficulty in defining or envisioning a total solution with the risk of muddled system specification or too much time being spent on the definition stage.
- A risk of computerising only current processes so that opportunities are missed.
- A tendency to focus on the technology rather than process improvement.
- A risk of acquiring a number of stand-alone tactical systems rather than an optimal encompassing system.

2.21.3 Politics and vested interests

Although all aspects of an organisation's processes undergo change, cite the globalisation of markets, internal pressure to outperform the competition, and rapidly changing market places as causing an exponential rate of change for users of CRM systems. The assertion is that the rate of change that impacts on CRM systems implementers is greater than for other systems. The specific risks for CRM systems are:

- Senior heads may roll and a vulnerable sponsor of the system inevitably means that the project is vulnerable.
- Political issues not tackled at the start of the project may result in the project being stalled at some interim stage.
- Political infighting may result in the failure to obtain committed support.
- Political conflict may result in compromises that produce sub-optimal tactical systems.

2.21.4 Speed of change

The assertion is that politics play a larger part in the organisational dynamics surrounding CRM systems than in any other area of a business. This is attributed to the scope of the change that is needed and the rate of change. The specific risks described are:

- Constantly changing project scopes, over-spend or inadequately implemented systems.
- Project speed out of step with the speed of market developments. Mature markets can afford longer implementation periods but fast moving or volatile markets need project times of six months or less.

2.21.5 Inadequate funding

Sales-focused CRM systems usually involve multiple sales channels such as the Internet, telesales, business partners and a mobile field sales force. The requirement for mobility provides the most significant differentiation of CRM systems from other systems, in terms of both technology and management. A number of suggestions are offered as to why under funding is a particular issue with CRM systems. These include poor estimates of the costs of process re-engineering, unanticipated problems and even deliberate cost under estimates just to get a CRM project started. As with some other risk categories, they do not appear to be exclusive to CRM systems.
The key risks are as follows:

- Corner-cutting in the "soft" areas of requirement definition, change management process re-engineering and training.
- Inadequate systems administration.
- No buffer to correct mistakes.
- Failure to enhance or upgrade the system.

2.21.6 Over-reliance on unproven methodologies

Because CRM systems are new, it is argued that there is a risk of using inappropriate methodologies that were developed for financial and ERP systems. The specific risks are listed as:

- The project team and management assume that the project may be run mechanistically.

- The methodology's reporting structure obscures obstacles and problems and a false sense of security is engendered.

2.21.7 The need for rework

The rework issues described by Wang, et al, (2004) refer generally to all software systems development with the possible exception that failing systems will have a more significant impact in the CRM environment. Those risks described are:

- Additional costs or unanticipated time delays, emanating from poorly defined processes.

- Systems that do not work, leading to user disillusionment and a fall off in senior management support.

2.22 New capabilities for companies

Before embarking on CRM, a company must know who its customers are, their value, what they buy, where they are located and through which channels they want to interact with the company. Management needs to formulate a CRM strategy at all levels, including the people, the business process, the organizational structure and the technical infrastructure. A. Brink and A. Berndt (2004), outline the prerequisites for CRM to be successful as follows:

2.22.1 Executive level

The CEO must take the lead and ensure that the message is broadcast through the orginasation, understand the real meaning of a relationship before committing the company to CRM and focus on the value that can be created through relationships with key stakeholders. A relationship manager should work with customers to ensure that they receive the value they seek. Successful companies in South Africa are those that receive enthusiastic support and who have recognised the importance of adopting CRM as a philosophy behind the business.

2.22.2 Processes

Process management involves all the procedures, tasks, schedules, mechanisms, activities and routines by which a product or service is delivered to the customers. A company wishing to implement CRM needs to management and link all work processes. Management should focus on building customers into the main processes and customers should collaborate with management in all the processes that are geared to creating value.

2.22.3 Excellent customer service

Excellent customer service can only be achieved by training all employees, even those who do not have direct contact with the customer, such as the back office, for an example accounts department and other affected departments. Employees must also understand that their own job satisfaction ultimately rests on the success of the organisation. Employees must be supported by technologies and processes to make them more effective.

2.22.3 Technology

What should be achieved before a CRM system is required?

- Before any organization decides to deploy CRM technology, it must first include customer-centricity as part of its corporate vision and mission.
- Develop database: successful companies are capturing information every time a customer comes into contact with any of its departments.
- Use data mining to predict: marketing statisticians can extract useful information about individuals, trends and segments from the mass of data.
- Acquire a suitable CRM system: the software involves every business process both inside and outside a business.

2.22.4 Value of CRM capabilities

How much are these CRM capabilities worth to a company? Research indicates that the most profitable companies develop a very specific set of CRM capabilities. The world's leading business software suppliers have also reinvented themselves to focus on CRM.

2.23 Summary

Many companies today are racing to re-establish their connections to new as well as existing customers to boost long-term customer loyalty. CRM is a tool used to build customer relationships between customers and managers in a company and it is a combination of people, processes and technology that seeks to understand a company's customers.

To create meaningful customer relationships, relationships that will not only be more satisfying and fulfilling for the customer, but also more rewarding for the organisation, we need to have a better understanding of the notion of meaning and how meaningful relationships may be created in a business context. Current competitive challenges induced by globalisation and advances in information technology have forced companies to focus on managing customer relationships, and in particular customer satisfaction, in order to efficiently maximise revenues. In this study, loyalty is to a service provider and is therefore service loyalty, rather than brand loyalty, which has been developed in relation to goods.

Brink and Berndt, 2004, concluded that successful companies never lose sight of their customers' demands, and are careful to keep track of their needs as they evolve and change. A company can attract and retain customers by knowing and delivering what they want, when they want it, how they want it, and making it easy and problem free for customers to interact with the organization. CRM solutions have become strategic requirements in a customer-focused economy.

CHAPTER THREE

DEFINING THE PROBLEM AND RESEARCH QUESTIONS

3.1 Introduction

The primary aim of this study was to determine whether the selected companies in the Mafikeng area focus on customer care, retention and satisfaction while moving towards profit maximisation. The research further aimed at determining the course of this influence and how it contributes towards the attitudes and behaviour of customers at these companies.

The selected companies for this study the Standard Bank, First National Bank, African Bank of South Africa, Pick & Pay, Game Store, Edgars Store, Cash Build, PPC Cement and South African Breweries, these companies deliver different types of services within their operations.

CRM is about building relationships with people significant to the organisation and most companies tend to spend more capital on products and promotion and also on price, whilst neglecting service to customer. In terms of CRM, not all customers are the same, thus different customers need to be treated differently. The purpose of this study was therefore to determine whether companies in the Mafikeng area truly adopted the strategies of CRM or whether they will merely paying lip service to theory. One of the main difficulties companies experienced, is that employees in the companies find it difficult to become customer-oriented and use the available information and thus find it difficult to practice CRM.

According to an Industry overview and database of the South African Banking Industry and Research, 2001, there are four major competition trends driven by rapid information technology shifts:

- Increasing competition for deposits.
- Increasing competition providers of credit.

- Increasing competition customer channels.
- Competing for trading infrastructure.

3.2 Rationale to the problem

The following six barriers that result in CRM success are identified:

- Lack of guidance: More than 60% of selected companies in the Mafikeng area that have implemented CRM did not have mutually agreed upon goals for their projects prior to the installation.

- Integration woes: today there is no killer application that solves all integration problems. Most large-scale implementations require some customization. This may lead to problems that put vendors and consultants at odds with customers.

- No long-term strategy: believing that CRM is a technology solution is still a tremendous obstacle for far too many in the selected companies in Mafikeng area. The fact remains that CRM is a business process change, often supported by technology.

- Dirty Data: an often-overlooked, yet insidious hurdle is dirty data or inaccurate and old information. Data is the lifeblood of a CRM system and incorrect numbers, spelling mistakes, and outdated contact information can infect that system if it is left unchecked.

- Staff incompetence: poorer performers may fear the outcome of their managers having a window into their bad habits.

- No Accountability: driven by fear of the unknown, resistance also spills into the managerial level in the form of avoidance or lack of accountability. There is unwillingness in top management to assign accountability to project leaders.

3.3 Defining the problem

The short comings of CRM have been blamed both on software vendors for promising off the shelf solutions and on firms for underestimating the implementation problems and installing new information systems without having a well defined customer management systems.

3.3.1 Primary problem

The study in the selected companies in Mafikeng area, was motivated by the following problem: Customer care by Mafikeng business is shabby, not looking well after customers. The study further examines the nature of meaningful customer relationships to determine what contributes to meaningfulness and to explore ways in which selected companies in the Mafikeng area can establish more meaningful relationship with customers.

Research question:

- How does CRM contribute to an organisation's success?

3.3.2 Secondary problems

In addition to the primary problem, there are secondary problems in respect of CRM by companies in the Mafikeng area. These problems include reasons why companies implement CRM, the level of CRM awareness and commitment from management, employees and customers. The following are the research questions to solve the secondary problems stated above:

- Is the Microsoft CRM implementation guide in place?
- What are the reasons for implementing CRM?
- What do you think is the level of CRM awareness in the selected companies in the Mafikeng area?

3.4 Summary

Regardless of what business leaders may be trying to implement in their companies, any employee interacting with customers is in a position either to increase customer satisfaction or put it at risk. Employees in such positions should therefore have the skills to respond effectively and efficiently to customers needs. This study intends to expand our understanding of how people who work with customers interpret the concepts of customer satisfaction and customer retention.

In order to implement strategy, it is necessary to have the right technology and the right processes, as well as the right people. The implementation process depends on having these key pieces in place and fully implementing the CRM strategy. These three components need to be adapted where necessary to ensure the success of CRM strategy. It is also necessary to pay attention to the way in which control will take place in order to determine whether the strategy has been implemented successfully.

CHAPTER FOUR

RESEARCH DESIGN AND ANALYSIS

4.1 Introduction

According Webster (1985), to research is to search or investigate exhaustively. It is a careful or diligent search, studious inquiry or examination especially investigation or experimentation aimed at the discovery and interpretation of facts, revision of accepted theories or laws in the light of new facts or practical application of such new or revised theories or laws, it can also be the collection of information about a particular subject.

