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Customer Relationship Management

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Abstract

This dissertation was written as part of the MSc in Management at the International Hellenic University.

The following paper attempts to examine the customer relationship management systems, within a framework B2B. Through a questionnaire attempted to identify the key characteristics of a group of customers, their key problems and how they are managed by companies. Finally evaluate this response on the part of customers and how they perceive the relationship cooperation with business.

Keywords: CRM, customer relationship management, problems management

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Introduction

The globalization of the economy and the widespread diffusion of electronic commerce have changed a lot the modern business world. Rapid technological developments in computing and telecommunications, and networking and software packages with ever-increasing possibility of increasing ties between trading companies. The fact is that progress of technology in modern business trends, forms a new business landscape.

Particularly extensive is the talk of the business need, to change and become customer-centric, to invest in the customer and create a flexible main and effective relationship with him. Businesses now have identified their interest in focusing on their strategic approach to the client. This customer-oriented need for business approach, has created the need to develop customer relationship management (CRM) systems.

The key to a company to develop a competitive advantage is the customer. Every business knows that customers "play" a decisive role in shaping the image in modern markets and their further development. Businesses should be aware of who their customers are, which ones contribute to the maximization of profits and for what reasons that customers remain loyal to the company. They must also know which elements are instrumental in maintaining of a long-term relationship between them. Through the continuous processing of customer relationships, companies recognize their customers' needs and therefore the ways in which to satisfy their desires and what tactics to use in order to maintain the loyalty of their customers.

Work is divided into two pieces. In the first part presents the basic elements of customer relationship management. The second part attempts to determine the response of these systems within the market operates.

Customer relationship management

The wide application of e-commerce in a globalizing economy has influenced the shaping of the modern business world. Rapid technological developments, as the development of telecommunications and the spread of the Internet have contributed to the development of new management systems for businesses.

Competition, as developed in the modern business area, carries the bargaining power of business to customers. Customers have shaped consumer consciousness and have been removed from attachment to particular companies because of the multitude of products and the ability to access them via e-commerce. This has contributed to changing marketing strategies as they apply to new markets, where technological development gives customers a variety of choices (McKenna, 2000).

New products do not offer the most competitive business advantage because there is a multitude of products that differ minimally. The result is that businesses are adopting marketing strategies oriented towards their approach of the customer (Ernst & Young, 1999).

CRM definition

The term CRM is derived from the initials of Customer Relationship Management and words rendered as customer relationship management. The CRM is a modern technological system applicable to the majority of businesses and aims to manage the services offered within a company but also to the external environment. The main purpose of a CRM system is customer satisfaction both at acquisition and after completion. Effective customer relationship management is a key factor in increasing the profitability of a business. The need to manage customer relationships began to grow when the client started to have requirements to meet the needs of businesses and, on their part, turned to attempt a deeper understanding of those needs.

The customer relationship management (CRM) is a continuous process of determining the value of specific customers, whose connection with the operation leads to long-term benefits for both. CRM manages the relationship that develops between

the business and the customer, focusing on understanding the relationship as it grows in this environment and contribute to further development. The customer relationship management is a collaboration between the company and specific clients, which the company considers important customers, as they contribute to the economic prosperity of the business (World, 2004)

In recent years, the term CRM is used more and more often. Attempted through it to approach and analyze the relationship between the company and the customer. The management of customer relations - a company for business an operational philosophy that puts the customer at the center of processes and enterprise activities. The CRM systems believe customer satisfaction is of fundamental importance for the company. The competitiveness of a company depends to a large extent the movement of marketing strategy by managing the profit of the product management of profit through customer satisfaction (Kouris, 2000).

The CRM system is essentially a growth strategy of customer relations, which mainly focuses on customer retention. In a market shaped by a relative stability and its suppliers have developed effective delivery systems it is difficult for a firm to be able to differentiate itself from the competition. Along with the improvement of products, the customer has raised expectations and given that it can choose a different supplier very easily, keeping the client side of the business is a particularly difficult case. So only with the proper management of the relationship with the customer, the enterprise can increase his dedication to it, and consequently the efficiency of the same through the CRM systems (Αλεξίου & Μαυρέλης, 2005).

Furthermore, the CRM systems contain three basic elements: to create, develop and maintain successful relationships with its clients business over time. Also is worth noting that CRM systems are not a product but a business philosophy which approaches and coordinates all areas of a company. By extension, the CRM applications are designed to facilitate integration, the gathering and analysis of information on existing and potential customers (Βλαχοπούλου, 2002).

The CRM systems by many considered one technological application, but it is a cluster of elements that work in concert to deliver the desired results. An important

part of such a technological implementation of systems, which contributes to the achievement of strategic objectives of the business to increase competitiveness and efficiency. However, the concept of CRM systems include the strategy, culture and internal business processes. It is a customer-oriented philosophy, which focuses on customer needs and the development of interpersonal relations with him. The CRM systems are, in essence, a methodology to achieve continues sales and simultaneous customer retention, especially after a certain period of management of interpersonal relations (Βλαχοπούλου, 2002).

