School of Business

Bachelor's Thesis

Department of Management and International Business

# CRM SYSTEM IMPLEMENTATION SUPPORTING THE MANAGEMENT OF CUSTOMER RELATIONSHIPS

## CRM järjestelmän käyttöönotto asiakassuhteiden hallinnan tukena

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Heidi Peltonen 0405679

Opponent: Kaisa Rimpiläinen

Instructor: Hanna Salojärvi

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# 1 INTRODUCTION

The purpose of this thesis is to examine customer relationship management in a large, global organization. In the beginning the aim is to present the background of the subjects to offer a preconception for the reader. After that the chapter presents the research problems and introduces the used research methodology. The structure and limitations based on the framework of the study are defined as well. Last but not least the key concepts used in this study are presented at the end of the introduction chapter.

## 1.1 The Background of the Study

The competitive landscape and the volatile economies mean that managing customers profitably is more pressing issue than ever before. Even though companies have always practiced customer relationship management in some form nowadays there is increased potential to take advantage of technology and the rapid market transformation. (Kumar & Reinartz 2012; Payne & Frow 2006). The study is written to find out how the implementation of a new system supports managing customer relationships. Due to the increasing potential in managing customer relationships with the help of technology there is a need for further research on the subject.

In today's market customers' reduce suppliers in search of efficiencies, risk sharing and value creation. (Leonidou 2006; Berry & Terry 2008) According to Chen (2001), building long-term relationships with customers profits the company more than acquiring new customers. The management of relationship is more important than selling products or services to new customers. (Chen 2001) Therefore it is crucial for companies to develop the relationship between customers to create competitive advantage. In business-to-business (B2B) market building relationship value with customer has an impact on customer's lifetime and sustained relationships are beneficial for both, the customer and the supplier, due to the satisfaction and commitment that is generated from the valuable relationship. (Gil-Saura et al. 2009). The nature in B2B market is dynamic and relationship are built at the personal level. Therefore the meaning of customer relationship management must be emphasized in industrial companies (Åge 2011) such as in the case company of this study.

As organization's revenue comes from its relationship with partner, the customer, are CRM systems often defined to be front-office applications in contrast to back-office applications, such as Enterprise Resource Planning (ERP) systems. According to authors, implementation of such technology is the single biggest project that company launches and as a result the issues surrounding the process are a major research concern for companies. The failure rate in the technological implementation is high ranging from 55 to 75 percent despite the development in the last decade.. (Addo-Tenkorang & Helo 2011; Awasthi P. & Purnima S. 2012; Hinton 2002)

Consequently the issue of implementing CRM system to support the management of customer relationships is an attractive subject to study. The uncertain market and limitless competition between suppliers added to the continuous emerge on IT applications and solutions give this research a great impulse. The study goes through the theory of CRM and the technological solutions for managing customer relationships as well as identifies the touch points between the two concepts. The theory part is based on past finding and literatures, after which the results based on the theory and the case company's interviews are presented in the empirical part.

## 1.2  Research Problems and Objectives

The framework of this study has been formed on the basis of these research questions. The study contains a main research question and sub-questions that provide a comprehensive answer to the research problem. The questions and the framework together create an outlining for the study.

The main research question is:

*"How does the implementation of CRM system support managing customer relationships?"*

Linkages between the issues of customer relationship management and IT are remarkable and therefore, to understand the issue more thoroughly following sub-questions are used in the study as well:

*"What is the role of CRM systems on the strategic, operational and analytical levels on Customer Relationship Management?"*

*"What are the challenges in CRM system implementation?"*

The objective is to increase the understanding of different levels of CRM and how these levels can be supported by technology. The goal is also to learn the challenges that implementing a new system brought to the case company hoping to find the key elements for succeeding in the implementation.

## 1.3   Literature Review

CRM is an attractive subject to study due to its novelty and expanding growth that is continuously increasing. From technology driven view to strategic CRM there seems to be much evolution in the area. There has been an explosion of interest in managing customer relationships over the past decade yet still the agreement about what CRM is and how the strategy should be developed seems to be missing. (Payne and Frow 2005) Due to the difficulty in defining CRM the conceptualization and operationalization is rather difficult for companies (Nguyen & Simkin 2013).

The literature used in this study is drawn together from research on CRM and IT. The main focus is on currently accurate researches from 2000 but older studies are emphasized as well. Numerous authors' have studied customer relationship management. The definition of CRM is argued between authors such as Buttle (2001), Khanna (2001), Swift (2000) and Nguey (2007). The definition of CRM varies from technological solution all the way to a comprehensive set of strategies that add value in the companies (Khana 2001; Ngai 2005). Payne and Frow (2005) introduce the levels of CRM supported by Iriana and Buttle (2006) which is also used in this study.

The results of CRM implementation are often disappointing and well documented both the academic and business press. As stated in the background review in the beginning of the study, the failure rate in implementation ranges from 55 to 75 percent (Addo-Tenkorang & Helo 2011). Despite these evidence companies are still spending billions of dollars on CRM annually. Even though there is some success stories in CRM implementation measuring the

results of the implementations is still challenging. Nevertheless even the definition of what CRM really is still remains unidentified in the literature. (Richards & Jones 2005; Teo et al. 2006)

Therefore the literature highlights the issues in implementation of customer relationship management systems. Thus some authors present that less attention is given to implementation and especially to the evolution and retirement phase. Literature emphasizing information technology seems to be focusing on distributed lifecycle, where as marketing literature is more keen on finding out how the adoption and use phase is developed. (Awasthi & Sangle 2012; Ngai 2005)

Yet technology-based applications that are used in the CRM process have been one of the most popular topics in IT articles. These applications are critical components in CRM in case they include database capabilities and transform customer data into useful knowledge. (Ngai 2005) Information systems play an important role in the development and implementation and therefore the majority of studies relates to IT and IS. The first review that provides an overview of CRM implementation on different channels and issues related to the implementation was Awasthi and Sangle (2012). Number of perspectives was used in reviewing CRM from 1984 to 2006, yet a paucity can be discovered from 2006 to 2010. (Awasthi & Sangle 2012)

Despite the variability in the literature, the review did not reveal studies that emphasized the technology's impact on the different levels of CRM. The prior research has focused on studying the implementation and the definition of CRM. Therefore, the aim of this study is to build a deep understanding of the concepts by defining the different levels of customer relationship management and examining how technology supports each.

## 1.4 Theoretical Framework and Limitations

In the framework of this study the aim is to point how the implementation of a CRM system supports the management of customer relationships. It is based on the different levels of CRM (Payne & Frow 2006; Buttle & Iriana 2006). The framework was created to describe the process of managing customer relationships and the effects of implementing tools to help the

process. The touch point between the actions in CRM and the services that the systems provide can be seen in the middle of the framework in Figure 1.
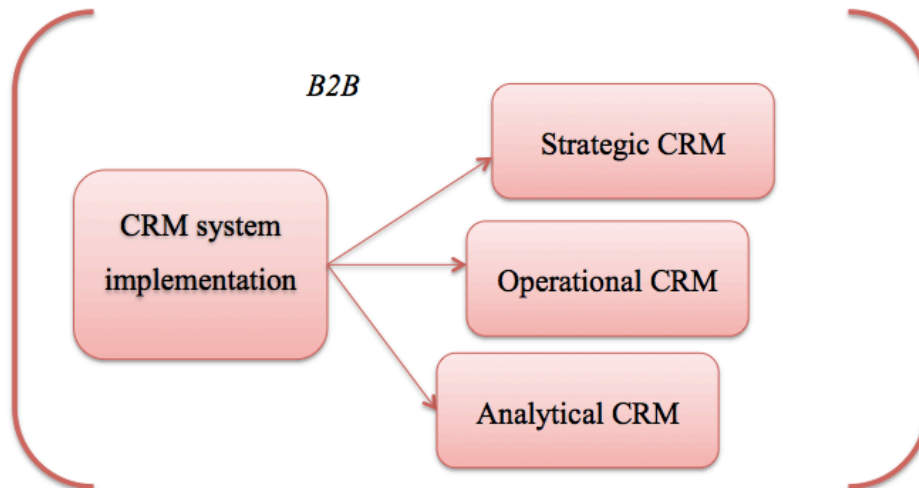


*Figure 1: Theoretical Framework*

Since the definition on customer relationship management is diversified the definition of the objectives had to be thoroughly demarcated. The aim is to concentrate on the three levels of CRM; strategic, operational and analytical (as stated in the Figure 1). In addition to explaining how companies manage their customer relationships in these levels the research was conducted to build an understanding how by the example of the case company, CRM can be supported with a CRM system. The touch points of the defined CRM actions and the technological ways of gathering the information for use can be visualized from the framework. Through the framework it is easier to simplify the process and consider the possible affects that the implementation might have.