Research design relates directly to the testing of hypothesis. It is a specification of the most adequate operations to be performed in order to test a specific hypothesis under given condition, Bless and Higson-Smith (2000).

This chapter explains how the information related to the problems was collected. The sample, measuring instrument and data analysis will be discussed. Quantitative research method was used because of time constraints. William Trochim, in his excellent Knowledgebase, makes the point that, for two reasons, there's little difference between the approaches: All research is quantitative, because anything can be counted - even purely verbal responses, perhaps after sorting comments into similar groups. All research is qualitative, because answers to even the firmest numeric questions may conceal a variety of meanings. So the real difference between qualitative and quantitative is not so much the method, but the researcher's approach.

Choose a more quantitative method when most of the following conditions apply:

- The research is confirmatory rather than exploratory i.e. this is a frequently researched topic, and (numerical) data from earlier research is available.

- The researcher is trying to measure a trend (almost impossible with qualitative research).

- There is no ambiguity about the concepts being measured, and only one way to measure each concept.

- The concept is being measured on a ratio or ordinal scale.

And choose a qualitative method when most of these conditions apply:

- The researcher have no existing research data on this topic.

- The most appropriate unit of measurement is not certain (Individuals? Households? Organisations?)

- The concept is assessed on a nominal scale, with no clear demarcation points.

- The researcher is exploring the reasons why people do or believe something.

4.2 Sampling

Sampling theory is the scientific foundation of this practice. It is a technical accounting device to rationalise the collection of information, to choose in an appropriate way the restricted set of objects, persons, events and so forth from which the actual information will be drawn. Probability or random sampling occurs when the probability of including each element of the population can be determined. (Bless and Higson-Smith, 2000: 87).

What is the purpose of sampling? To draw conclusions about populations from samples, we must use inferential statistics which enables us to determine a population`s characteristics by directly observing only a portion (or sample) of the population. We obtain a sample rather than a complete enumeration (a census) of the population for many reasons. Obviously, it is cheaper to observe a part rather than the whole, but we should prepare ourselves to cope with the dangers of using samples. In this tutorial, we will investigate various kinds of sampling procedures. Some are better than others but all may yield samples that are inaccurate and unreliable. We will learn how to minimize these dangers, but some potential error is the price we must pay for the convenience and savings the samples provide. The economic advantage of using a sample in research obviously, taking a sample requires fewer resources than a census. A sample may provide needed information quickly.

Bias and error in sampling: A sample is expected to mirror the population from which it comes, however, there is no guarantee that any sample will be precisely representative of the population from which it comes. Chance may dictate that a disproportionate number of untypical observations will be made like for the case of testing fuses, the sample of fuses may consist of more or less faulty fuses than the real population proportion of faulty cases. In practice, it is rarely known when a sample is unrepresentative and should be discarded. What can make a sample unrepresentative of its population? One of the most frequent causes is sampling error. Sampling error comprises the differences between the sample and the population that are due solely to the particular units that happen to have been selected.

The other main cause of unrepresentative samples is non sampling error. This type of error can occur whether a census or a sample is being used. Like sampling error, non sampling error may either be produced by participants in the statistical study or be an innocent by product of the sampling plans and procedures. A non sampling error is an error that results solely from the manner in which the observations are made.

Respondents might also give incorrect answers to impress the interviewer. This type of error is the most difficult to prevent because it results from out right deceit on the part of the respondee.

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Webster, 1985). When dealing with people, it can be defined as a set of respondents (people) selected from a larger population for the purpose of a survey.

The sample in this study consisted of twenty selected companies in Mafikeng area, four companies rejected the questionnaire with the reason that they were not allowed to divulge company information.

One hundred and fifty copies of the questionnaires were issued but twenty of the copies were not fully completed. Only one hundred copies of the questionnaires were fully completed and used for the study, the method of sampling was preferred because it is highly reliable and simple to carry out. Responses were expected over three weeks but the researcher had to wait for more than four weeks to access the questionnaires from the respondents.

4.3 Measuring instruments

4.3.1 Questionnaires

4.3.1.1 Advantages of questionnaires

- Questionnaires are less intrusive than telephone or face to face surveys, when a responded receives a questionnaire in the mail, he is free to complete it on his own time.
- Most respondents some experience completing questionnaires and they generally do not make people apprehensive.
- Questionnaires are very cost effective when compared to personal interview.
- Easily to analyse. Data can be easily done with different computer software packages.
- It is quick to collect information using questionnaires.
- Questionnaires are more objective than interviews.

4.3.1.2 Disadvantages of questionnaires

- Questionnaires can take too long to design and apply.
- Respondents may answer superficially if the questionnaire takes a long time to complete.

- Questionnaires occur after the event, so participants may forget important issues.
- Open-ended questions can generate large amounts of data that can take a long time to process and analyse.

A qualitative questionnaire in structured format was used as an instrument for collecting data in this study and English was the utilised medium of instruction. The questions were closed-ended with the exception of one question. Twenty questions were asked and mostly focused on the understanding of CRM, CRM improvement, support and performance by regular customs, employees and management.

Anonymity of the respondents was stressed because many people, for the sake of scientific progress, are prepared to divulge information of a very private nature on condition that their names are not mentioned.

4.4 Data analysis

The data analysis is a critical part of the study as it allows the researcher to reduce data into manageable size and observe patterns in responses that will allow the basis for the interpretation of results. This analysis is conducted so that the researcher can detect consistent patterns within the data. Descriptive statistics were used to analyse data in the form of percentages and graphs.

4.5 Conclusion

This chapter has looked at the researcher designed and analysis. A discussion on sampling procedures, the measuring instruments and data analysis was made. The next chapter will focus on the results and their interpretation.

CHAPTER FIVE

RESULTS AND INTERPRETATION

5.1 Introduction

This chapter focuses on the results of data that was collected for the study. Attention will be put on topics such as understanding about CRM and reasons for implementing CRM. CRM optimises operating performance and accelerates financial results and potential on its solutions.

5.2 Results and Interpretation

5.2.1 Understanding about CRM

Table 5.1 Understanding about CRM

Details	**Number of Respondents**	**Percentage**
Building relationship	11	11%
It is a technology	7	7%
Retuning the organisation	5	5%
Entails knowing the customers	6	6%
Management approach	28	28%
All of the above	40	40%
None of the above	3	3%
Totals	**100**	**100%**

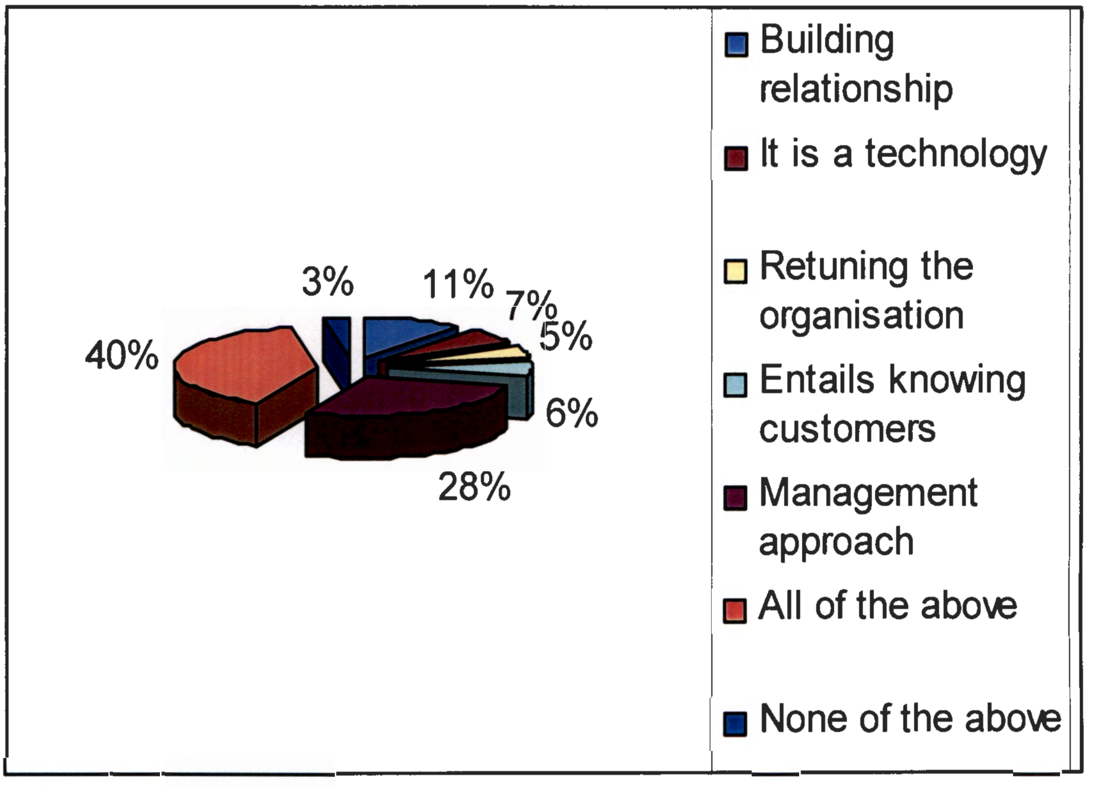

Figure 5.1 Understanding about CRM

Forty percent (40%) of the respondents understood CRM to be about: building relationships with people who are significant to the organisation; a technology that no organisation can do without; retuning the organisation and re-evaluating the relationship with the market in general and the customer in particular; more than technology and it entails knowing one's customer, understanding their relationships and it can be defined as the management approach that involves identifying, attracting, developing and maintaining successful customer relationships.

According to the survey (Table 5.1 and figure 5.1), 3% of the respondents did not understand what CRM means.