The technological part of CRM systems is a software, through which a Data base is created for each client in which information is collected through contact firm-client or through alternative distribution channels of products and services. The CRM systems through integrated management systems that offer, enable the company to have a complete picture of the relationship it maintains with its customer base.

Evolution of CRM systems

The CRM is a technology, which is the set of elements that contribute to the management of customer relations. The elements of the CRM is: human resources, technology and corporate culture applicable to the whole company. To implement a CRM solution requires five elements: (World, 2004):

- The business objectives determination
- Developing customer-oriented strategy
- The management system design customer relationship
- The choice of an appropriate infrastructure
- The implementation

The evolution of CRM systems progressed in parallel with the development of a technology and customer relationship management systems rely heavily on computerized analysis of customer data. The main stages through which evolved CRM systems (World, 2004):

- Customer relationship management focusing on customer needs
- Commitment of enterprise customer needs
- Analysis of data from evaluation of the company by customers

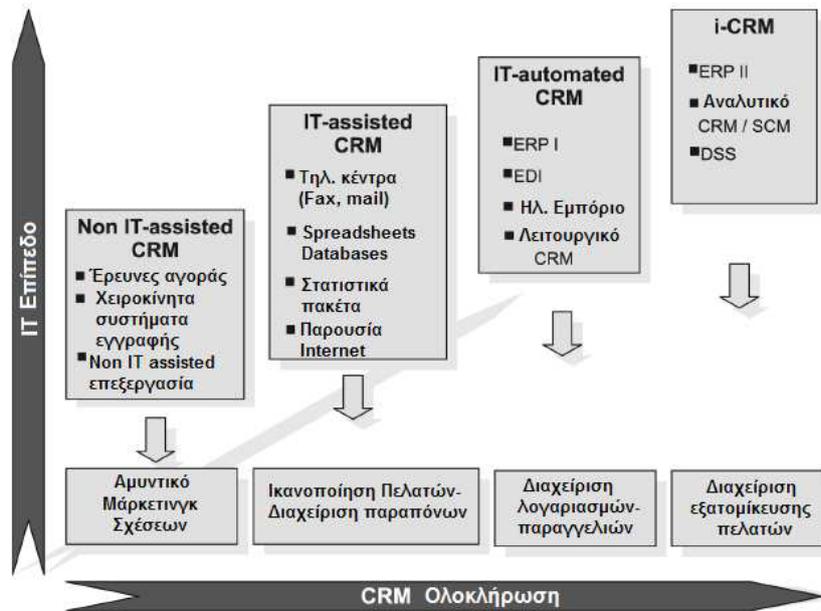


Figure 1: Evolution of CRM systems (Source: World, 2004)

It begins thus formed a highly customer-oriented culture, which contribute to the development of relations between business and customers (World, 2004).

The first CRM systems appeared ten years ago, it was one-dimensional systems and served exclusively their business employees. These systems are called client-server and could support only a portion of the business operation, usually sales and customer service.

The second stage of development of the systems came when the business manager seeked more comprehensive solutions. They believed that through CRM systems could have a complete picture of their relationship with the customer. This has led many companies to make acquisitions and mergers in order to meet the needs of their customers. There was, therefore, a profound rearrangement in the field of companies offering CRM systems and a new era of technological change in these

systems began. At the end of the second period of CRM systems all the large companies could provide their customers with marketing analysis, sales and technical support. These systems could help their business employees to share information about each client's company house. But the systems still remained turned to the house.

The third stage of development of CRM systems came in the late 90s. The systems began to use the Internet and business customers now have the ability to look after themselves through it.

CRM Systems

Generally, the application customer relationship management system based on the collection of important information relating to clients and aim to create a database with information on the company's clientele. The importance of the existence of this base is not simply storing data to customers but is the first step for subsequent use for the purposes of the bank. The questions for the design of an efficient CRM solution are:

- What is the purpose of data analysis?
- What kind of data will be entered in the database?
- Which format should have the CRM system on which the data will be loaded;

These questions relate to any undertaking wishing to introduce an effective customer relationship management system to be able through this system to process customer data, extracting conclusions about their needs.

According to Ahn et al. (2003) points that should focus the company with regard to practical issues surrounding the effective implementation and management of CRM are:

a) Data collection: To collect data from customers, the bank should first determine which customer information is most useful. After you determine precisely which

information is needed, then with Internet applications can be made to collect the data in customer relationship management program.

b) Pre-processing: refers to all the steps taken before starting the analysis. This stage includes many procedures, such as the recognition of transactions and their integration. This is a lengthy process, in which many processes are automated.

c) Data analysis: The purpose of data analysis is to gather those information are necessary to ensure efficient services to customers (Cooley et al., 1997). In many cases, however, the number of collected data is very large and in these cases there are several data analysis techniques.