The study is focused on business-to-business context and the empirical part is based on a global company, therefore it may not be relevant to all business types. The aim is to study the early stages of the implementation and CRM's role in these stages. In the theoretical section of the study CRM is analyzed through Payne's and Frow's (2005) framework. The aim is to simplify the process of implementation in this study and concentrate on understanding how the technology supports customer relationship management.

The study concentrates on explaining the point of view of the case company and was limited only within the internal opinions. Customers are not interviewed nor is their perspective analyzed in this study. Neither does this study focus on finding issues related to the employees motivation or change management. Therefore they are left for further research.

## 1.5   Methodology

The empirical part of this study is written as a qualitative research and the data is gathered from interviews of the case company. The interviews were conducted in a global business-to-business company that operates in the field of industry. First interviewee was a Sales Manager and the second one worked under a title of Area Manager.

The interviews were completed as theme interviews and they were recorded and transcribed to get more insight on the whole context. The questions of the interviews were written in advance yet the interview was open for additional opinions. The methods used in this study and the interviews will be analyzed more thoroughly in chapter 4.

## 1.6   The Outline of the Study

The study is divided into two sections: the theoretical and empirical section. The theoretical section starts with the concept of customer relationship management (chapter 2). In order to understand how the management of customer relationships is supported by technology it is essential to understand the definition of customer relationship management and its different processes. The aim is also to examine what CRM systems are and why companies use them to help them manage relationships with customers. After that the different processes of customer relationship management are introduced.

The second part on the theoretical section consists of first identifying the integration of CRM systems together with Enterprise Resource Planning (ERP) systems to understand better the case company's situation. After that the aim is to define the challenges that are conducted with the implementation phase. Before the results of the interviews can be analyzed the research methodology is presented in chapter 3. In this chapter also the methods of data collection and the background of interviewees is examined.

The empirical part (chapter 4) follows the theoretical part of the study. The interview answers are presented in previously presented levels of CRM and the focus is on finding out how technology can support these different levels. After that the summary of findings is presented at the end of chapter 4. Finally in the conclusions chapter (5) the conclusions are summarized and further research questions presented.

## 1.7   The Key Concepts of the Study

B2B (Business-to-Business) – *organization selling to another organization products and/or services for own use or to sell on to other organization for own use. (Wright 2004, 4)*

CRM (Customer Relationship Management) – *a comprehensive set of strategies united with potential marketing and information technology creates profitable and long-term relationships with customers and other stakeholders and as a way to maximize both value and profitability through* satisfying *customers. (Payne and Frow 2005; Ngai 2005)*

ERP (Enterprise Resource Planning) – *tightly integrated system that includes order management, manufacturing, human resources, financial system and distribution with suppliers and customers. (Chen 2001)*

LTV (Lifetime Value) – *value of all future margins that might be earned in a relationship with the customer. (Xu &Walton 2005)*

# 2   CUSTOMER RELATIONSHIP MANAGEMENT

This study differentiates between the terms CRM and CRM systems. Where as Customer Relationship Management (CRM) is understood as strategies that create long-term customer relationships and increases value both for the customer and the organization (Buttle 2009, 4; Payne & Frow 2005; Ngai 2005), CRM systems on the other hand refer to information systems that can track interactions and information gathering about customers (Nguyen et al. 2007). The following chapter first presents definitions of CRM and after that, examines what CRM systems are and why companies use them. The chapter continues by dividing CRM into strategic, operatic and analytical levels (Iriana & Buttle 2006) with the help of Payne's and Frow's (2005) framework.

## 2.1   Definition of CRM

Due to the new technologies and new marketing thinking companies both large and small are embracing customer relationship management as a major element in their strategies. (Payne and Frow 2005; Boulding et al. 2005; Nquyen & Newby 2007) As presented before in the literature review there are various definitions for CRM (eq. Buttle 2001; Khanna 2001; Swift 2000; Nguey 2007) as the concept has evolved considerably in the past (Payne & Frow 2006). The evidence of the emergent and varied nature of CRM can be seen by the multiple definitions on the subject.

The problem for organizations is that when deciding to adopt CRM they face the problem of defining the concept and therefore lead to the failure of the entire project (Payne and Frow 2006). Where as some authors see CRM as a strategic tool to manage long-term customer relationships (Buttle 2001) some see it simply as an e-commerce application (Khanna 2001). CRM seeks to create, develop and enhance relationship with customers in order to create customer value and corporate profitability by utilizing information technology (Payne and Frow 2005; Nquyen & Newby 2007).

On the other hand many authors have described CRM to be an enterprise approach that improves customer acquisition and customer retention and it should belong to all areas in the organization. (Swift 2000; Sing & Agrawal 2001). According to Boulding, Staelin, Ehret and

Johnston (2005) CRM should be related to strategy, managing the value, the use of data, the acquisition of customer knowledge and the diffusion to the appropriate stakeholders and the development of relationships with customers as well as integrating processes across the many areas of the firm.

Some authors emphasize the fact that CRM is more than just technologies and define it as an issue of strategic process (Nguey et al. 2007; Gummesson, 2002). Others define CRM as customer life-cycle management process (Nancarrow et al. 2003) or simply information technology (Shoemaker, 2001). Consequently customer relationship management is often equated with CRM technology which is seen to be one of the reasons for implementation failure. This is a result of companies forgetting the importance of the CRM strategy in addition to the earlier presented fact that the definition of CRM is not understood.

In this study CRM relates to *a comprehensive set of strategies united that with potential marketing and information technology creates profitable and long-term relationships with customers and other stakeholders and as a way to maximize both value and profitability through satisfying customers*. (Buttle 2009, 4; Payne & Frow 2005; Ngai 2005) CRM provides opportunities to use data and information to understand customers and more importantly, co-create value with customers. To accomplish the ultimate objective of CRM, improve shareholder value in the organization, an integration of people, processes, operation and marketing capacity is required. The integration is enabled through information, technology and applications. (Buttle 2009, 4; Ngai 2005) Viewing CRM as a strategic process for managing customer relationships is emphasized thorough the study. The focus is on how to create value – both for the customer and the company – with well defined strategy and appropriate technology.