5.2.2 Reasons for implementing CRM

Table 5.2 Reasons for implementing CRM

Details	**Number of Respondents**	**Percentage**
Create customer relationships	16	16%
Capturing of customer data	5	5%
Business approach	12	12%
Retaining customers	20	20%
All of the above	39	39%
None of the above	8	8%
Totals	**100**	**100%**

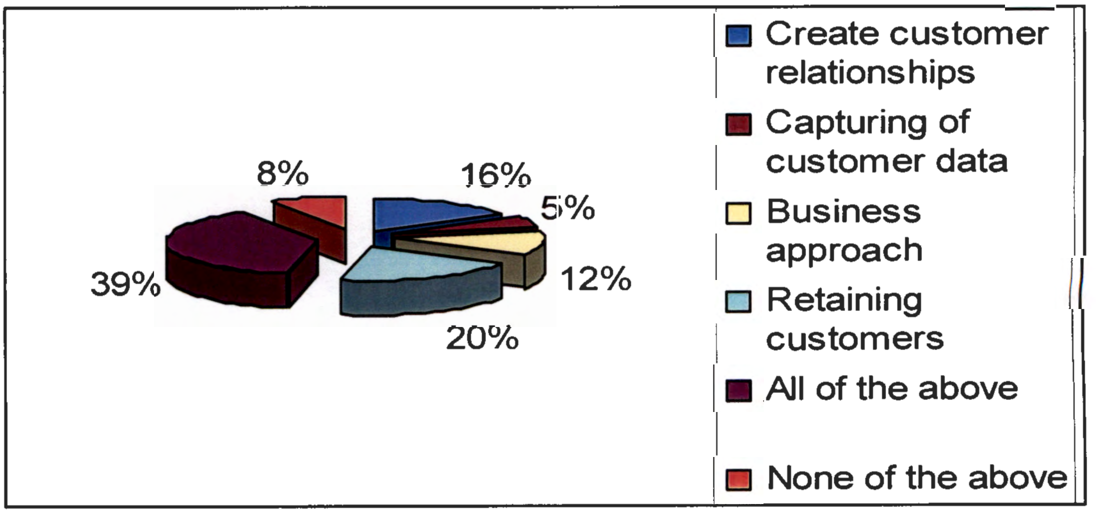

Figure 5.2 Reasons for implementing CRM

The above table and figure (Table 5.2 and Figure 5.2), reflect the statistical results that, show that of the respondents 39% understood the reasons for implementing CRM and 5% of the respondents knew it as capturing of customer data, consollidating internal and external data collection.

5.2.3 CRM optimises operating performance and accelerates financial results

Table 5.3 Operating Performances

Details	Number of Respondents	Percentage
Strongly agree	33	33%
Agree	34	34%
Neutral	17	17%
Strongly disagree	11	11%
Totals	**100**	**100%**

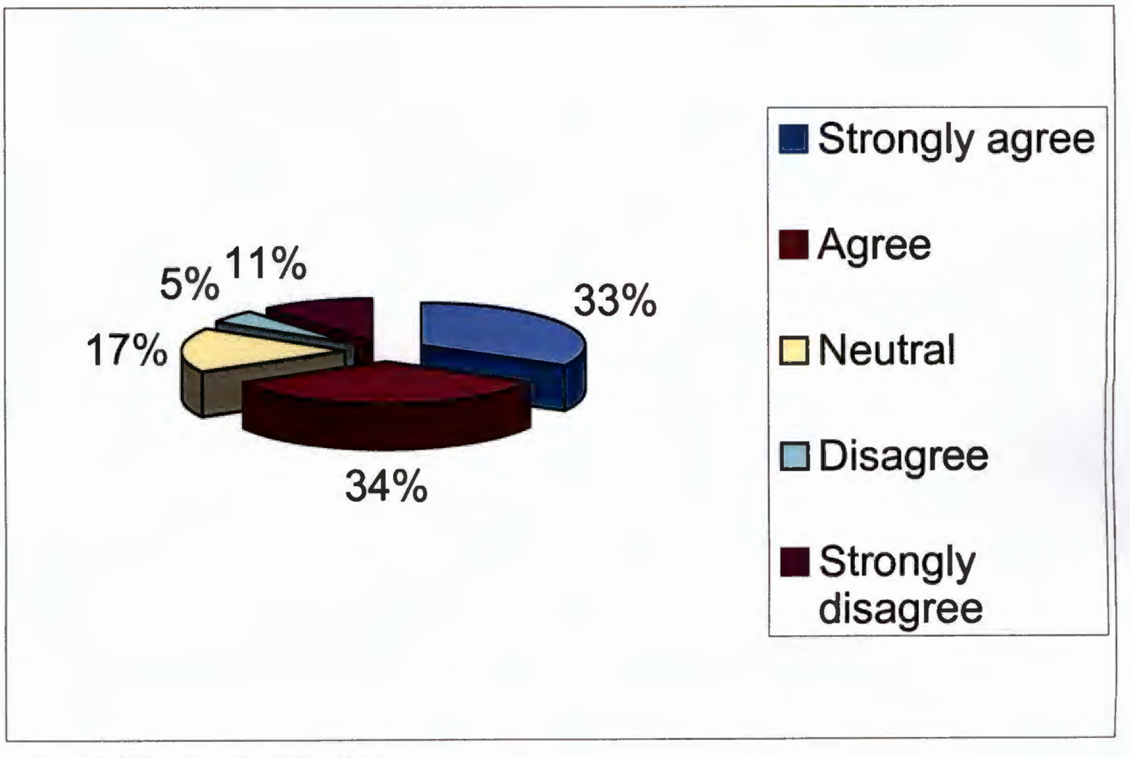

Figure 5.3 Operating Performances

The results (Table 5.3 and Figure 5.3) show that 34% of the respondents agree that CRM optimised operating performance and accelerated financial results and 5% of respondents disagreed.

5.2.4 Potentials on CRM solutions

Table 5.4 Potentials on CRM solutions

Details	Number of Respondents	Percentage
Strongly agree	28	28%
Agree	47	47%
Neural	13	13%
Disagree	8	8%
Strongly disagree	4	4%
Totals	**100**	**100%**

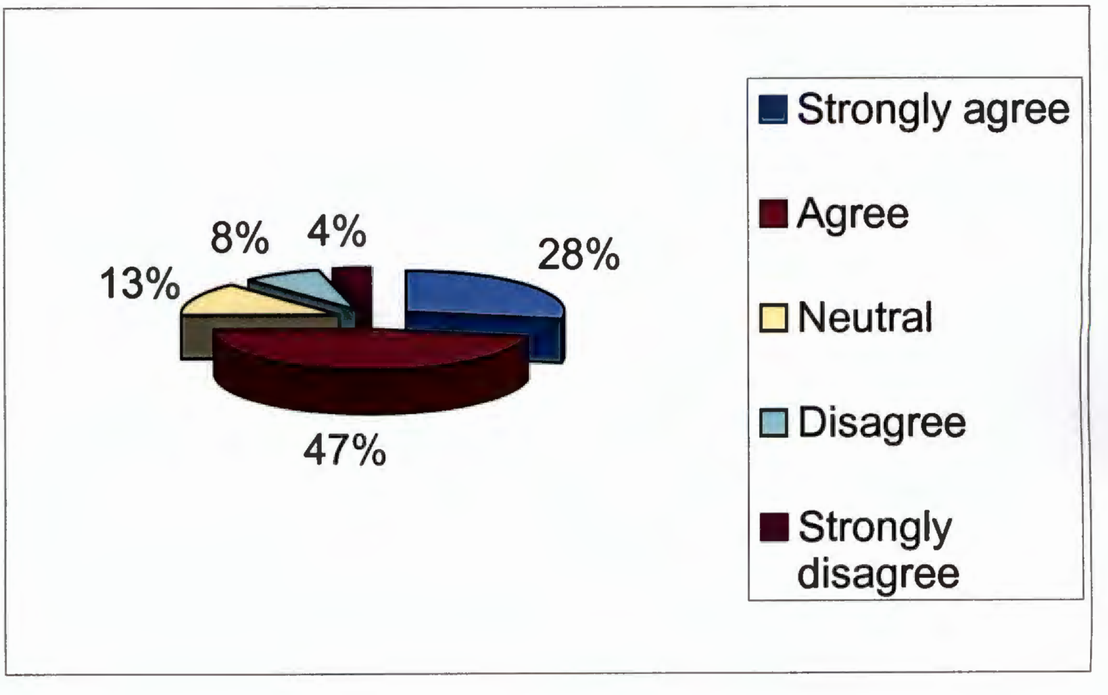

Figure 5.4 Potentials on CRM solutions

The data in Table 5.4 and Figure 5.4 show that 47% of the respondents agreed on the question of potentials on CRM, while 4% strongly disagreed on the above question. This is expected because the solutions of CRM vary from companies.

5.2.5 Improvement on an organisation's strategy

Table 5.5 Improvement on an organisation's CRM strategy

Details	Number of Respondents	Percentage
A very big improvement	19	19%
A big improvement	20	20%
Constant improvement	47	47%
A little improvement	9	9%
Not at all	5	5%
Totals	**100**	**100%**

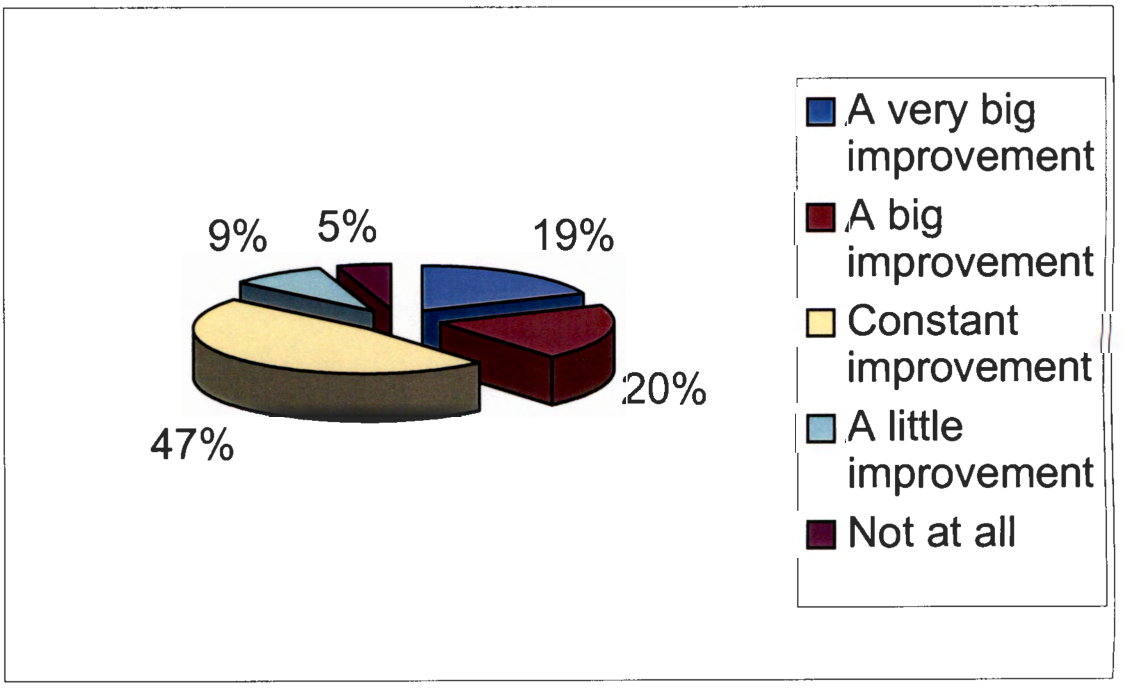

Figure 5.5 Improvement on an organisation's CRM strategy

According to the statistical results (Table 5.5 and Figure 5.2), 47% of the respondents viewed the above question as constant improvement and 5% with not at all as an answer.