d) Interaction with the user system and customization: system design that connects the customer with the bank is a very crucial point for the success of customer relationship management system (CRM). The most important factor for the success of the system, is to understand what the bank system users do and what they expect from the system. Cooley (2000)

e) Foundation Knowledge: The main function of CRM is the understanding and practical use of customer information. The manner in which the information customers send stored, rising and organized will determine ultimately and effectiveness of services offered to the customer.

f) Personalized Services in today's competitive environment, customer value offer is a particularly important element for service firms. The way in which the value offered to the customer is through thorough acquaintance and personalized servicing. (Kobsa et al., 2001).

g) ASP (application service provider): Another important element in the CRM design is the choice of ASP. The ASP hosts and manages the software and provides the service to the customer via the Internet or private leased telecommunication lines. Recent years have seen a shift to the ASP's for CRM solutions, especially from companies that lack the expertise and technology to support integrated customer relationship management systems. Important benefits arising from the use of ASP is lower costs, faster implementation, increased functionality and reliability of the provider.

Advantages - Disadvantages system CRM

Advantages of CRM system

The adoption and successful implementation of a CRM solution brings significant advantages for both the company and for the customer. The successful adoption of the approach to the management of customer relations and implementation of the relevant CRM solution requires the firm to develop a system, whose centerpiece will be the customer. For this new approach to confer benefits and profits for both sides, for the customer and the business, the latter should choose the right way of staff training, proper technological evolution, and the necessary data for customers of.

It is now common knowledge that the success of CRM is mainly based on the human factor. A key contributing element to the successful implementation of the acceptance by all of the company's workforce. It is a prerequisite that the business be able to integrate a CRM into daily procedures and executives to embrace. The main benefits of a successful implementation of a CRM system is (Reinartz & Kumar, 2000):

a) With customer relationship management business increases the feeling of satisfaction of its customers, while reducing the number of those customers who intend or eventually leave the business in question.

b) Collect and analyze data on their clients. In this way the company is able to create a full-overview for each customer, thus being able to offer high quality products and services worthy of the expectations.

c) Studies that dealt with the feeling of satisfaction and customer loyalty, showed that CRM has a significant impact on the profitability of the business.

It should be noted that the reason for reducing the number of clients who leave is the reduction of dissatisfied customers. Through words, knowledge of efficient management for customers and reduced costs resulting from dissatisfied customers, as well as any incomplete processes.

Adopting an integrated CRM approach gives the company the opportunity to develop personalized relationships with customers, «one to one» relationships to show improvement in communication and obviously to increase its competitiveness. Operating channels and the existence of coordination within the enterprise, in order to meet the personal needs of customers and their preferences resulting in gaining a competitive advantage (Reinartz & Kumar, 2000).

Finally, regarding the technology of CRM very important is the ability to give the enterprise CRM systems to support complex business processes, but also to derive information that come from different parts of the operation.

Generally however the CRM organization, the firm may have a more complete picture regarding the abilities and alternative practices, which can be followed in order to make more effective and strategic decisions (Reinartz & Kumar, 2000).

An alternative way to study the benefits of change cruising the way business operates and the adoption of CRM philosophy is now, not from the side of the business but on the client side.

First, as mentioned above, the products and services are customized and specially designed for each customer individually covering the feeling of satisfaction more efficiently. Additionally, among other changes which faces the customer is that the company appears more credible on this, able to check and ensure the quality of the transactions and to communicate with him effectively. Finally, as the business is organized in relation with the customer who are interested make contact more flexible and for the same client, as there continually repeated the same procedures (Reinartz & Kumar, 2000).

Disadvantages of CRM system

Although CRM systems is one of the most quickly evolving theoretical tools of management and many of the businesses that have adopted it had positive effects as might be expected. However studies that have been conducted, show that only a small percentage of enterprises adopted the CRM philosophy and proceeded to implement such a system, achieved improvements in their profitability, but also in customer

service. Below are some of the main drawbacks of CRM systems that lead to the above conclusion (Reinartz, Krafft, & Hoyer, 2004):

a) An initial mistake that many businesses do, is to understand the condition under a single element, as software. Unfortunately the technology of CRM often identified with the CRM itself and a key factor in the failed implementation of customer-oriented philosophy in business is to deal with it as a purely technological product.

b) The management of many companies have not understood that technology is simply the means which contribute to the successful implementation of exercise and processing of various marketing practices. It is a given that technology plays a particularly important role in the development of relations with customers, but not the primary one.

c) Another reason why businesses fail to adopt this management approach is because the way they work until then was completely different, if not opposed, to the assumption that the customer is at the heart of the business operation.

d) An additional reason for the unsuccessful implementation of CRM is erroneous or inadequate assessment of the value of the customer life cycle. Customers are not equal in value but nor similar and this is the basis of the philosophy of CRM.

In order for the customer-oriented approach to work effectively need within the enterprise is willing to really understand their customers, consider the basis of procedures to be adopted in order to develop with them a close relationship and a successful CRM collaboration (Kale, 2004).