Due to the various definition of CRM the authors' way of dividing CRM process levels differs as well. Some say that CRM consists of strategic, operational and analytical CRM (Payne & Frow 2006; Iriana & Buttle 2006) where as others claim it to divide into operational, analytical and collaborative CRM (Fayerman 2002). This emphasizes the importance of different aspects according to different authors. In figure 2 the three levels of CRM used in this study are presented (Iriana & Buttle 2006).
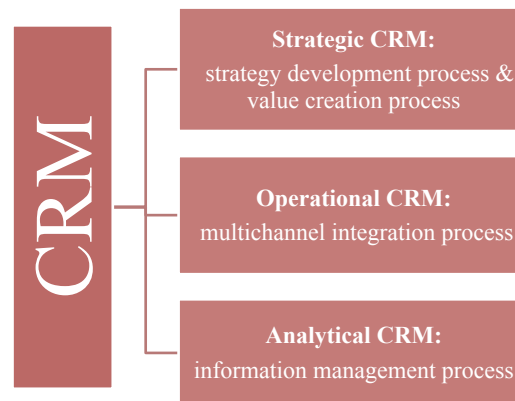
*Figure 2: Strategic, Operational and Analytical CRM (Iriana & Buttle 2006)*

Payne and Frow (2005) originally presented the framework (see Figure 2) that included five interrelated cross-functional processes; *strategy development process, value creation process, multichannel integration process, information management process* and last but not least, *performance assessment process*. These levels are divided into strategic, operational and analytical CRM. (Payne & Frow 2006; Iriana & Buttle 2006) After examining what CRM systems are, these different levels of managing customer relationships are presented with help of the Figure 2.

## 2.2 CRM systems

Customers are the core of the business and the profit of the company is dependable on the relationships with them especially in B2B industry (Buttle 2009;. Leonidou 2004; Chen & Chen 2003) Therefore the most important goal is to retain customers and gain strategic advantage over competitor by successfully managing the operative tools for the business processes and capturing valuable customer data. (Nguyen et al. 2007) By choosing the appropriate applications to support the strategic decisions and customers' needs companies can achieve competitive advantage.

Nguyen et al. (2007) describe the CRM system as "*an information system that tracks customers' interaction with the firm and allows employees to instantly pull up information about the customers*". It involves front office customer touch points such as sales, marketing and customer service through interconnected delivery channels. Through these channels the

objective is to create value for both the customer and the organization and nevertheless, enhance the rapid response to customers' needs. (Anderson 2006; Mishra & Mishra 2009) CRM system is an information base that stores valuable customers' interaction within the firm and therefore allows the employees to use this information to analyze the customers.

Therefore a successfully implemented CRM system can provide competitive advantage for companies to survive through the powerful competition in today's market. Companies could increase customer loyalty, better customer service, knowledge in information gathering, sharing and organizational learning. (Nquyen et al. 2007; Kotler 2004) CRM system creates a comprehensive view of customer behavior allowing company to easily identify the best customers. The aim in implementing CRM system is not to maximize revenue from single transaction but to deepen the relationship with the customer as a result of offering better service to the customers. (Teo et al. 2004; Chen & Popovich 2003)

CRM system is often integrated with other decision support systems such as Enterprise Resource Planning System and Supply Chain Management. With the integrated systems companies can better manage and share the information knowledge in terms of planning, acquiring and controlling across all channels with the help of the systems. This can lead into maximized abilities to create customer value and increased profits. (Nguyen et al. 2007; Richardson & Jones 2008) In addition to increasing information knowledge within the organization the system also improves sales efficiency and effectiveness as sales team has more information about the customers and therefore can affect customers brand image. This enables also individual marketing, customized products and better pricing by segmenting customers. In customers' point of view the customer service quality is improved as a result of using a CRM system. The service is based on better knowledge and therefore the customer loyalty can be improved which could lead to the increase of customer equity. (Richardson & Jones 2008; Chen & Popovich 2003) Consequently it could affect the companies public image and by doing so, improve the value that the organization receives from the relationship.

Benefits of CRM are described as critical link between CRM initiatives and the development of customer equity that should be measured to reach effectiveness (Richardson & Jones 2008). Numerous authors have presented the core benefits of using CRM which are presented in Table 1. By capturing customers' action can the organization increase the knowledge of the customer (Leigh & Tanner 2004; Mithas et al 2006). This can be seen as an opportunity to

add value by concentrating on the right customer segments (Buttle 2004). Nevertheless it improves the service that customers receive and increases commitment (Verhoef 2003; Chen & Popovich 2004).

*Table 1: CRM Benefits (e.g. Buttle 2004; Chen & Popovich 2003)*

| AUTHORS | BENEFITS |
|---|---|
| *Buttle (2004)* | Reduced serving costs, increased customer value |
| *Chen and Popovich (2003)* | Increased share of data, improved customer service and targeting |
| *Leigh and Tanner (2004)* | Enables knowledge management and improves knowledge sharing |
| *Verhoef (2003)* | Improves customer commitment |
| *Zikmund, McLeod and Gilbert (2003)* | Improves customer focus and enhances satisfaction |

In addition to the core benefits mentioned in Table 1 companies can accomplish other advantages as a result. Authors describe both tangible and intangible benefits that profits both the customer and the organization. For example, by better customer service customer satisfaction can be grown and with better customer knowledge can a company recognize customers' needs more accurately and offer appropriate products to customers. (Chen & Chen 2004) Customers' profitability can be predicted through using CRM in certain segments (Kumar et al. 2011). Consequently companies can estimate by valuating customers which customer relationships are worth retaining and developing and which relationships are not.

## 2.3 Strategic CRM

The corner stone for strategic CRM is keeping on profitable customers. Strategic CRM is described as a customer-orientated, core business strategy that allocates resources to where they best increase customer value. The aim is to deliver outstanding value or service to customers. Customer-orientated company has to allocate resources where they best enhance customer value and collect information to share it across the business. (Buttle 2009, 4) After developing a tightly integrated strategy for both the business and customers the focus moves on to value creation process and finding the most profitable customers'.

### 2.3.1 Strategy Development Process

Defining the appropriate strategy can be seen to be the key to success in CRM. According to Ramsey (2003) and Nguyen et al. (2007) companies must begin the implementation with a strategic perspective to ensure that they get best return in investments and are not wasting resources in building unnecessary capabilities. By understanding the issues related to the business strategy can the company develop a CRM strategy that is consistent and within the context of the business strategy. The key to success in CRM implementation is not simply technology, a well defined strategy is required to accomplish beneficial outcome in CRM implementation. (Buttle 2009, 4; Mukerjee 2013).

Payne and Frow (2005) introduce that in order to do so both business strategy and customer strategy must be defined. Strategic development is a process that requires dual contribution in planning. As there are different departments involved in the development, the business strategy must be strictly defined first to determine how the customer strategy should be developed and managed. Company must evaluate the existing and potential customer base including the customers' lifetime value and find the right ways to form segmentations of customers. (Payne & Frow 2006; Buttle 2009) In addition to define the key elements in CRM strategy it is essential to define the benefit drivers associated with CRM to be able to measure the success during the implementation. (Richards & Jones 2005)

According to Bull (2003) there are significant amount of process changes that increase the need of defining CRM strategy more effectively. The need for an effective leadership within CRM strategies is seen as the key element in implementing the strategy successfully. (Bull 2007) To integrate the strategies a review of the industry and competitive environment has to be done to figure out the current market situation that affects both the organization and its customers. By developing detailed strategies can CRM activities be developed in a clearer platform which will have a positive impact on the implementation. The success of the CRM strategy is highly affected by how well the two strategies interrelate fundamentally. (Payne & Frow 2006) Consequently by developing consistent business strategy and CRM strategy can the organization move a step closer to succeeding in managing customer relationships.

*2.3.2 Value Creation Process*

There is still limited understanding in the evaluation of value potential on solutions in B2B – markets. Yet creating customer value is considered one of the cornerstones of CRM. Determining the value that needs to be provided to customers and what value the company can receive from its customers and by managing this value exchange is the purpose of value creation process. The process transforms the outputs of the strategy to programs that both extract and deliver value making the value creation process crucial component of CRM. (Anderson et al. 2009; Payne & Frow 2006) The term value can be used and evaluated in different ways, but Buttle (2009, 187) describes it to mean "customer's perception of the balance between benefits received from a product or service and the sacrifices made to experience those benefits".