5.2.6 Belief in CRM strategy

Table 5.6 Belief in CRM strategy

Details	**Number of Respondents**	**Percentage**
Yes	58	58%
Do not know	25	25%
No	17	17%
Totals	**100**	**100%**

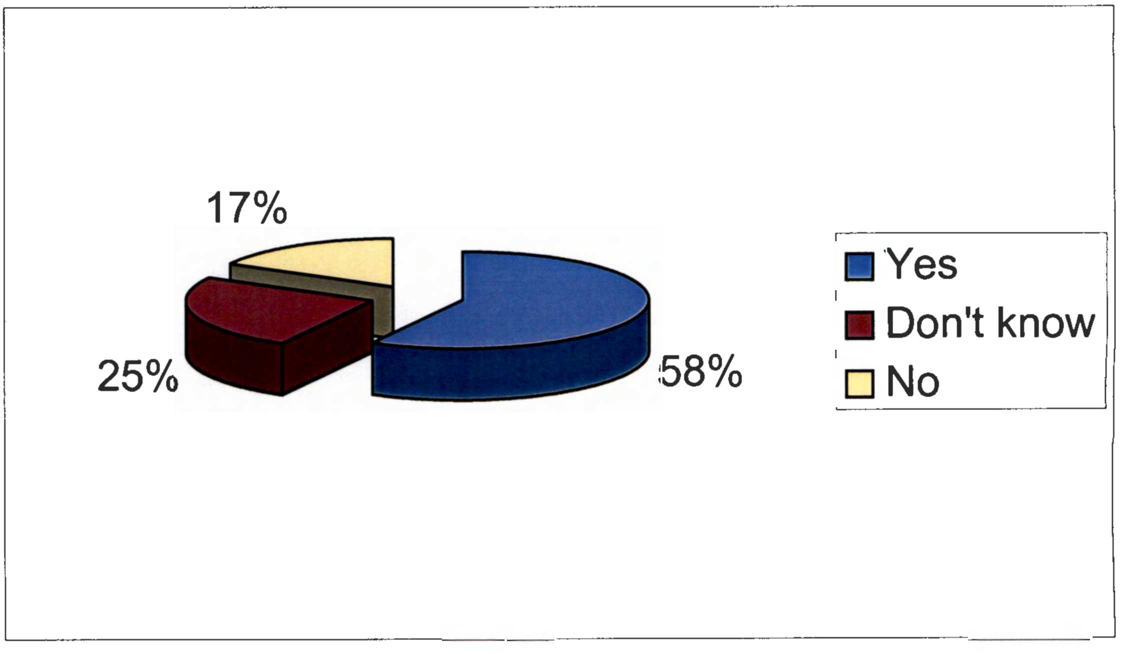

Figure 5.6 Belief in CRM

The results reflected in Table 5.6 and Figure show that 58% believed in their organisation's strategy, 25% did not know whether they have believe or not and 17% of the respondents do not have believe in their organisation's CRM strategy.

5.2.7 Microsoft CRM implementation guide

Table 5.7 Microsoft CRM implementation guide

Details	Number of Respondents	Percentage
Yes	30	30%
Do not know	45	45%
No	25	25%
Totals	**100**	**100%**

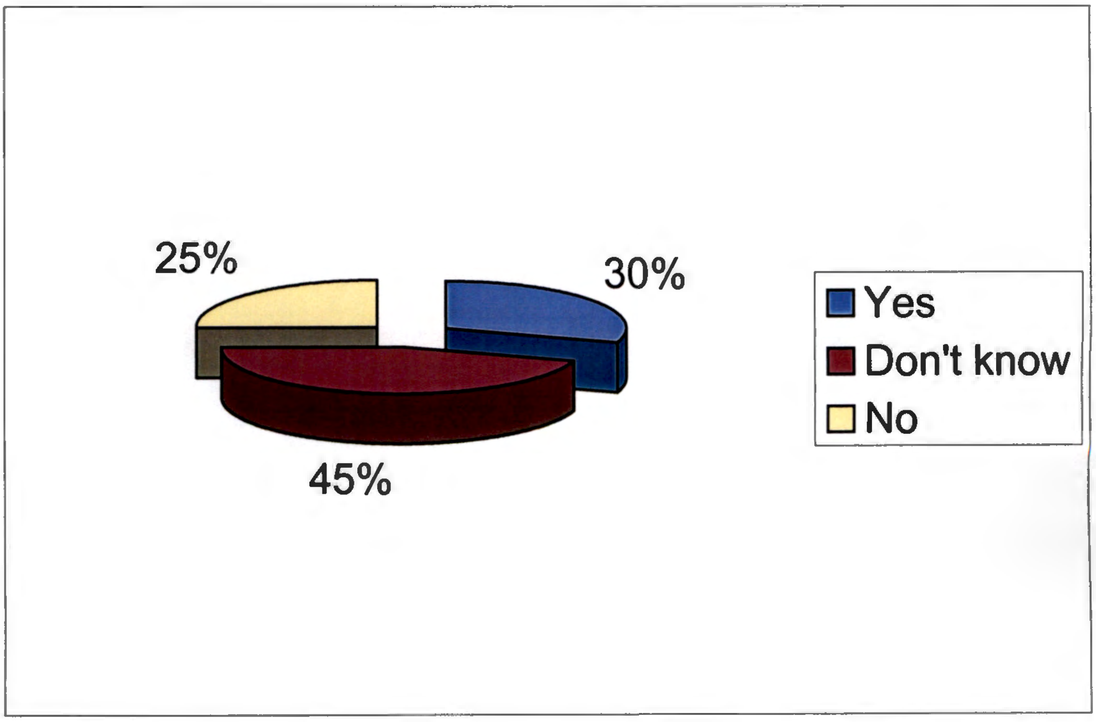

Figure 5.7 Microsoft CRM implementation guide

The results reflected that 45% of respondents did not know whether the Microsoft CRM implementation guide is in place, 30% of the respondents believed that it is in place while 25% did not believe. Results are shown in Table 5.7 and Figure 5.7.

5.2.8 Support towards CRM by employees

Table 5.8 Employees support

Details	Number of Respondents	Percentage
Excellent	10	10%
Very good	23	23%
Good	50	50%
Poor	10	10%
Very poor	7	7%
Totals	**100**	**100%**

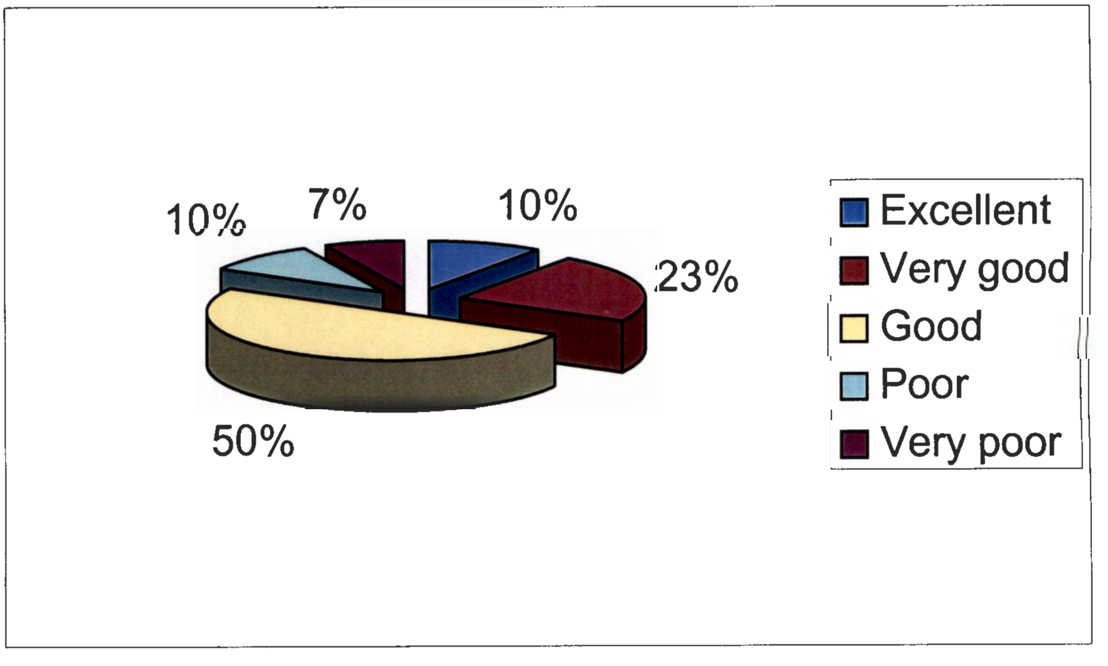

Figure 5.8 Employees support

The data in the Table 5.8 and Figure 5.8 reflected that 50% of the respondents viewed the question as good while 7% viewed it very poor.