Finally, a very important factor causing problems in the effectiveness of CRM is the use of false efficiency measures. In fact a CRM sometimes appear ineffective due to lack of correct performance measurement measures or even through the use of deceptive measures. That is why the choice of the appropriate measures is critical for valid measurement of effectiveness of CRM (Parvatiyar and Sheth, 2001).

Research Customer Relationship Management retail clients with partner companies

Within the frames of the effectiveness of CRM system attempts to measure through a questionnaire which asked determine the response of companies and how it is perceived by the customer on key problems faced in everyday life.

Scope of Research

The purpose of this research is to reflect the current state of relations between the retail outlets and the companies they collaborate with. Exploring customer responsiveness to customer relationship management systems of companies and whether these systems have the expected response from the shops. Through the questionnaire investigate whether customers are happy and evaluated the basic means of business communication.

The research was carried out through a questionnaire with basic Ten Questions which will try to reflect customer satisfaction across the various customer relationship management systems.

The aim is:

- highlighting the strengths and weaknesses of customer relationship management systems
- propose solutions
- to reinforce the strengths
- to correct the weaknesses
- and to list the bad practices

The survey was conducted in 50 retail locations of health interest in the center of Thessaloniki. The reason we selected points health interest reason is the frequent

contact that enterprises with many different companies. The shops are kiosks, haberdashery, grill, mini market.

Questionnaire

The questionnaire consists of ten closed questions:

1. Type of store.

- Kiosk
- Haberdashery
- Mini market
- Grill

The purpose of the first question is to highlight the mix of stores and then to investigate its correlation with other factors identified.

2. Years of operation

- 0-1
- 1-5
- 5-10
- >10

The second question shows the age range of entrepreneurs as well then we will attempt to determine its relationship to age and through communication of companies with them.

3. Age of the entrepreneur

- 18-24
- 25-34
- 35-44

- 45-54
- >54

The third question determines the age group of respondents and can correlate with a number of factors to investigate whether there may be a direct relationship with any other determinants.

4. Level of education

- Primary
- Secondary
- Higher

Education plays a key role because it determines how the client can understand the business operation through the knowledge offered through it. Education can be related directly and to a large extent with the communication channels established by companies in developing business management customer relationship systems.

5. Degree of satisfaction with the overall cooperation with companies

- Very satisfied
- Satisfied
- Not satisfied

One of the key questions that determine the overall response there by customers toward business and the various systems they use to approach customers.

6. Common problems you face in your cooperation

- Wrong orders
- False invoicing
- Wong day delivery
- Defective/damaged products

The next question determines the key problems that customers face on a daily basis and attempts to determine the severity of each one of them. As on these will evaluate the corporate systems. The problems mentioned are the basic problems that any company seeking to minimize as well constitute a negative factor in their cooperation with the stores.

7. Degree of satisfaction by addressing the problems from the part of the companies

- The problem solved and I am pleased
- The problem solved but I am not pleased
- The problem didn't solved but I am pleased
- The problem didn't solved and I am not pleased

Question seven determines the response that they consider to have guests in their daily Troubleshooting and how they perceive the effort to resolve them, the degree of resolution achieved and consistency in its cooperation business with any company.

8. What channel of communication is usually used

- Personal contact
- Contact via phone
- Email
- Fax

There are four main media used by each company to communicate with its customers. The eight question sets the basic means of communication companies.

9. What channel of communication is preferred

- Personal contact
- Contact via phone

- Email
- Fax

Through nine question determined the way of communication preferred by customers. It is a fundamental question as it can draw out key conclusions on the customer profile.

10. Determine the degree of efficiency per channel (With 1 meaning very much and 5 not at all)

- Personal contact

1	2	3	4	5
---	---	---	---	---

- Contact via phone

1	2	3	4	5
---	---	---	---	---

- Email

1	2	3	4	5
---	---	---	---	---

- Fax

1	2	3	4	5
---	---	---	---	---

Finally, the question ten determines the opinion of the customer through the communication considers that it is more efficient in cooperation with each company.

Results

Listed below are the results of the questionnaire and the analysis of the results per question:

1. Type of store

In Table 1 and in Figure 1 is observed, the composition of the results of the questionnaire concerning the type of branch. Most shops are kiosks are proportionately much in relation to all of the shops in the whole retail market of health interest.