Customer value is the outcome of the coproduction of value, the deployment of improved acquisition and retention strategies and the utilization of effective channel management. Companies must be aware how the profitability among customers varies without forgetting to calculate the economics of customer acquisition and customer retention (Payne and Frow 2005; Buttle 2009) In order to do so companies need to define the dimensions for customer value first. Buttle and Biggermann (2012) suggest that relationship value is divided into four dimensions; personal, financial, knowledge and strategic value. For example relationship value is defined as an expectation to keep the customer long-term where as knowledge value offers opportunities to introduce improved products or services. Therefore by getting more information about customers' can the organization increase the value to both customers and the organization.

The focus should be on the customers' whose needs can be satisfied through the firms competence to produce customer value. (Mukerjee 2013) The process of customer value assessment can be a useful tool in valuating customers'. First key process is *value potential identification* that begin with identifying customer's explicated needs. The second process is *baseline assessment* which analyses the customer's situation and is according to the study, crucial part of the value assessment. *Performance evaluation* and *long-term value realization* follow next. The former evaluates the actual value impact on customer's business after actions and latter ensures that customers actually receive what's promised in long-term. The last key process is *systematic data management* which is considered essential for managing all the

processes. (Keränen & Jalkala 2013) This process of value assessment is presented in the Figure 3.



*Figure 3: Value Assessment (Keränen & Jalkala 2013)*

According to Kumar and George (2007) the total profit that a customer provides in the customer's life time is the measure of customer's value. In other words customer's value can not be measured by the profit from each transaction. The customer's lifetime value, or LTV, defines the present value of expected income minus the costs from customers or in other words, value of all future margins that might be earned in a relationship (Dwyer, 1989; Kumar & George 2007; Xu &Walton 2005). By treating the customer as an asset and defining the needs of the customer at different stages of the relationship companies can manage the relationship more profitably. Number of managerial authorities have created concepts of customer journey (Christopher et al. 1991, 326; Gordon 1998; Ang & Buttle 2002; Buttle 2004).

Customer lifecycle can be managed in three different stages: customer acquisition, customer retention and customer development. Customer acquisition refers new customers which are required to build the customer base. Customer retention means maintaining continuously the relationships with existing customers over long term where as customer development is the process of growing the value of retained customers. (Buttle 2009; 258-283; Kumar & George 2007; Dwyer 1989) Companies must carefully consider what customer's are worth retaining and which might have potential for development. (Lawrence & Buttle 2006) Yet identifying the targeted customers based on the existing business model and corporate mission is definitely worthwhile as it identifies the most profitable customers. (Nguyen et al. 2007)

Despite the need for new customers not many companies are advanced in the management of customer acquisition and planning the acquisition is forgotten often in budgeting. In business-to-business context customers may be lost for example due to other companies acquisition efforts. (Lawrence & Buttle 2006) Therefore the organizations customer strategy should

include a comprehensive plan on how to manage both the existing and new customers. After defining the strategies and recognizing the value of customer, the study moves onto operational CRM processes.

## 2.4 Operational CRM

After defining the detailed strategies for CRM and finding out how the value creation process works multichannel integration process is supposed to take the outputs of the processes and translates them into activities with customers. The operational CRM automates and improves the processes that customers face. There are many channel options through which companies can interact with customers; for example sales force, marketing and e-commerce (Payne & Frow 2006).

Consequently successful automation results as improved efficiency in customer relationship management. Companies can increase the effectiveness of these processes by personalizing relationship with customers, by responding to customers' needs better and by managing the information flow within all stakeholders. (Xu & Walton 2005; Buttle 2009; Mishra & Mishra 2009) The process' aim is to increase consistency and the quality of customer's experience across different channels. To successfully integrate the channels in the front-office customer touch points the data from back-office functions is required to support the process. The main focus points are ensuring that the customer's experience is positive deciding what are the most appropriate channels to use and making sure that the view for the customer is unified when using different channels. (Fayerman 2002; Payne & Frow 2006)

Operational CRM is described as an integrated process involving front office applications such as marketing and customer service and back office applications such as human resources and finance. The information from back office applications is seen to be essential for managing customer relationships. Therefore many systems are integrating front and back office applications together creating channels for CRM. (Fayerman 2002; Chen & Popovich 2003) Multichannel integration is seen to represent the point of co-creating customer value and therefore it is critical for the company to gather all the information from different channels and connect it with other relevant data. (Payne & Frow 2006) This can be seen as one of the reasons for organization using integrated systems, e.g. CRM together with an ERP system.

Enterprise Resource Planning (ERP) system is an integrated system that includes for example order management, manufacturing, human resources, financial system and distribution with suppliers and customers. (Chen 2001) The value of ERP and CRM integrated together can be seen as unlimited possibilities and value creation that increases firms performance (Ruivo et al. 2014). The vendors offering ERP systems have recently noticed the customers' increased need for CRM and the technology supporting it. The future trend of ERP systems has changed as the environment keeps evolving and competitive landscape changing. Figure 3 explains the future combination of ERP, CRM and supply chain management. (Chen & Popovich 2003; Chen 2001) In this study the focus is on customers and managing the relationship between customers and organization and therefore the supply chain management area is left for future research.



*Figure 4: Future trend of ERP systems (Chen 2001)*

Successful implementation requires significant changes and around customer redesigned processes. Both academic and business press have reported disappointing results of CRM implementations (Richards & Jones 2008; Addo-Tenkorang & Helo 2011). When it is a matter of integrated ERP and CRM system that is expensive, complex and difficult to implement the chance of failure is and has always been high. (Chen 2001) However as the figure 4 presents the integration of front and back office systems improves knowledge in the organization and is therefore essential in the future to gain competitive advantage.

On the contrary if the implementation succeeds a CRM system together with coordinated enterprise resource planning could remarkably enhance the companies ability to retain customers and complete the ultimate goal in satisfying the customers by creating value. It can give the management an opportunity to track customers' interaction and allows the employees within the organization find past information about the customer. Information in integrated systems is available for all departments from manufacturing to marketing. When the customer

data is visible thorough the organization all decisions are based on a better knowledge of the customers actions. (Nguyen et al. 2007; Hendricks et al. 2006; Chen & Popovich 2003)

CRM system integrated with ERP system can also give the company better information management in terms of planning, acquiring and controlling all channels. In addition to improving the quality of the service it also gives a better response to customers' needs. (Nguyen et al. 2007) The company's who are using integrated systems are associated with better knowledge of customers especially when companies also share the information with their supplier partners. Therefore in addition to increasing customer knowledge and satisfaction it benefits companies to deepen the relationship with suppliers as well. (Mithas et al. 2005) CRM systems take advantage of the technology by collecting and analyzing customer patterns and their behavior by the stored data. The applications develop predictive models and respond with effective communications and in addition, create value to the customer. (Chen & Popovich 2003) After learning about what CRM systems integrated with ERP are the study presents the most common challenges that lead into a failure in implementation.

It might seem that it has never been this easy for companies to manage their customer relationships with the support of technology. However the challenge in engaging in CRM does not come from the ability to capture data but from the ability to determine what type data should be captured and how this data can be transformed into usable information. (Wübben 2008, 2) In addition the lack of adequacy of existing methodologies approaching the implementation usually is one of the reasons for the failure (Awasthi & Sangle 2012). Like presented earlier in this study due to the challenge of determining the objectives in CRM the strategy should be defined very thoroughly and the understanding what CRM really means should be composed. (Payne & Frow 2008; Buttle 2009) Knowledge management and system integration have been brought up in studies to be the most critical challenges in implementations.