5.2.9 Support towards CRM by management

Table 5.9 Management support

Details	Number of Respondents	Percentage
Excellent	18	18%
Very good	21	21%
Good	39	39%
Poor	15	15%
Very poor	7	7%
Totals	**100**	**100%**

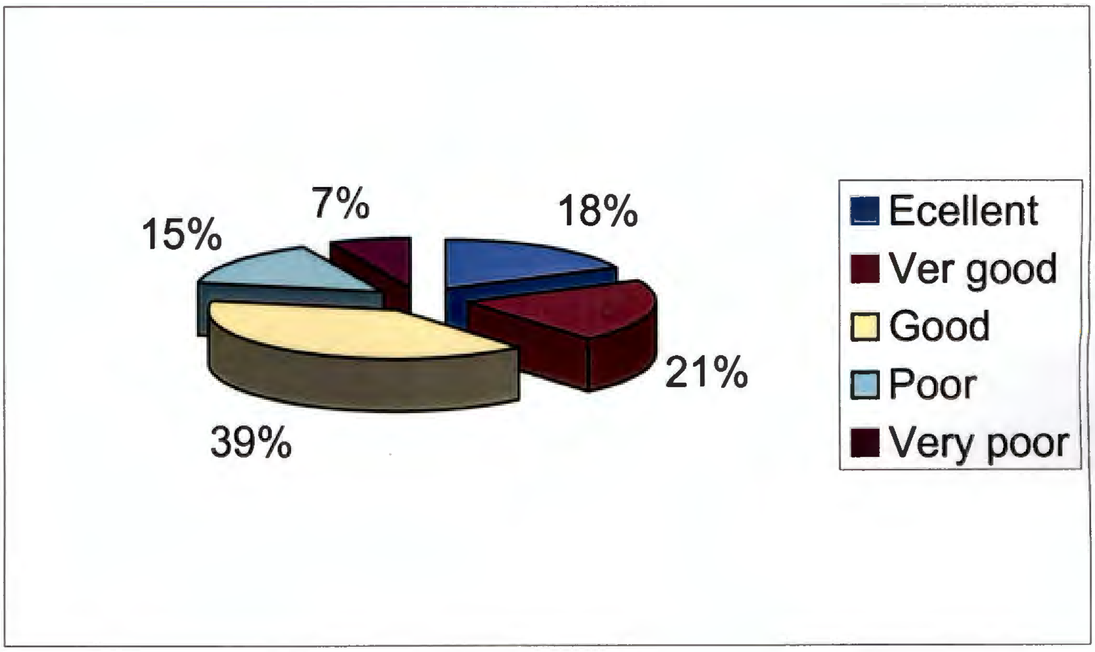

Figure 5.9 Management support

In Table 5.9 and Figure 5.9, respondents were asked to indicate whether they believe that management shared the support towards CRM. 39% of the respondents view it good and 7% very poor.

5.2.10 Support towards CRM by customers

Table 5.10 Customer support

Details	Number of Respondents	Percentage
Excellent	12	12%
Very good	24	24%
Good	46	46%
Poor	14	14%
Very poor	4	4%
Totals	**100**	**100%**

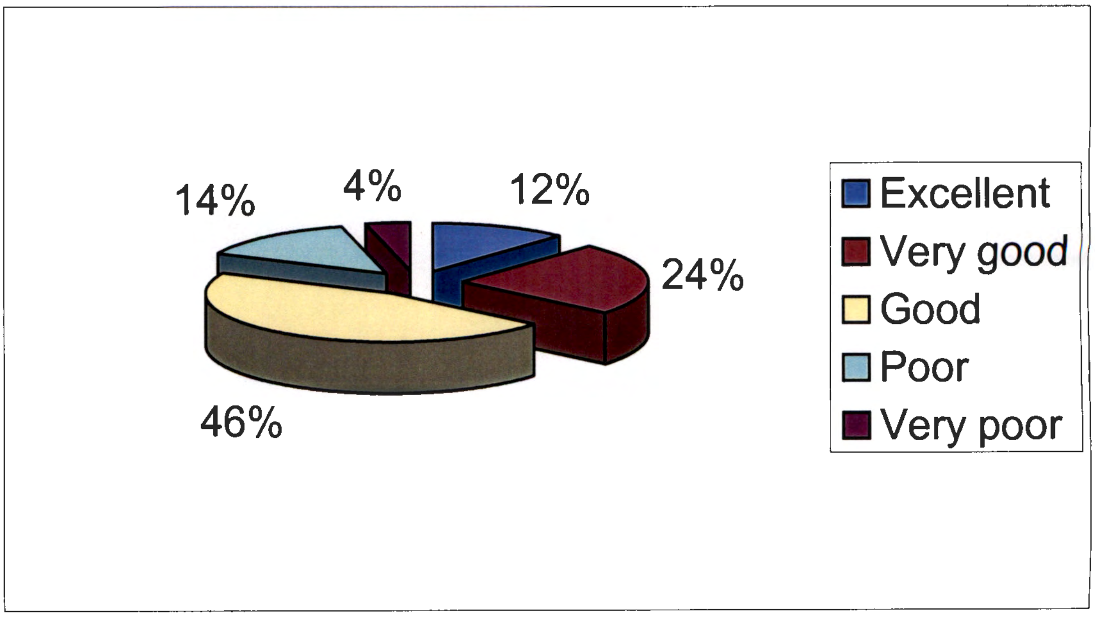

Figure 5.10 Customer Support

The study results on Table 5.10 and Figure 5.10 show that 46% of the respondents viewed the question of support towards CRM regular customers as good and 4% as very poor.

5.2.11 Improvement on customer retention towards the organisation

Table 5.11 Customer retention

Details	Number of Respondents	Percentage
A very big improvement	13	13%
A big improvement	25	25%
Constant improvement	45	45%
A little improvement	15	15%
Not at all	2	2%
Totals	**100**	**100%**

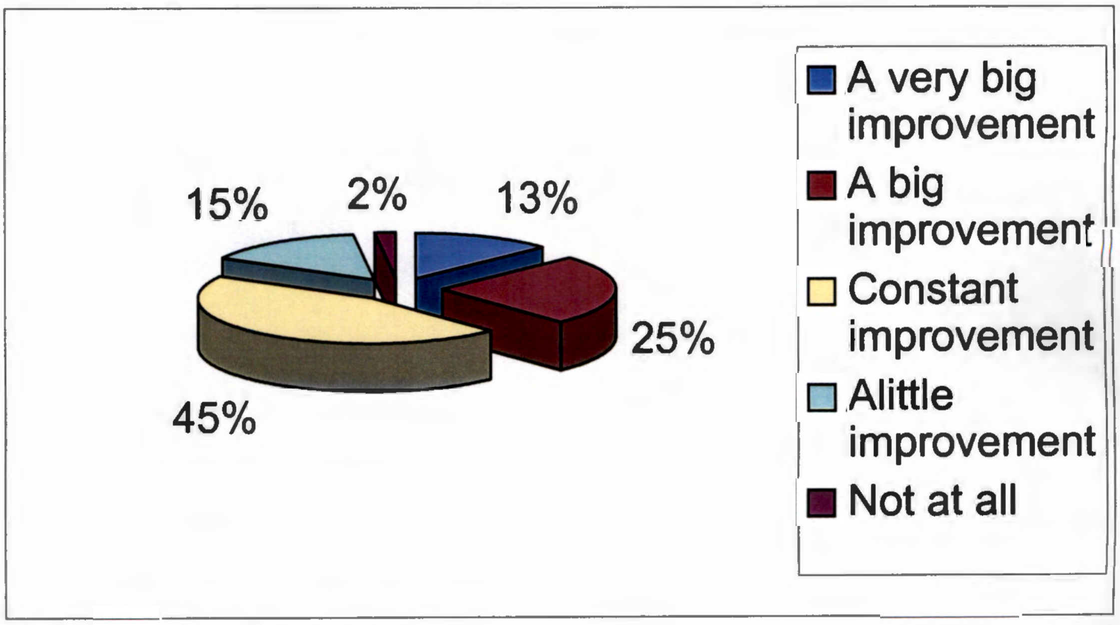

Figure 5.11 Customer retention

From Table 5.11 and Figure 5.11, respondents were asked to indicate whether they see any improvement on customer retention towards their organisation. 45% of the respondents indicated that there is a constant improvement on the said question with only 2% of the respondents representing not at all answer.

5.2.12 Satisfaction with the business results from the organisation's CRM efforts

Table 5.12 Business results satisfaction

Details	**Number of Respondents**	**Percentage**
Yes	48	48%
Do not know	25	25%
No	27	27%
Totals	**100**	**100%**

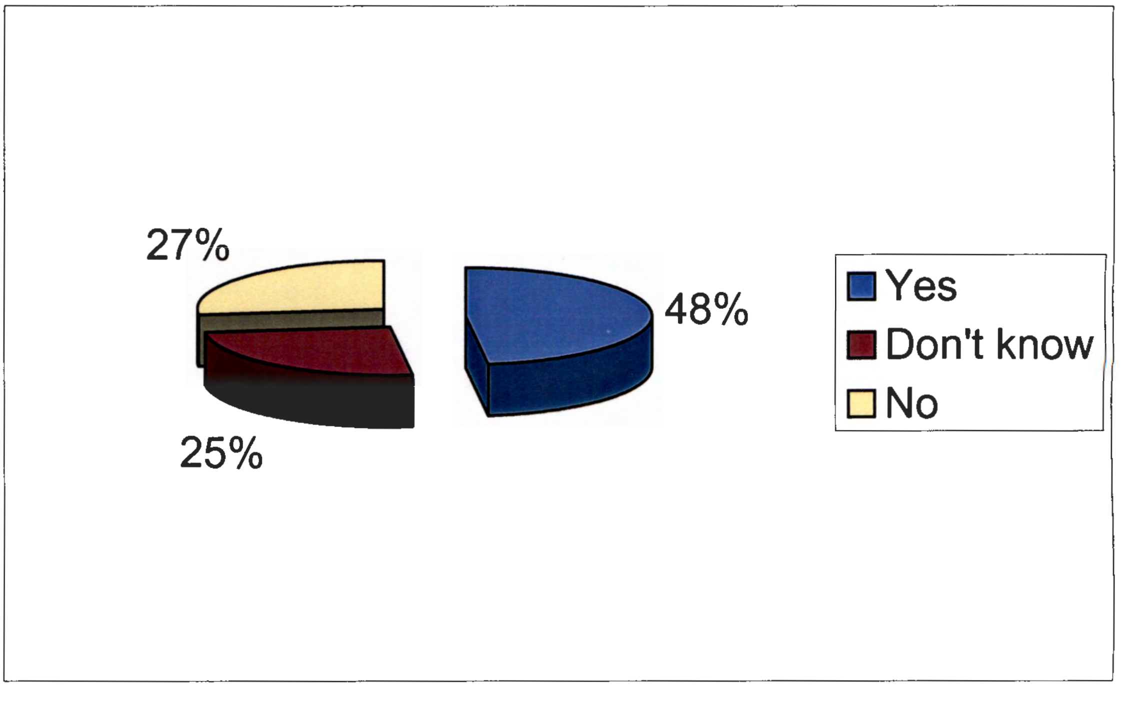

Figure 5.12 Business results satisfaction

From the above Table 5.12 and Figure 5.12, almost half (48%) of the respondents were satisfied with the business results from their organisation's CRM efforts, 27% of the respondents were not satisfied, while 25% of the respondents did not know whether they were satisfied.