Table 1: Type of store

	Kiosk	Haberdashery	Mini market	Grill
Type of store	20	12	8	10

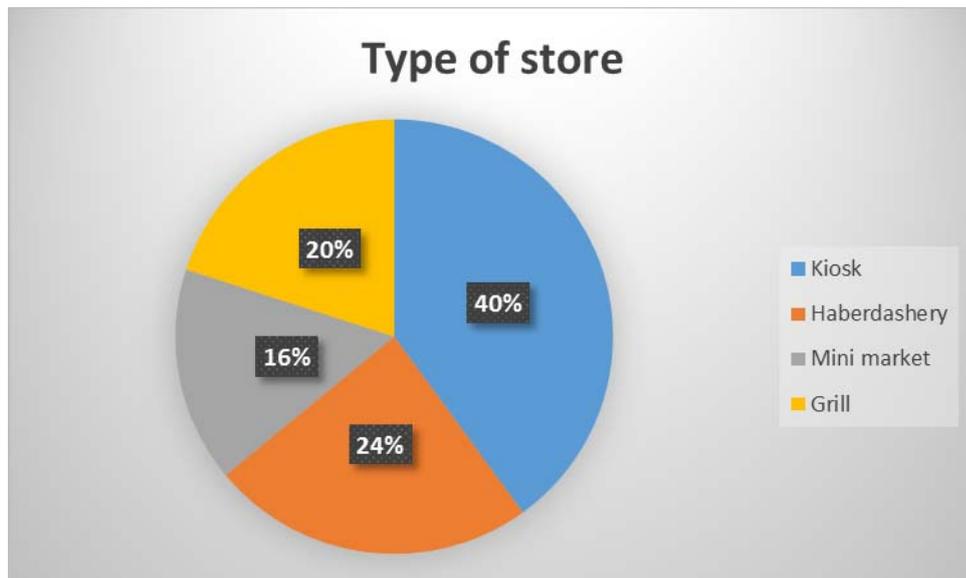


Diagram 1: Type of store

2. Years of operation

In question two, as shown by the results in Table 2 and Chart 2 most stores have time operation over 10 years.

Table 2: Years of operation

	0-1	1-5	5-10	>10
Years of operation	5	11	15	19



Diagram 2: Years of operation

3. Age of the entrepreneur

In question three on the age of the respondent see Table 3 and Figure 3 that entrepreneurship in these stores is high age scale which, combined with the question of our two leads to the conclusion that entrepreneurship in specific contexts operate with the knowledge acquired by the operator during the operation of the store.

Table 3: Age of the entrepreneur

	18-24	25-34	35-44	45-54	>55
Age of the entrepreneur	2	4	17	14	13

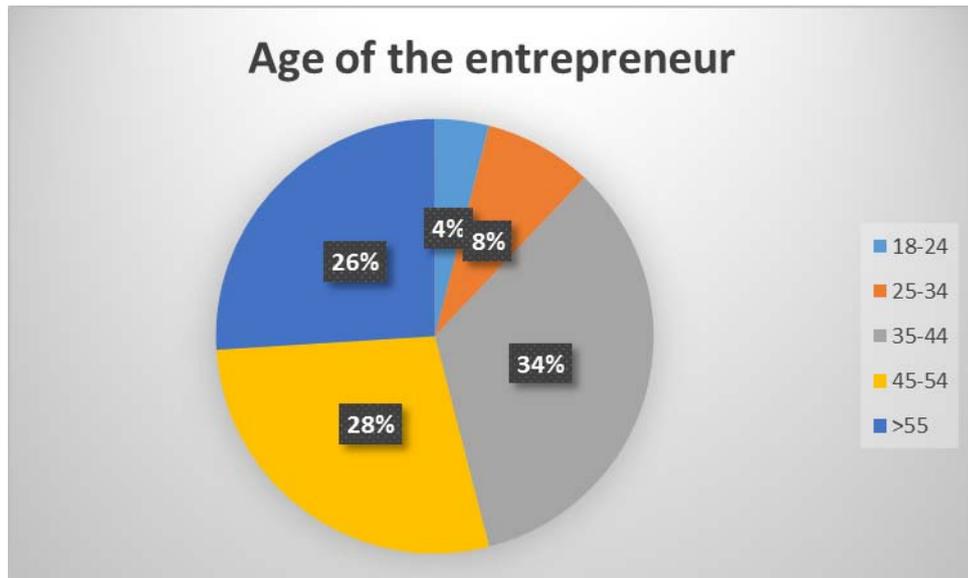


Diagram 3: Age of the entrepreneur

4. Level of education

The conclusions of these questions come to reinforce the four questions, concerning the level of business education, as the largest proportion of entrepreneurs have secondary education. From all the above questions leads to the conclusion that the largest proportion of entrepreneurs is basing his knowledge on the experience acquires over the years.