Knowledge about the customers, market segments and competitors is necessary to both define the strategy and plan the implementation steps. Integrating all functional departments and channels that customers' use is highly important to ensure the usability of the information thorough the organization. Strong leadership, internal marketing, culture change and IT alignment are also critical opponents of CRM implementation strategy. To succeed in

implementation the company has to consider the issues of consumer trust and privacy as well. The critical success factors for implementing a CRM system are presented in the Figure 5. (Boulding et al. 2005; Chen & Chen 2003)
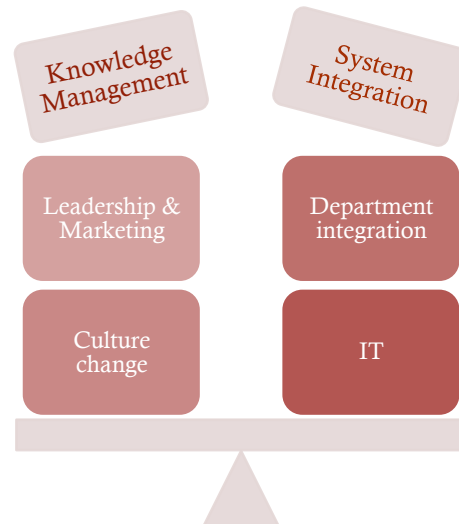


*Figure 5: Critical success factors for CRM Implementation (Chen & Chen 2003)*

In addition the companies should evaluate the CRM strategy to fit their business strategy as stated before (Payne & Frow 2008; Khodakarami & Chan 2012). Especially when implementing an integrated ERP and CRM system the importance of strategy is emphasized. (Ruivo et al. 2014) The current operational capabilities need to be ensured and the company has to have an appropriate reason for the implementation for it to succeed. The challenges are usually a consequence of uncertainty or lack of research, management skills and commitment. (Nguyen et al. 2007) In conclusion by identifying and defining the challenges and possible risks in implementation before the project the company is more prepared for the possibility of failure and therefore might be able to prevent from it. Because of the different characteristics of CRM systems the critical success factors are highly dependent on the situation and the type of the organization (Mishra & Mishra 2009).

## 2.5 Analytical CRM

After planning the management of different channels and integrated systems used in CRM the focus moves onto the analytical CRM. As mentioned before one of the benefits in implementing CRM in organization is to improve information knowledge (Leigh & Tanner 2004; Mithas et al 2006; Chen & Popovich 2003). Analyzing and understanding customers'

behavior is the foundation for developing a competitive CRM strategy which enables acquiring and retaining potential customers and therefore maximizing customer value (Ngai et al. 2008). By collecting data about customers and building a database of past transactions, demographics, psychographics and other useful information companies can improve the targeting precision (Kotler 2004, 6). In the next subchapter the key elements of analytical CRM are defined and after that the information management process is introduced.

The purpose of analytical CRM is to develop a panoramic view of the customer. It allows information consolidation toward definition of customer behavior. (Fayerman 2002) The data can be mined to uncover new customer segments and trends that will point new opportunities for the company. An effective data management is even more crucial to generate a detailed analysis of the promises made and the actions taken which will improve the future customer relationship management. (Keränen & Jalkala 2013; Kotler 2004, 6) As the information on customer can be updated at any customer touch point the database offers a very rich and comprehensive source of customer information (Stein et al. 2013; Long et al. 2007) The process of managing information is explained in the next subchapters.

The key elements for managing information in an organization are data warehouse, IT systems, analytical tools and front and back office applications. The analytical component is often created around the warehouse that feeds various analytical tools. (Fayerman 2002; Payne & Frow 2006) Analytical tools offer use of the data and information discovery. Direct interface with customers is supported by front office applications, such as sales force automations and call center management. Back office applications affect the customer experience internally for example by supporting the human resources and logistics. (Payne & Frow 2006)

As earlier presented in this study, the front and back office applications should be as tightly integrated as possible to improve the information flow within the organization (eg. Nguyen et al. 2007; Mithas et al. 2005; Chen & Popovich 2003; Hendricks et al. 2006).  By doing so the organization enables the share of information for everyone which could benefit the planning and decision making as the employees can learn more about the customer. The information management process provides an opportunity to share relevant customer information thorough the company by collecting, collating and using customer data from all contact points. In other words, it makes replicating the mind of customer possible and generates customer insight.

The data that is gathered from customer information also replaces system maintained by individual people and prevents the loss of knowledge when employees leave the company. (Hendricks et al. 2007; Buttle 2007, 185)

In order to gain strategic benefits from the investment of CRM systems the organization has to be aware of the power of analytical CRM and importance of gaining customer knowledge. The customer knowledge model by Xu and Walton (2005) is presented in Figure 6. The acquisition of customer knowledge should be a continuous process collecting information about both internal customers who are the existing and defecting customers, and external customers which in other words means new customers and prospective customers (Xu &Walton 2005).
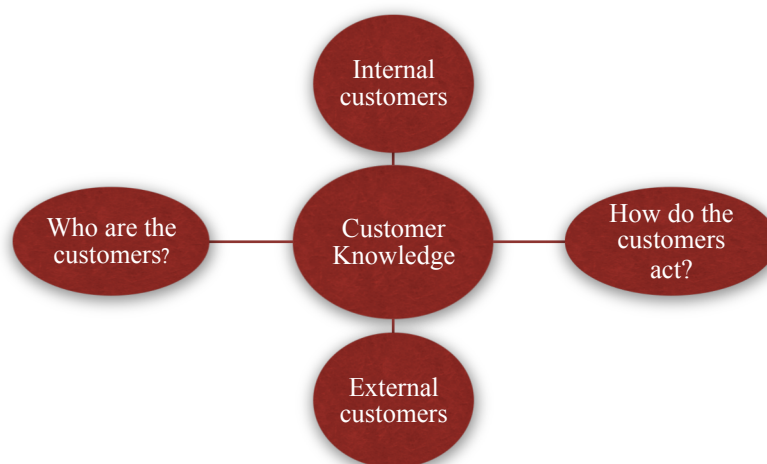
*Figure 6: The customer knowledge model (Xu & Walton 2005)*

In addition to gaining knowledge in who the customers really are investigating their behavior and the pattern that they follow is essential (presented in Figure 6). Information about their behavior, attitude and demographic and psychographic profiles can be used to segment customers which will enable the company to identify the most profitable customers. (Xu &Walton 2005). For example the purchasing history can be used for segmentations as it reveals customers likes, price sensitivity and patterns of consumption. (Ngai et al. 2008) In conclusion by gaining knowledge about customers behavior and therefore finding ways to satisfy the customers' needs can the organization both create and receive value from the relationship.

# 3   THE RESEARCH METHODOLOGY

This is the first chapter of the empirical section beginning with the research methodology and presentation of the collection methods. The objective is to explain how and why the research data was collected. After that the interviewees are presented at the end of this chapter.

## 3.1   The Methodology of this Study

There is two research methods used in general, qualitative and quantitative. Where as quantitative method is often described as statistic analysis, qualitative research tries to add understanding of actions by defining qualitative data. (Koskinen et al. 2005a, 16) Simplified explanation of qualitative research is that it describes the form of the database. The two research methods are often seen as opposites which can be misleading when it comes to the goodness or weakness of a study. Therefore regardless the different aspect of qualitative and quantitative research when studying empiric phenomenon qualitative research should be seen as an excellent instrument. (Eskola & Suoranta 2003a, 13-15)

The meaning of this study is to find how the implementation of a CRM system supports managing customer relationship. Therefore the study is done by using qualitative research methods hoping that it will also find causal connections between the concepts. In addition to qualitative researches flexibility nature, the limitations need to be precise to describe the purpose of the research as well as an appropriate research method has to be chosen (Hirsjärvi et al. 2008, 81-82; Koskinen et al. 2005b, 155). The concepts applied are variable which also supports the use of qualitative research method in this study. Yet the limitations in are described strictly and specified in order to make the generalizations possible for further research.