5.2.13 The rating of management performance from Question 12.

Table 5.13 Management performance

Details	**Number of Respondents**	**Percentage**
Excellent	6	6%
Very good	23	23%
Good	39	39%
Poor	27	27%
Very poor	5	5%
Totals	**100**	**100%**

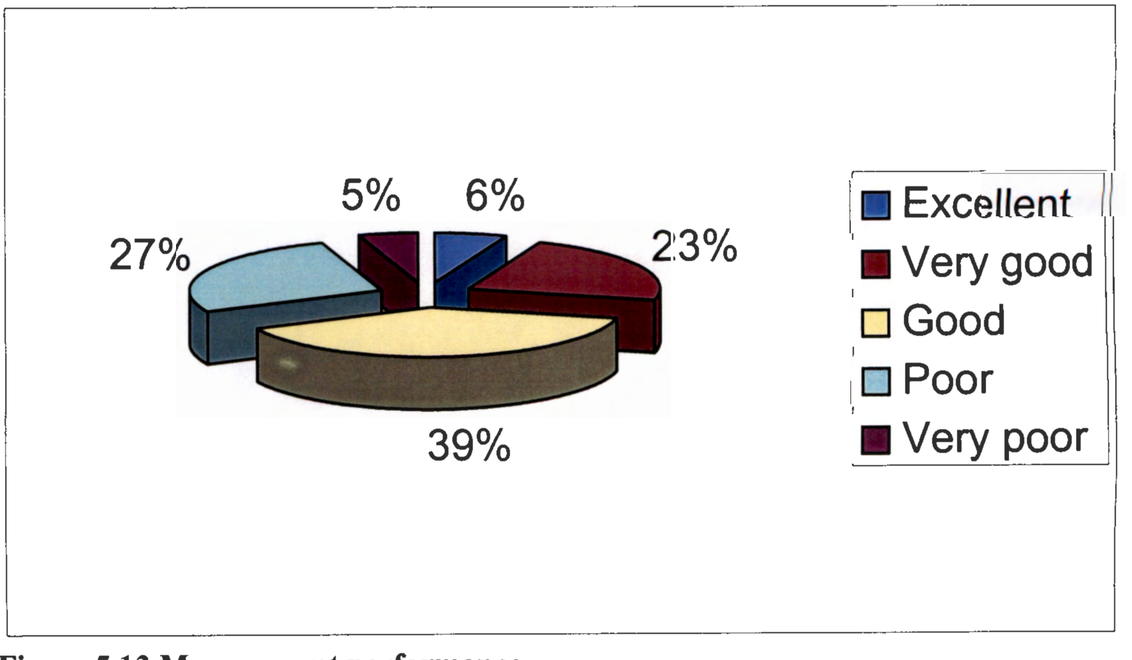

Figure 5.13 Management performance

From the study above (Table 5.13 and Figure 5.13) show that 39% of the respondents rated management performance from Question 12 as good and 5% of the respondents viewed management performance very poor.

5.2.14 The rating of employees performance from Question 12

Table 5.14 Employees performance

Details	**Number of Respondents**	**Percentage**
Excellent	7	7%
Very good	19	19%
Good	42	42%
Poor	27	27%
Very poor	5	5%
Totals	**100**	**100%**

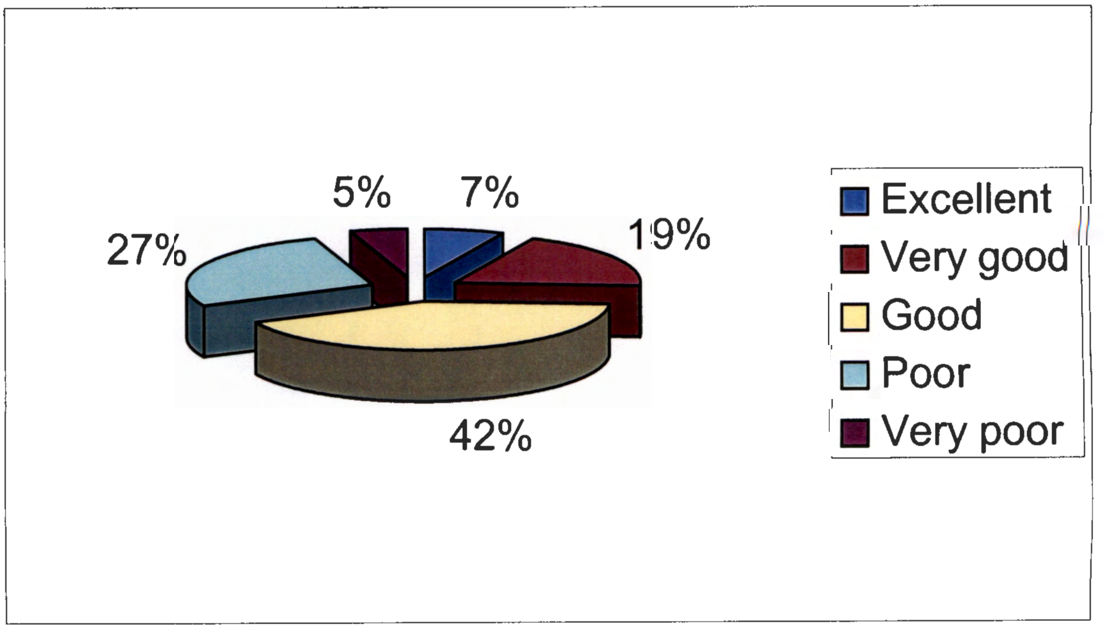

Figure 5.14 Employees performance

Table 5.14 and Figure 5.14 show that 425 of the respondents rated employees performance from Question12 as good where 5% rated it as very poor.

5.2.15 Employees willing to change on provisions to better customer service

Figure 5.15 Better customer service

Details	Number of Respondents	Percentage
Yes	55	55%
Do not know	36	36%
No	9	9%
Totals	**100**	**100%**

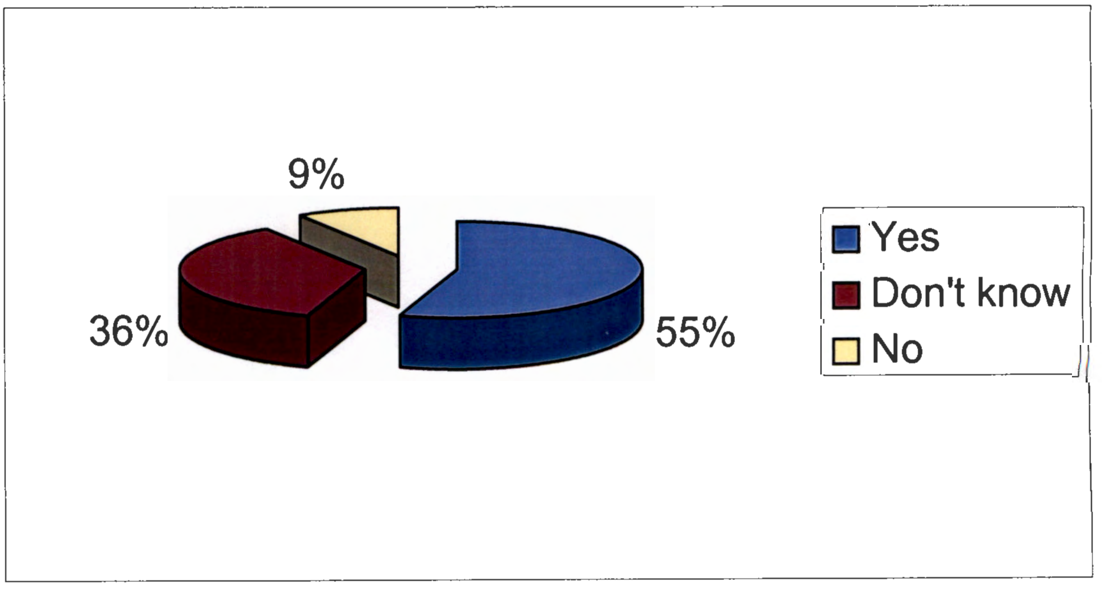

Figure 5.15 Better customer service

Table 5.15 and Figure 5.15 above show 55% of the respondents opted for yes with the view that the employees proved themselves willing to change the way they work, if necessary, to provide better service to their customers, while 9% of the respondents remained with a no as an answer to the said question.