Table 4: Level of education

	Primary	Secondary	Higher
Level of education	16	28	6

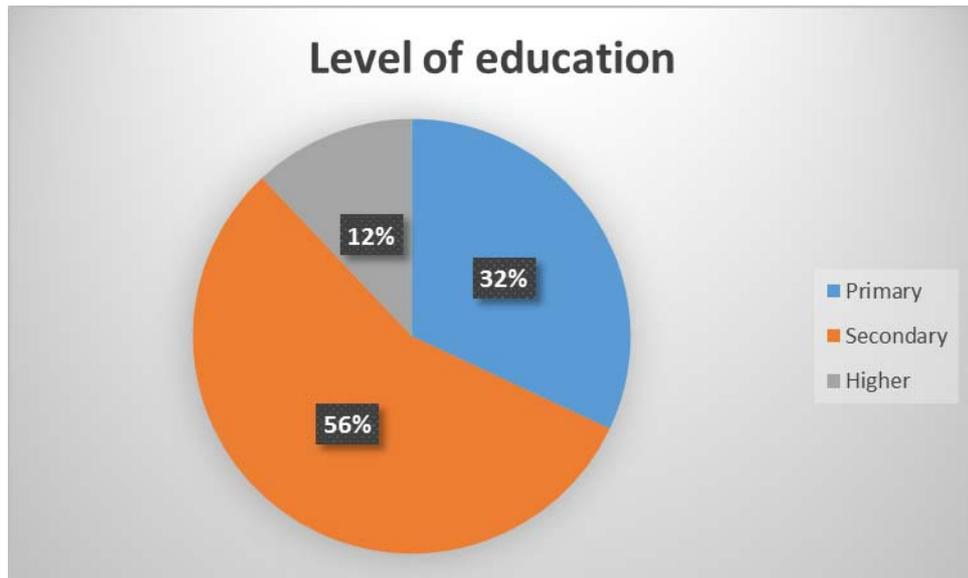


Diagram 4: Level of education

5. Degree of satisfaction with the overall cooperation with companies

In the second part of the questionnaire we attempt to determine customer satisfaction with the response of business and in the context of customer relationship management systems. As shown in Table 5 and Figure 5 all customers are generally satisfied with their cooperation with business.

Table 5: Degree of satisfaction with the overall cooperation with companies

	Very satisfied	Satisfied	Not satisfied
Degree of satisfaction with the overall cooperation with companies	16	28	6

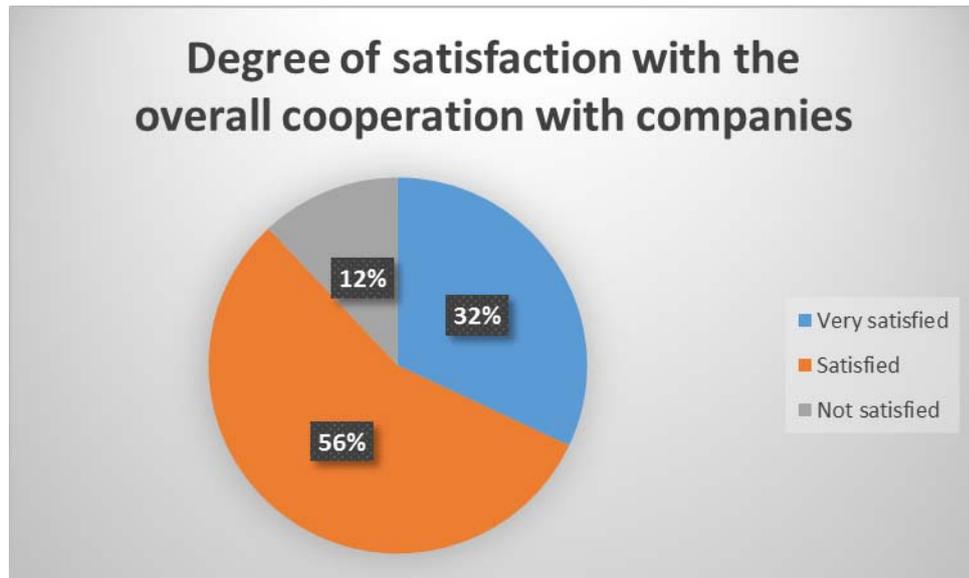


Diagram 5: Degree of satisfaction with the overall cooperation with companies

6. Common problems you face in your cooperation

Table 6: Common problems you face in your cooperation

	Wrong orders	False invoicing	Wong day delivery	Defective/damaged products
Common problems you face in your cooperation	17	13	9	11



Diagram 6: Common problems you face in your cooperation

7. Degree of satisfaction by addressing the problems from the part of the companies

Table 7: Degree of satisfaction by addressing the problems from the part of the companies

	The problem solved and I am pleased	The problem solved but I am not pleased	The problem didn't solved but I am pleased	The problem didn't solved and I am not pleased
Degree of satisfaction by addressing the problems from the part of the companies	7	15	4	24



Diagram 7: Degree of satisfaction by addressing the problems from the part of the companies

8. What channel of communication is usually used

Table 8: What channel of communication is usually used

	Personal contact	Contact via phone	Email	Fax
What channel of communication is usually used	17	27	4	2