## 3.2   Methods of Data Collection

Qualitative data enables different types of methods used for data processing; case study method, the grounded method and the functional research method. The case study method is used in this study to define business economics that are complex and can not always be theoretically explained (Koskinen et al. 2005c, 154-156). According to Yin (1989) case study

analyses a certain event or action in a certain limited environment by using diverging information. The main goal for case study is to make theoretical and analytical generalizations in the case study and there by generalizations can be seen valid beyond the case study. (Yin 1984, 23-38)

Interviews are one of the most popular methods used in case study (Koskinen et al. 2005d, 158) and due to the subject, also used in this study. Interviews can be seen as a conversation between the interviewer and the interviewee. Though the conversation is directed by the researcher, it can be seen as an interplay between the participants. Typical features are that it is planned beforehand, organized and maintained by the interviewer and the roles in the interview are strictly defined. The interviewee has to also be able to trust that the information is confidential. (Eskola & Suoranta 2003b, 86) The results are based on theme interviews of the companies employees in different levels to build a deeper comprehension of the implementations support on managing customer relationships.

Eskola and Suoranta (2003c) define the interview types into four categories: structured interview, half-structured interview, theme interview and open interview. Structured interviews are based on the same questions and question orders despite the interviewees position (Eskola & Suoranta 2003d, 86). If the interviewees are from different levels of the company structured and half structured interviews can be too strictly defined. Theme interviews are used in this study due to the appropriate approach to the research objective. Even though the questions were written beforehand the conversation was free and additional opinions were allowed. The questions are based on the framework of the study and the aim is to summarize the interviewees opinions to form answers to the research questions. The questions used in the interviews can be found at the end of this study.

## 3.3    The background of the Interviewees

It was crucial for the research that the interviewees were able to give insight to the study results by answering questions about the customer relationship management and the CRM systems. Both of the interviewees worked in the sales team which means that they both work in the customer surface. Therefore the chosen interviewees were in different levels of positions. The interviewees had both a good knowledge and were able to add value to the

interview with their own opinions. They both also had good ideas and were eager to find ways to improve the processes in the organization.

The first interviewee was a manager of the sales team and worked as a superior to four sales people. Therefore he was better at defining strategies for managing customer relationships and for example determining how closely the administration observed customer visits. He has worked in the positions for 2 years and was for example in charge of defining what products to sell what customers and pricing methods.

The second interviewee was a sales representative who had been working in sales for 9 years. Her daily work was situated in the customer interface and she had good examples about how the companies strategy of CRM was fulfilled in practice. She could also answer to questions about how the system supported sales and CRM, where as the first interviewee was more capable on explaining why were the investments made and what was the wanted outcome. These two interviews gave a great insight on the company's customer relationship management and the experience of the system implementation and its support in managing the relationships with customers.

# 4   THE RESULTS OF THE EMPIRICAL STUDY

Next the results of the empirical study are presented and analyzed. The aim is to find out how customer relationships are managed and how implementing a new CRM system supports the strategic customer relationship management in the organization. The hope is to discover with the support of the theoretical structure the differences between the old and the new system when it comes to managing customer relationships. The similarities and differences between theory and results of this study are explained in this section. Before all this the background of the case company is presented at the beginning of this chapter.

## 4.1   The Background of the Case Company

The case company is a refining and marketing company that is world's leading supplier in a competitive field. The product range is wide and customers' differ from small companies to large corporates. Originally established in Finland it has experienced a huge amount of changes in its existence. Even though the company operates in both industries the focus in the study is on business-to-business industry to narrow down the research area. Due to the wishes of the company this case study is written confidential and therefore the information about the company is limited. Basis for this research was the interest in finding out how implementing a new CRM system has developed managing customer relationships in the company.

Due to the competitive industry there was a need for more automated systems. Before the implementation the organization used five different applications for customer information, order management and analysis tools. Followed in the next subchapters the company's view on customer relationship management is introduced in strategic, operational and analytical levels. The emphasize is on how the different levels of CRM are defined in the company and how technology supports these levels.

## 4.2   Customer Relationship Management in the Case Company

In order to understand how customer relationship management of the case company is practiced, the concept needs to be understood. Therefore the main focus in the beginning of the interviews was to learn how the interviewees thought that CRM was defined in the

companies strategy and especially how that was put into practice in the sales team. After defining the companies strategic CRM the results on operational and analytical CRM are analyzed. The focus is on the implementation thorough this chapter and the objective is to learn how it supports the customer relationship management in the company.

### 4.2.1 Strategic CRM in the case organization

Like presented in the beginning of the theory section, companies must begin the implementation of CRM with a strategic perspective to ensure the most profit for the investment and that unneeded resources are not wasted (Ramsey 2003; Nguyen et al. 2007). The case company's business strategy mentions customers to be the focus of the business within the organization. According to the first interviewee even though customers' are defined in the business strategy there is no specified customer strategy.

*"They (customers) are taken into account in the strategy and it is something that we pay attention to but how the processes in the organization work is not altogether following the defined strategy."*

The second interviewee who works right at the customer interface, thought that customers are the companies revenue and therefore aim was to satisfy the customers. In her opinion the customer-focused thinking came from all the way from the management to the strategy. Customers' needs are analyzed and the objective is to make the customer satisfied.

*"I think that we really do go customer first. At the end the customer pays our salaries. Even though it might be just a slogan, I think that at the end we are very customer-orientated."*

The customer orientation can be seen in decision that are made according to customer wishes and the fact that the sales team always looks for solutions that completes customers' wishes. However, neither of the interviews recognized that the organization had defined a specific customer strategy. Consequently being defined in the business strategy it is surprising that the systems do not strategically support managing the relationships. According to the interviewees even the system works more as a sales tool that has additional features that allow saving of customer information. The interviewee also felt the sales team might not collect, in

his words, *soft information* about customers well enough. The information about customers wishes and behavior could be beneficial when analyzing the customer.

*"The discussion about how and why we gather soft information about customers could last all day. Now the information can be stored in the system as a file but how the sales team should use this is still undefined."*

Next we discussed about the targets of CRM set by the management. The interviewee in managerial position stated that the targets are mainly numeric when it comes to customer relationship management. According to him the focus is on how many customers a salesperson has obtained or how many customer visits have been made. The targets are followed by the sales manager who reports them to the management. At the moment with the new system this has turned out to be very slow due to the manual work that has to be done to get the information.

The most qualitative measure used in the company is a satisfaction query that measures the customers' opinion of received service after a meeting with the sales representative. (Interviewee 1 & 2) Thus, there is no deeper analysis on how the relationship between the company and the customer is developed. The qualitative measure shows customers' satisfaction to the service received but does not allocate actions what to do to improve the service.

According to Payne and Frow (2005) companies must be aware of how valuable their customers are and especially which customers can increase the value for the organization and more importantly, profit. The first interviewee told that the value of a customer is measured merely with sales margin. Customers that are well recognized in the business market are also more valuable to the company and often more desired than customers with unknown brand.

*"Even though an unknown customer could profit us more, we often value the customer with a well known name more.. It could be seen as a cultural feature in the organization."*

The segmentations of customers happens mainly by their line of business which then allocates customers to different groups according to their yearly purchasing volume. In addition as customer value can not be defined from each transaction (Kumar & George 2007) questions

about customer life time value were also asked in the interviews. Both of the interviewees thought that in the case companies the focus was merely on old customers' and their retention and developing. Both of them thought that the focus should be more on new customers but due the current customers' requirements, there is no resources available. (Interviewee 1 & 2) According to both of the interviewees felt that with more resources the situation might be different. In addition the process in acquiring new customers is not defined well enough (Interviewee 1).

There is an attempt on bringing new customers with a team that is going to focus merely on customer acquisition which according to both of the interviewees, was a step forward in managing customer lifetime value. In this case the missing customer strategy that was mentioned earlier could also benefit the company's aim to acquire new customers. Yet as literature proves companies often forgot the planning of acquisition in budgeting which results in poor management of customer acquisition (Lawrance & Buttle 2006).