5.2.16 Entire organisation well trained and customer focused

Table 5.16 Customer focused

Details	Number of Respondents	Percentage
Yes	34	34%
Do not know	19	19%
No	47	47%
Totals	**100**	**100%**

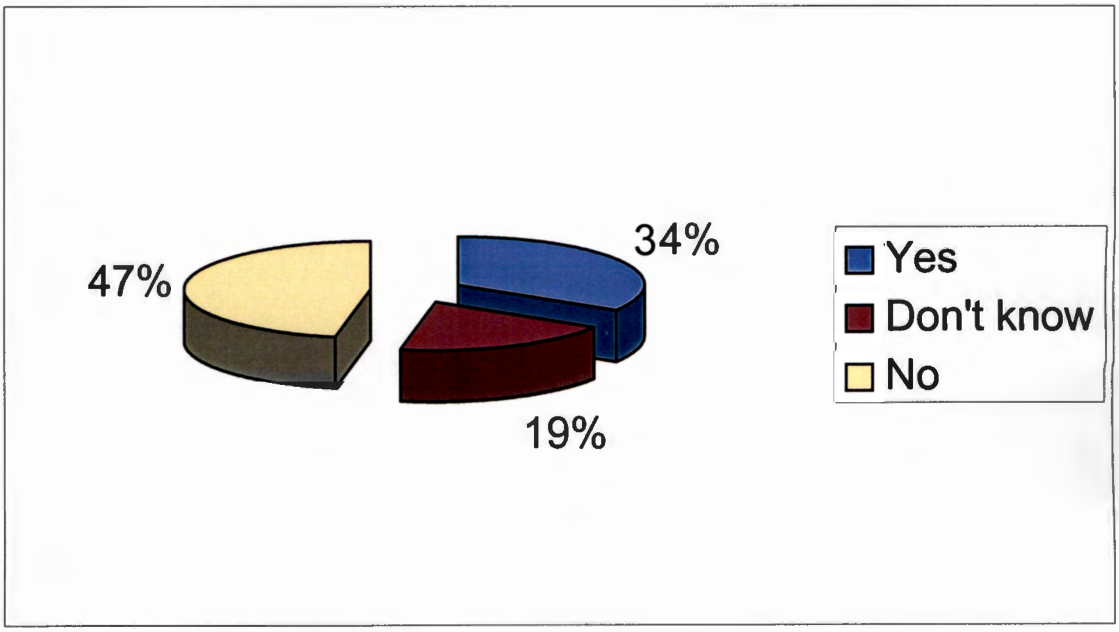

Figure 5.16 Customer focused

The findings on the entire organisation is well trained in the art of customer service and customer-focused, are reflected in Table 5.16 and Figure 5.16. the data show that 47% of the respondents did not agree to the question by saying no and 19% of the respondents did not know whether was there training and whether they are customer-focused or not.

5.2.17 Organisation's data about its customers

Table 5.17 Customer data

Details	**Number of Respondents**	**Percentage**
Yes	36	36%
Do not know	23	23%
No	41	41%
Totals	**100**	**100%**

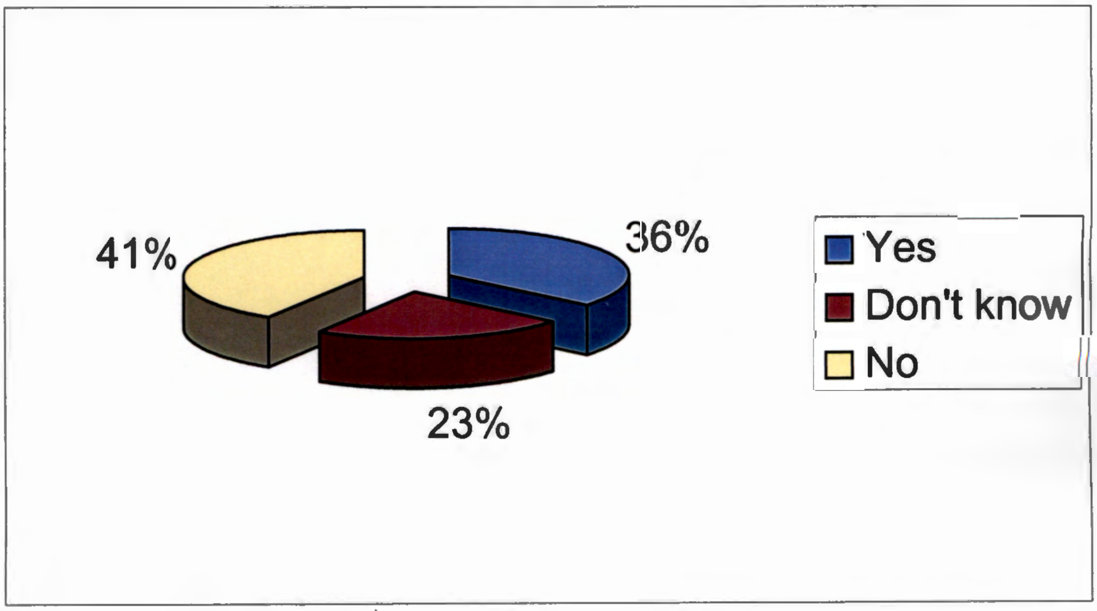

Figure 5.17 Customer data

According to table 5.17 and Figure 5.17, 41% of the respondents indicated that their organisation does not have the data about its customers, while 23% of the respondents that they did not know whether their organisation have all the data about its customers that they need.

5.2.18 The level of CRM awareness in Mafikeng Companies

Table 5.18 The level of CRM

Details	**Number of Respondents**	**Percentage**
High	12	12%
Medium	42	42%
Low	46	46%
Totals	**100**	**100%**

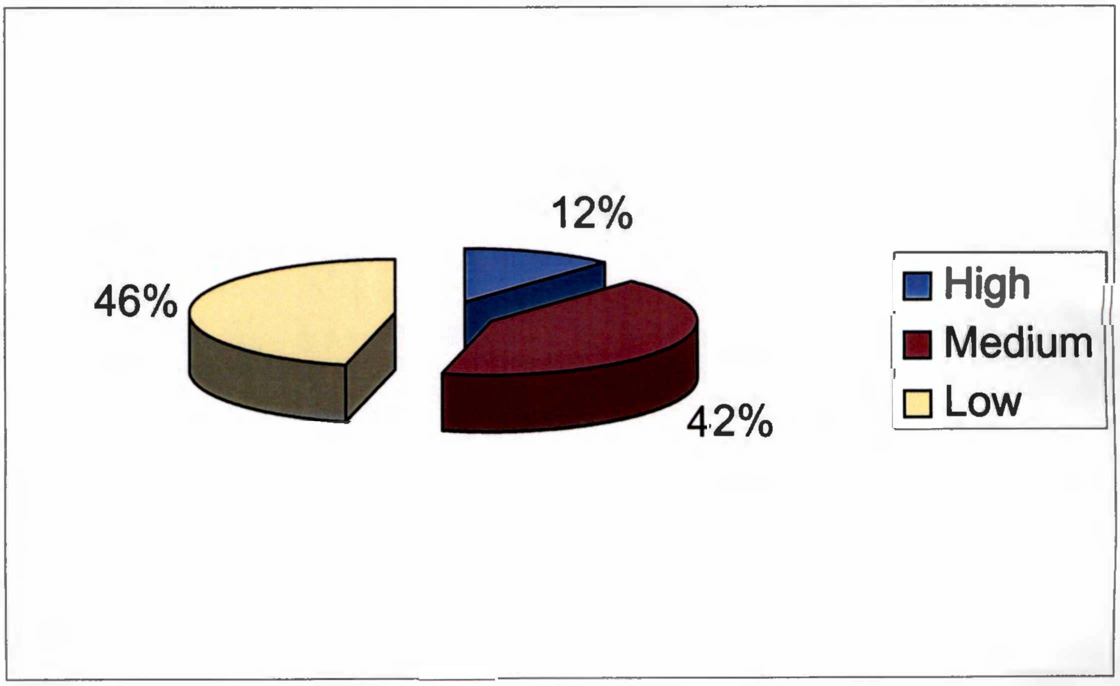

Figure 5.18 The level of CRM

The data in Table 5.18 and Figure 5.18 show that 46% of the respondents thought that the level of CRM awareness in Mafikeng Companies is low and 12% of the respondents viewed the level high.

5.2.19 Promoting effective and efficient CRM programmes

Table 5.19 Effective and efficient CRM

Details	**Number of Respondents**	**Percentage**
Yes	22	22%
Do not know	36	36%
No	42	42%
Totals	**100**	**100%**

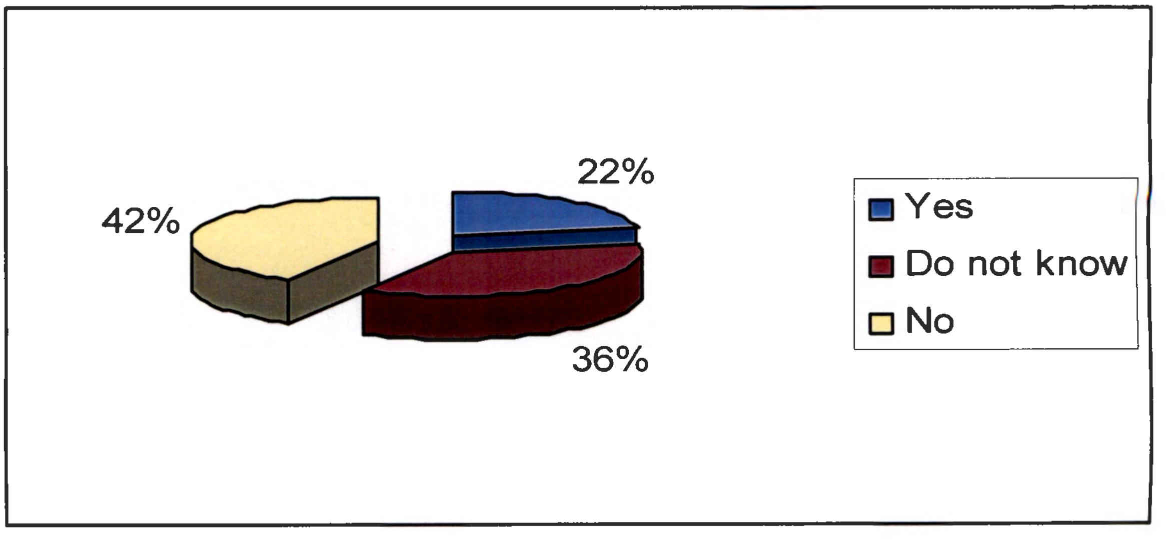

Figure 5.19 Effective and efficient CRM

From the above study (Table 5.19 and Figure 5.19), 42% of the respondents did not know whether their organisation is doing enough to promote effective and efficient CRM programmes and 22% agreed to the said question.