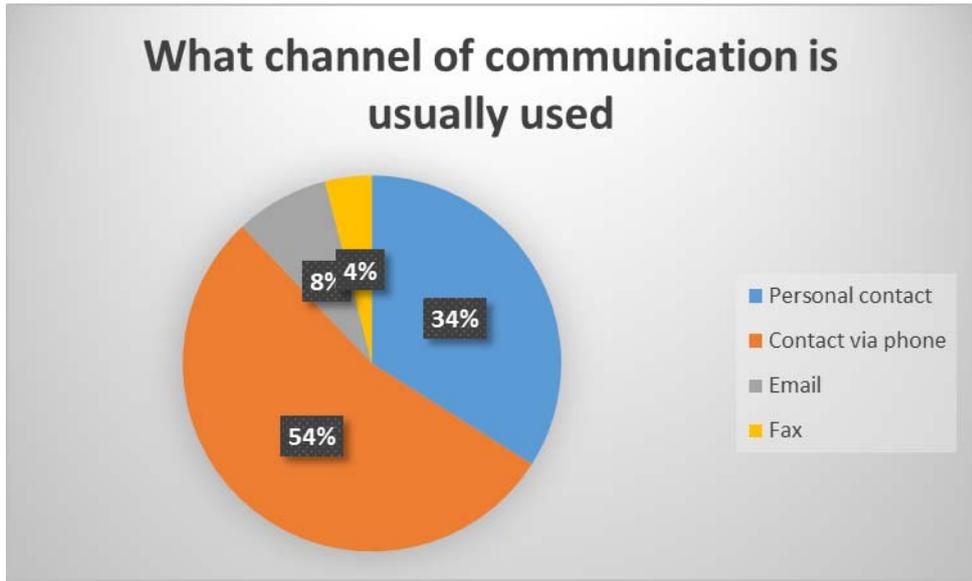


Diagram 8: What channel of communication is usually used

9. What channel of communication is preferred

Table 9: What channel of communication is preferred?

	Personal contact	Contact via phone	Email	Fax
What channel of communication is preferred	37	11	2	0

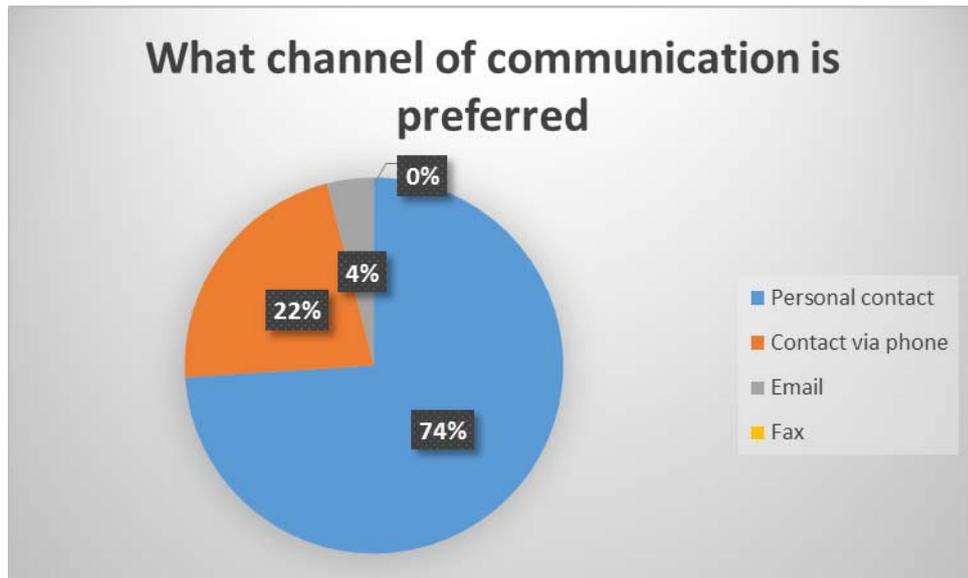


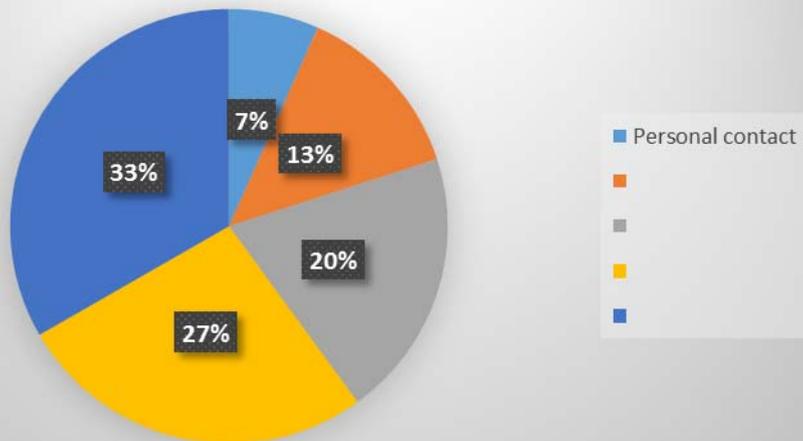
Diagram 9: What channel of communication is preferred