### 4.2.2   Operational CRM in the case company

According to Xu & Walton (2005) the operational CRM automates the customer-faced processes such as sales, marketing and service functions. Nevertheless it also integrated back and front office applications to improve knowledge within the organization (Fayerman 2002; Chen & Popovich 2003). Therefore questions were asked about the channels used in the case company and how well these channels were integrated together. The focus was mainly on the implementation of the new integrated system and on how it supports the management of customer relationships.

As previewed in the background of the company, the new ERP system with a CRM module was implemented few months back in the case organization. Before the company used five different applications to different product lines and was therefore in need of an updated system that could manage all the information. The investment was crucial as managing the different systems was seen to be very difficult and required much resources. The old systems were also expensive due the multiple license costs and user support charges. Therefore the investment in the new system was seen to an important move. The aim was that when investing into a efficient ERP system the need for resources would fall. (Interviewee 1)

According to both of the interviewees the implementation had gone better than expected. The presumption was that there might be bigger problems with the moving phase from the old system to the new.

*"Even if the new system would include honey and sugar, there is always problems when implementing an IT system"*

The interviewees explained that the staff was prepared for the worst as it knew when it was a matter of IT implementation there would always be difficulties in processes.

*"The implementation itself went really well especially when considering the fear of IT changes.. and the fear of how to ensure that customers receive good service during the implementation."*

Even though the company was spared from major catastrophes customer complaints had risen since the transition between the systems. Some information had been lost between the transition and for example following the customers' past purchases was difficult due the shifting between the systems. The interviewee in managerial position thought that there could have been resources packing up the implementation and taking care of the problems. Without them the staff that was supposed to take care of customers and their needs was obligated to sort out the issues in the processes. (Interviewee 1)

*"It should have been accepted before hand that when implementing a new system there was a need for to additional resources.*

In other words, the information from the old system did not successfully transform to the new. This caused problems along the way in the implementation phase. In addition to the lost information there is also challenges in the processes especially now when the system has been in use for several months. The second interviewee thought that using the system is still difficult and it has not been modified for the company's needs. However, there is a possibility that it will work in the future. (Interviewee 2)

*"If everything worked like it is supposed to work, it (the new system) would be much better than the old systems. However at the moment it does not fully support our customer relationship management."*

According to the second interviewee the system allows to record customer visits and contact information about customers. Due to the integration of ERP and CRM the sales team can easily find out about customers' latest purchases, invoicing or credit status. According to the Interviewee 1 the old system did not offer storing information about customer visits or other additional information. Chen (2001) explained that ERP system together with CRM module can allow company to manage its operations tightly and bring for example sales and financial systems closely together. The interviewees both stated that the system to succeed in that there has to be improvement in the processes and more detailed information in the system about customers' and especially their needs.

*"The only place to add customers' specific needs is when making an offer to customers. ...at least we have not been told if there is an opportunity to add that sort of information"*

In conclusion the new system has potential to increase the knowledge within the organization in the future which would create value and satisfaction for the customers. At the moment it does not offer the much needed gathering of customer information. In addition there should be more definition on what information to save and how to do that. The interviewees still felt that finding customer information from one place was definitely an improvement.

Operational CRM also includes the channels that customers use for purchasing or finding out information about the products. According to the second interviewee there is only a few channels on the web that customers are able to use. First channel allows customers to order products online, check the current price for the products and for instance, find information about the products. The second channel is for managing the companies card and therefore in less used by customers'. Both of the customer channels are integrated with the new system and allow the information to flow from the organization to the customer.

*4.2.3   Analytical CRM in the case organization*

As the focus in analytical CRM is to consolidate information towards the definition of customer behavior (Fayerman 2002) it is important to understand how the case organization manages customer information. The new system allows them to store and find data such as customer's geographical location, contact persons, sales quotations and current contracts and pricing methods. The system also stores information concerning customers' credit status and balance. This allows both the front office and back office to share some information within the system. However to find out for example what invoices remain unpaid use of financial system is required which often results in additional resourced needed as not all the employees have an access to the back office applications.

Both of the interviews felt that storing more information about customer could improve the service that customers receive and thereby increase the customer's value. The case company's customer knowledge model is presented in Figure 7 which was originally created by Xu & Walton (2005). As can be seen from the figure the case company's focus is on internal customers and especially on who they are.
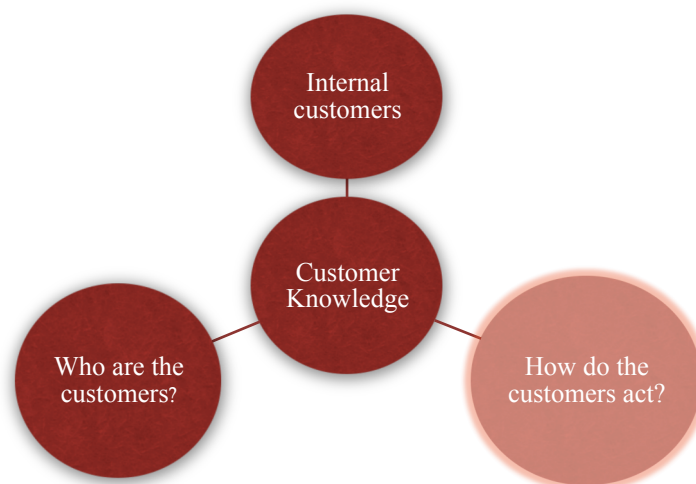


*Figure 7: The customer knowledge model in the case company (Xu & Walton 2005)*

Yet the customers behavior patterns are less measured (see Figure 7) within the company and there is specific analysis in external customers. The system stores information about customers to a database which works as a data warehouse. By using a report application the

employees can run reports about customers' purchases, volumes or profitability. In addition it can be used for example to find out when was a product delivered to customer. The applications allows various type of reports yet the utilization of these reports is still disused in the case company. In addition the information before the implementations remains in the old systems which makes history data difficult to gather.

*"Even though it will be possible to run reports about customers' profitability, there will be no history in the reports before the implementation."*

According to the interviewee in a superior position the change in analyzing the customers' purchasing information has been significant since implementation of the new system. With the old systems the information about past purchases and margins were targeted and analyzed monthly. The sales representative were in charge of reporting a sales report that compared the achieved results to the last years' results. Where as before it was easy to run customized reports about customer data at the moment the process needs developing. Nowadays after the implementation the tools for running reports and data about customers were not working as efficiently which made analyzing difficult. Therefore even though more customer data was gathered in the new system, all the information could not be utilized.

## 4.3    Summary of findings

In the last subchapter of the empirical part the aim is to wrap together the results from the interviews. The case company's interviewees felt that customers' are identified as the number one focus in the strategy. However they also felt that the systems that are used for sales actions do not support the defined strategy. When discussing the subject during the interviewees it was realized that there might be a need for specified customer strategy. Especially the process of valuating customers could develop the organization knowledge about their customers' which might improve the value in both directions.

ERP and CRM together provide a comprehensive integration of knowledge within the organization which results in unlimited possibilities (Ruivo et al. 2014). Therefore the future for the organizations management of customer information can be seen to improve. The fact that the organization invested only in the CRM module within the ERP system and not to a larger CRM system might turn out to be smart. The implementations are always difficult and

with a tightly integrated system where CRM is just a part of a bigger concept the organization can grow in learning how to save valuable customer data in the system. However as the competition grows in the industry (Kumar & Reinartz 2012) it is essential that the organization creates competitive advantage. Therefore the need for a more precise system allowing to capture *soft customer data* might be needed in the future.