5.2.20 Kinds of initiatives followed by the companies or measurements of the success

Question number twenty (20) on the questionnaire was based on the yes answer found in question 19. 22% of the respondents indicated yes in question 19. the responses to question 20 are as follows:

- Establishment of communication forums with the patrons.
- Follow-up and regular report back regarding issues raised during meetings.
- Nationwide initiatives.
- Performance of employees is assessed based on targets set for customer retention, new customer acquisition and service levels delivered. Service measurement is outsourced to obtain unbiased opinion.
- Monthly feedback and reports are given out.
- Training on customer forums meetings.
- Involvement of customers in decision-making.

5.3 Summary

Thirty nine percent (39%) of the respondents understood the reasons for implementing CRM but 47% viewed the question of improvement on an organisation's CRM strategy. On the question of Microsoft CRM implementation guide, forty five percent (45%) of the respondents indicated that there is no training and entire organisation is not customer focused. Forty two percent (42%) did not know whether their organisation is doing enough to promote effective and efficient CRM programmes.

CHAPTER SIX

DISCUSIONS, IMPLICATIONS, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter focuses on discussions, implications, conclusions and recommendations. The chapter is divided into four sections, the first section focuses on the discussion, section two reflects the implications and while section three puts attention on the conclusion. The last section focuses on the recommendations.

6.2 Discussion

6.2.1 Thirty nine percent (39) of the respondents understood the definition of CRM and reasons for implementing it. 5% knew CRM as a capturing of customer data, consolidating internal and external data collection. It is noted that the definition varies from respondent to respondent.

6.2.2 The findings revealed that 47% of the respondents viewed the question of improvement on an organisation's CRM strategy as constant improvement. More than half (58%) of the participants also believed in their organisation strategy. The strategies differ from organisation to organisation depending on what type of strategies is in place.

6.2.3 There seems to be no transparency concerning Microsoft CRM implementation guide because 45% of the respondents did not know whether there is effective and efficient CRM programmes. It is important to allow transparency at all times for the success of the organisation.

6.2.4 The support towards CRM by regular customers, employees and management is found to be good with 46%, 39% and 50% of respondents, respectively. The commitment of management has positive role to play.

6.2.5 Improvement on customer retention towards the organisation was found to be good with 45% of the respondents. Customers must be served as quick as possible and with a friendly and polite manner while providing good quality of service at all times.

6.2.6 The rating of management and employees performance was statistically good with 39% and 42% of the respondents respectively. But on the question of training and customer focused, 47% of participants indicated that there is no training and customer focused in the entire organisation. Training is very important for the success of CRM.

6.2.7 Table 5.17 and Figure 5.17 show that 41% of the respondents indicated that there is no organisation's data about customers. The level of CRM awareness in the selected companies in the Mafikeng area is low and it is represented by 46% of the respondents.

6.3 Implications

CRM in the selected companies in the Mafikeng area, seems to take place and to be better known at the head offices than at the branches. Most of the selected companies in the Mafikeng area are viewed as branches of companies mostly in Cape Town and Johannesburg. The practice of CRM mostly takes place at the head offices. This is decided from the way the participants responded to the questions. Four companies rejected the questionnaire with the reason that employees were not allowed to divulge information about the company and instruction came from head office.

The lack of training of employees and management about CRM affects the success and performance of CRM. The ability of an organisation to determine correctly customer expectations and to deliver the service at a quality that will at least equal those customer expectations is very important.

6.4 Conclusion

Based on the findings, the research questions were answered.

6.4.1 Primary problem:

The study of the selected companies in the Mafikeng area was motivated by the following problem: Customer care by Mafikeng business is shabby, since companies do not look well after customers. The study further examined the nature of meaningful customer relations to determine what contributed to meaningfulness and explored ways in which selected companies in the Mafikeng area could establish more meaningful relationships with customers. According to Table 5.19 and Figure 5.19, 42% of the respondents did not know whether their organisation was doing enough to promote effective and efficient CRM programmes. Table 5.17 and Figure 5.17 show that 41% of the respondents indicated that their organisation did not have the data about its customers.

6.4.1.1 How does CRM contribute to the organisation's success?

The data in Table 5.18 and Figure 5.18 show that 46% of the respondents stated that the level of CRM awareness in Mafikeng companies was low and the employees as well as management in the Mafikeng area were not well trained and not focused. This is supported by 475 of the respondents as reflected in Table 5.16 and Figure 5.16 with a no answer to the said question. Without CRM there will be no success in any organisation.

6.4.2 Secondary problem

In addition the primary problem, there are secondary problems in respect to CRM by companies in the Mafikeng area. These problems include reasons why companies implemented CRM awareness and commitment from management, employees and customers.

6.4.2.1 Is the Microsoft CRM implementation guide in place?

Forty five percent (45%) respondents as reflected in Table 5.7 and Figure 5.7 did not know whether the Microsoft CRM implementation guide was in place. Without the CRM guide, the performance of organisation will not improve.

6.4.2.2. What are the reasons for implementation CRM?

CRM is a combination of people, processes and technology that seeks to understand a company's customer. From the statistical results shown an Table 5.2 and Figure 5.2, it is note that 39% of the respondents understood the reasons for implementing CRM as follows: all about building relationships with people, a technology about retuning the organisation and re-evaluating the relationship with the market and can be defined as the management approach.

6.4.2.3 What do you think is the level of CRM awareness in the selected companies in the Mafikeng area?

The answer to the above question is that, the level of CRM awareness in the selected companies in the Mafikeng area is low. This is indicated in Table 5.18 and Figure 5.18, where 46% of the respondents chose the low level. Based on these findings there is still a lot to be done to promote the level of CRM awareness in the said companies.

6.5 Recommendations

From the findings of this case study, it is recommended and advised that the above said companies must comply with the following:

6.5.1 It is important to understand who one's customers are, so that they can be provided with different levels of service according to their value. It is recommended that customer data be in place in the entire organisation so as to know the regular customers.

6.5.2 Training of customers, employees and management, on CRM issues is stressed and recommended.

6.5.3 It is important that the selected companies in the Mafikeng area must start to attract new customers while retaining the existing ones and improve the relationship with the customers and thus increase customer loyalty.

6.5.4 Service quality is recommended with support from management and employees.

6.5.5 There must be an introduction of CRM as a course or a diploma at institutions of higher learning.

6.5.6 Customer dissatisfaction diminishes an organisation's customer base and companies in the Mafikeng area must avoid it.

6.5.7 It must be known that any implementation has risks that need to be managed.

6.5.8 A satisfied customer keeps profitability, retention and relationship. In order to manage such relationship successfully, it is necessary to support diverse customer information, such as of-the-customer, for-the-customer and by-the-customer information.

6.5.9 The researcher recommends that there be more study and further research, particularly within the companies in the Mafikeng area.

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APPENDICES

NORTH WEST UNIVERSITY

MAFIKENG CAMPUS

GRADUATE SCHOOL OF BUSINESS AND GOVERNMENT LEADERSHIP

A survey and opinions on Customer Relationship Management (CRM) selected companies in Mafikeng area

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MBA student

Supervisor: Prof. W.T.J.Van Rensburg

Please take a moment to answer these quick questions that may take 2 to 5 minutes to complete.

INSTRUCTIONS:

- Answer all questions if possible
- Feel free to express your views
- Indicate the appropriate answer with an X
- Select one answer per question
- Use a blue or black pen

CONFIDENTIALITY

Please note that the responses you provide are completely anonymous and confidential. The data obtained will be used solely for research purposes and MBA mini dissertation of M.M. Pule.

QUESTIONNAIRE

1. What is your understanding about CRM?

All about building relationships with people who are significant to the organisation.	
It is a technology that no organisation can do without.	
It is about retuning the organisation and re-evaluating the relationship with the market in general and the customer in particular.	
It is more than technology and it entails knowing your customers, understanding their relationships.	
It can be defined as the management approach that involves identifying, attracting, developing and maintaining successful customer relationships.	
All of the above.	
None of the above	

2. What are the reasons for implementing CRM?

To create meaningful customer relationships.	
Capturing of customer data, consolidating internal and external data collected	
CRM is a business approach that integrates People, Processes and Technology	
It is about finding, getting, and retaining customers.	
All of the above.	
None of the above	

3. CRM optimises operating performance and accelerate financial results.

Strongly agree	
Agree	
Neutral	
Disagree	
Strongly disagree	

4. CRM solutions have the potential to:
    - Understand, track, and deliver on the customer's needs.
    - Provide quick answers to customer questions including product information and availability.
    - Deliver service and repairs wherever products are deployed in a cost-effective, timely manner.

Strongly agree	
Agree	
Neutral	
Disagree	
Strongly disagree	

5. Has there been improvement in your organisation's CRM strategy?

A very big improvement	
A big improvement	
Constant improvement	
A little improvement	
Not at all	

6. Do you believe in your organisation's CRM strategy?

Yes	
Don't know	
No	

7. Is the Microsoft CRM implementation guide in place?

Yes	
Don't know	
No	

8. How is the support towards CRM by **employees**?

Excellent	
Very good	
Good	
Poor	
Very poor	

9. How is the support towards CRM by **management**?

Excellent	
Very good	
Good	
Poor	
Very poor	

10. How is the support towards CRM by regular **customers**?

Excellent	
Very good	
Good	
Poor	
Very poor	

11. Any improvement on customer retention towards your organisation?

A very big improvement	
A big improvement	
Constant improvement	
A little improvement	
Not at all	

12. Are you satisfied with the business results from your organisation's CRM efforts?

Yes	
Don't know	
No	

13. How do you rate management performance from Question 12?

Excellent	
Very good	
Good	
Poor	
Very poor	

14. How do you rate employees performance from Question 12?

Excellent	
Very good	
Good	
Poor	
Very poor	

15. Have the employees proven themselves willing to change the way they work, if necessary, to provide better service to your customers?

Yes	
Don't know	
No	

16. Is your entire organisation well trained in the art of customer service and is everyone customer-focused - regardless of how frequently they come in contact with customers?

Yes	
Don't know	
No	

17. Do your organisation have all the data about its customers that you need?

Yes	
Don't know	
No	

18. What do you think is the level of CRM awareness in Mafikeng Companies?

High	
Medium	
Low	

19. Is your organisation doing enough to promote effective and efficient CRM programmes?

Yes	
Don't know	
No	

20. If yes in point 19 above, what kinds of initiatives does your company follow or do to measure the success of those programmes?

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Thank you for taking time to complete this questionnaire.