10. Determine the degree of efficiency per channel (With 1 meaning very much and 5 not at all)

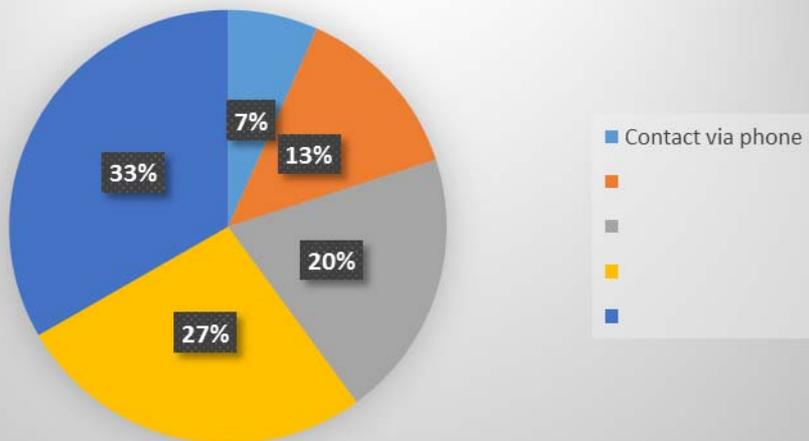
Table 10: Determine the degree of efficiency per channel (With 1 meaning very much and 5 not at all)

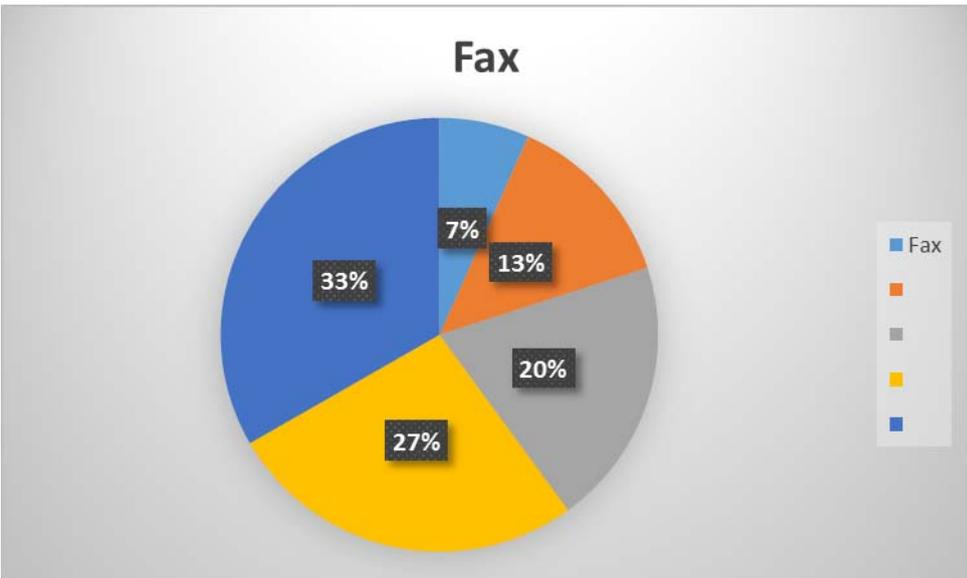
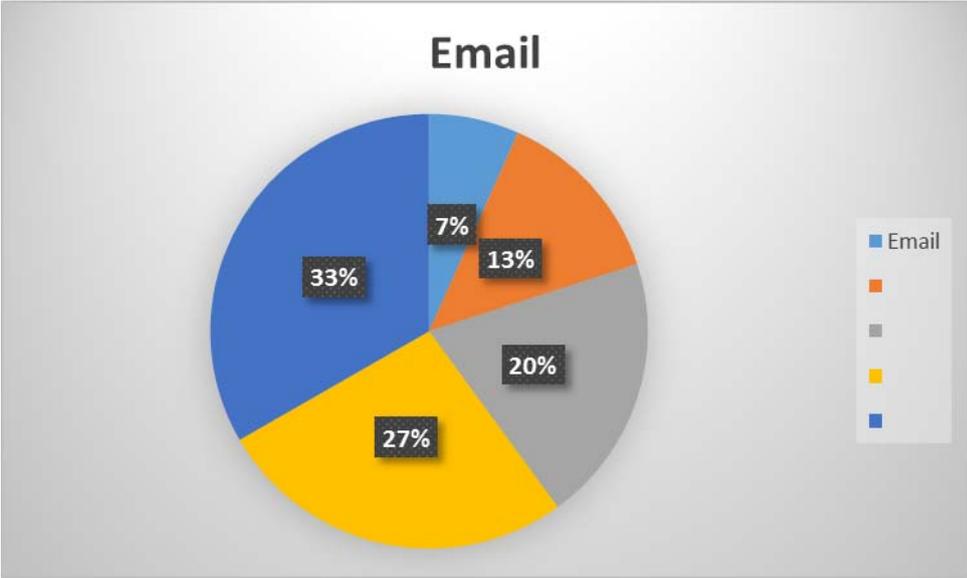
	1	2	3	4	5
Determine the degree of efficiency per channel (With 1 meaning very much and 5 not at all)	Personal contact				
	3	6	4	4	0
	Contact via phone				
	4	13	7	3	0
	Email				
	1	2	1	0	0
	Fax				
	0	1	1	0	0

Personal contact



Contact via phone





Conclusions

As seen from the above findings are quite positive results. However there are several frameworks developing relations with customers. As such finds are several issues which constantly arise and cause customer dissatisfaction.

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