The most beneficial improvement in the new system is that all the information is available at one place instead of five different systems. It allows to collect information about customers' purchases, pricing and other relevant information for sales team. However the company could benefit if it gathered more data about the specific needs and behavior patterns of customers. The definition what data should be saved is unsettled and at the moment the customer information is mainly behind the sales representatives. CRM is appreciated within the organization and customer-orientation is in the culture yet there remains processes that need developing especially in operation and analytical CRM (see Figure 8). The interviewees felt that customers in the company's industry are highly brand appreciative and many customers have been in partnership with the company for a long time. Therefore even though the company does not necessarily store and measure customer data as efficiently as it should, it does already possess long-term relationships with customers.
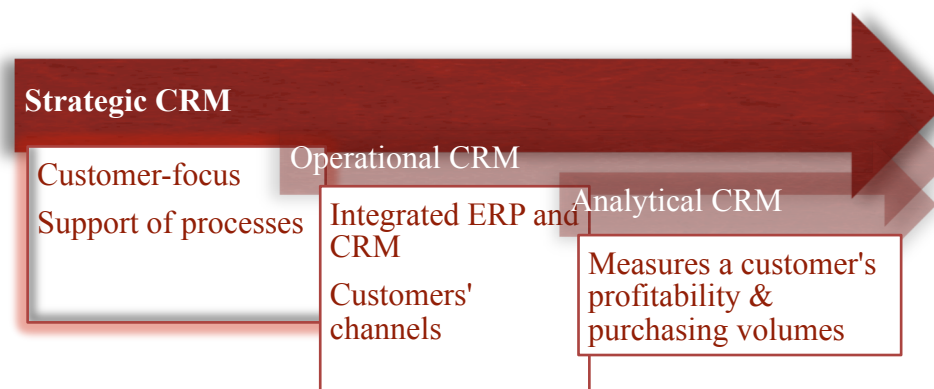
**Strategic CRM**

Customer-focus
Support of processes

Operational CRM

Integrated ERP and CRM

Customers' channels

Analytical CRM

Measures a customer's profitability & purchasing volumes

*Figure 8: Different levels of CRM in the case company*

The Figure 8 shows the conclusion of the case company's customer relationship management at different levels. It presents how the company's customer-focus is strongly described in the strategy yet the operational CRM and analytical tools for measuring the data collected about customers are simply based on profitability and volumes.

# 5 CONCLUSIONS

The aim of this study was to learn how the management of customer relationship can be supported with technology. In addition the interest was on understanding how by the different levels – strategic, operational and analytical CRM are supported in the implementation. The focus was also on defining what challenges there might be during the process. In the last chapter the theoretical results from literature are combined with the results of the case study to comprehend an understanding to the research questions.

As presented at the beginning of the study managing customer relationships is more pressing issue than ever before due to the competitive landscape and economies that keep changing continuously (e.g. Kumar & Reinartz 2012; Boulding et al. 2005; Nquyen & Newby 2007) The variable definitions on CRM (e.g. Buttle 2009, 4; Payne and Frow 2005; Ngai 2005) indicate that the outset depends on several factors, for instance, organizational situation, the type of customer base or the industry that the company operates in. This is supported also with the empirical section of this study.

The signification of strategy is emphasized in both the literature (Ramsey 2003; Buttle 2009; Mukerjee 2013) and in the case company's interviews results. Without defining why the system is implemented, how it is going to be done and what is the wanted outcome it seems to be difficult to succeed in the process. Therefore the strategic CRM should be the outset in implementation as it defines the rest. By determining what type of information is wanted and by gathering that information with operational channels the organization can develop analytical tools to learn the value of customers. The valuation process is essential to learn which customers are the ones that can be satisfied with the company's offerings or in other words, which ones are worth retaining. Whereas retention and development of relationships is used within the case company according to literature the planning of acquisition is often forgotten (Lawrence & Buttle 2006) which the interviewees agreed on. In conclusion, the strategic decisions need to be defined to be able to measure the determined results.

The critical success factors for CRM implementation (e.g. Chen & Chen 2003) were presented earlier in this study. The results in empirical section showed that knowledge management and system integration together with IT are the cornerstones in the

implementation. Leadership had an effect on the strategic decisions yet it was not emphasized in the interviews. Cultural change in the case company was not seen that effective either. Departments within the organization were together in the implementation project which enhanced the meaning of integrated systems information flow.

On the other hand if the implementation succeeds there are enormous benefits that can be accomplished through CRM. Even though the case company implemented an ERP system that only included a module for CRM they still felt that the customer information was more available through the organization. Increasing share of data enables knowledge management (e.g. Chen & Chen 2004) which could enhance customer satisfaction as the customer receives better service. For instance if customers' call to credit control the integrated system allows the employee to see the customers' past purchases instead of asking from the sales team. This results in reduced serving costs and eventually, increases customer value.

Regardless that implementing an IT system requires large changes in the company (Addo-Tenkorang & Helo 2011) with the advantage of the CRM technology the company can collect and analyze information about customers (Chen & Popovich 2003). As the empirical part of this study presented this will results in increased knowledge in the company and result in customer satisfaction. Overall by implementing a system to support the management of customer relationships the organization can improve share of data within all the stakeholders which could result in grown value – for both the organization and the customer.

## 5.1 Suggestions for future research

Customer relationship management (CRM) is very diverse and there is numerous studies especially concerning information technology that supports CRM. In this study the focus was on the implementation process and the three different levels of managing customer relationships. The aim was to leave customers' perspective of CRM out in this study yet it would be something that in the future the researcher might be interested in. Further research questions could also be about how the planning of implementation should be done. Obviously it would also be interesting to see how the case company's implementation of the integrated system turns out and if the need for a more comprehensive CRM system occurs in the future. In addition the study on how organizations adapt their CRM supporting tools over time would be an endearing subject.

Furthermore this study was conducted to a large, global organization. If another study was made for smaller organization within the same industry or in the other hand, a large organization but from different industry it would provide an opportunity to compare the researches results. Consequently, more generalizations could be made from different aspects of CRM and its different levels in implementation.

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*Attachment 1. Interview questions for the manager*

Background information

- Name and title, previous experience in the company
- Your role at the moment and the description of the job.

Strategic CRM

- How are customers taken into account in the companies strategy?
- How does the company measure customer value?
- How are customers segmented in the organization?
- What objectives the company sets for managing customer relationships?
- How is accomplishing these objectives measured?
- Are you more focused on acquiring new customer vs. retaining the existing ones?

Operational CRM

- Why did the company invest in a new ERP/CRM system?
- How was the implementation and adoption of the system?
- hich system do you use now? Who uses this in the sales team and how?
- How does this differ from the previous system(s)?
- What are the main disadvantages/advantages in system in your opinion?
- How is customer information stored in the system?
- What electronic channels do customers use?
- How well does the system and the customers' channels communicate?

Analytical CRM

- How is the data stored in your organization?
- Who runs analyzes based on customer data? How often?
- How does the system support the data analyze of customers?
- Why is customer data analyzed in the organization?
- How is running reports changed from the previous systems?

*Attachment 2. Interview questions for the sales representative*

Background information

- Name and title, previous experience in the company
- Your role at the moment and the description of the job.
- How do you see CRM in your organization?

Strategic CRM

- How are customers taken into account in the companies strategy?
- What types of objectives is there for managing customer relationships?
- How are these measured?

Operational CRM

- What ERP/CRM system do you use in your work?
- Who stores information about the customers in the system?
- What kind of information is there and how often is it stored?
- How can you get information about customers' needs?
- How does the system support working in the customer surface?
- What electronic channels do your customers use?
- How well do you think that the channels and the system are integrated?
- Do you think there are challenges/advantages in the channel integration?

Analytical CRM

- What types of reports do you use to measure your customers?
- How can you get information about customers?
- How do you measure the performance of your sales?
- What analyze tools do you use in your work? How has this changed?