

Objectives, Strategies and Expected Benefits of Customer Relationship Management

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Abstract

The purpose of this study is to bring insight and deeper understanding into the objectives, strategies and the expected benefits of CRM initiatives by organisations particularly service companies in Sweden. To conduct this study, the following research questions were posed: How can the objectives and strategies of CRM initiatives by organisation be described? And how can the expected benefits of CRM initiatives by organisations be described? Based on the above discussions, the main research methodology was a case study. An in-depth case study was conducted into three service companies specifically banks on the objectives, strategies and the expected benefits of CRM initiatives by these service companies. The data from the practitioners is inline with the theory. At the end of this study, it was found out that, customer identification, customer differentiation, customer interaction and personalization are the main strategies of CRM initiatives by the service companies. The results of this study indicate that, the major objectives and benefits of CRM initiatives by these organizations were, higher profitability, cost reduction, customer retention and loyalty and positive impact on the over all performance of the organization in the long run.

Key words: objectives, strategies, benefits, customer, relationship, and management

Acknowledgement

First of all, we thank the Almighty God for seeing us through all our studies at Luleå University of Technology, Luleå, Sweden.

We are greatly indebted to Professor Rikard Wahlberg (assistant professor), our supervisor who offered us constructive criticisms and useful suggestions. To all our respondents, Magnus Stenberg at Handelsbanken, Axel Hakansson at FöreningsSparbanken and Fredrik Lundberg at Nordea bank who welcomed us and granted us interview and also gave us invaluable information, we would like to express our sincere gratitude and gratefulness.

We also want to thank the Amofah and Ijaz families, especially our parents for all the support showed us throughout our study in this University. Our friends and loved ones especially Robert Ankomah Opoku (PhD student), Edem Bart Williams (current e-MBA student), the Ghanaian and Pakistani communities in Luleå and beyond and all the 2003-2004 batch of e-commerce students, that is our course mates also need special mention.

Our profound gratitude also goes to the faculty and staff of the Division of Industrial Marketing and e-commerce particularly the chairman, Professor Esmail Salehi-Sangari.

Finally, may we state that we are solely responsible for any flaws that this contribution to knowledge may harbor?

Lulea University of Technology, Lulea, Sweden, March 09,2005.

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Background and problem discussion

Introduction

This introducing chapter will provide the reader with an insight to the research area. We will begin by briefly discussing the background of Customer Relationship Management, we move from a general perspective towards the focus on the specific problem. The research problem of this study is introduced to give the reader a clearer picture of our field of study and also the over all research purpose is presented.

1.1 Background

While retaining customer loyalty has been a sales and marketing principle for quiet a long time, Customer Relationship Management (CRM) is actually a tremendous step forward in creating a system that can provide a means for retaining individual loyalty in a world of about 6 billion population (Croteau & Li, 2001). Greenberg (2001) stated that in order to understand CRM, you must also understand the changing nature of the customer because customers are not what they used to be. Khalifa and Liu (2001) noted that, a survey of more than 1,600 businesses and IT professionals conducted by the Data Warehouse Institute, found that, some of the respondents have CRM project budgets of over \$ 10 million. This finding indicates that CRM is very important for organisations. The Cap Gemini further added that, the average total investment in CRM of 300 U.S and European companies was \$ 3.1 million. More than 69% of the companies surveyed spent less than \$ 5 million and more than 13% of the companies spent over \$10 million (Sterne, 2000). This finding also indicates that a great number of companies spend great amount of their budget on CRM and therefore in our opinion we believe that it is important for service companies to know the objectives of their CRM initiatives and the type of benefits these organisations intend to derive from them. A survey of 300 companies conducted at a CRM conference concluded that CRM is not a cheap, easy, or fast solution (ibid). Mooney (2000) further added that, more than two-thirds of CRM projects end up in failure. However, he went further to say that, the successful third could obtain up to 75% return on investment (ibid).

Thompson (2004) found four broad factors that were driving 72% of the return on investment (ROI) of CRM. They were: Customer-centric strategy, frontline training and support, organization change, and appropriate use of metrics. These findings again support the fact that the actual objectives of CRM initiatives and the benefits should be ascertained. This further support the statement by Balaji and Alexander (2003) that the purpose of CRM is to identify, acquire, serve and retain profitable customers by interacting with them in an integrated way across a range of communication channels. Swift (2001 pp.26) also describes analytical eCRM as a four-step interactive process consisting of collecting and integrating online customer data, analyzing this data, building interactions with customers based on this data are optimized, and measuring the effectiveness of these interactions in terms of these performance. According to Thompson (2004) CRM is a business strategy to acquire, grow and retain profitable customer relationships, with the goal of creating a

sustainable competitive advantage. He goes on to say that, product/price-based differentiation is waning because of four broad trends: maturing markets, global trade, efficient manufacturing and the Internet. Thompson (2004) again stated that, now CRM is emerging as a critical strategy simply because relationships are coming to the forefront of the competitive battleground. He further supported this by saying that, CRM should mean creating mutual wins for customers and all the company stakeholders, including employees and business partners. (ibid). This in our opinion supports the fact that CRM is very important and therefore all efforts should be made to know the objectives of CRM initiatives and the intended benefits of the CRM initiatives by these organizations.

1.2 CRM and eCRM Defined:

According to Wilson (2002) CRM is a concept that enables an organization to tailor specific products or services to each individual customer according to his or her need. In the most advanced scenario, CRM may be used to create a personalized, customized, one-to-one experience that will give the individual customer a sense of being cared for, thus opening up new marketing opportunities based on the preferences, previous behavior and history of the customer (ibid). Fayerman (2002) said that CRM as a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer. Wilson (2002) again indicated that CRM technology initiatives are most commonly implemented in functional areas such as customer support and service, sales and marketing to optimize profitability and revenue. However there is no universal explanation of what CRM is, since the area is fairly new and still under development (ibid). In our opinion, it is important to know that numerous attempts to defining CRM exist and that many organizations adapt the definition to their own business and unique needs. The following are two examples of how CRM is defined. CRM is an infrastructure that enables the delineation of and increase in customer value, and the correct means by which to motivate valuable customers to remain loyal-indeed, to buy again (Dyche, 2001p.4) CRM is an enterprise-wide mindset, mantra, and set of business processes and policies that are designed to acquire, retain and service customers. CRM is not a technology, though. Technology is a CRM enabler (Greenberg 2001). We have decided to use the definition stated by Bose and Suganmaran (2003) as the foundation and as such a general view of CRM for this study. This is because we think that this definition is the most extensive one, the most recent one and that it makes no mention of any particular means of communication, or channels, whether traditional or new.

CRM is about managing customer knowledge to better understand and serve them. It is an umbrella concept that places the customer at the center of an organization. Customer service is an important component of CRM, however, CRM is also concerned with coordinating customer relations across all business functions, points of interaction, and audiences (Bose and Sugamaran, 2003, p.4)

A new term for taking care of customers via the Internet, eCRM, is recently applied by some organizational and academic communities (Ragins & Greco, 2003). *eCRM*

refers to electronic customer relationship management or, more simply, CRM that is Web-based (Dyche,2001). eCRM can also be defined “as the use of the Internet and IT applications to manage customer relationships” (Chaffey D., 2002). There is a lot of debate over whether eCRM is a real designation or just a marketing ploy by CRM organizations and academics trying to distinguish themselves in the rapidly increasing morass of CRM pretenders (Greenberg, 2001). Again he went ahead to say that, eCRM is CRM and CRM must become eCRM (ibid).

In the attempt to define the term eCRM, most web-based authors use the term CRM and eCRM interchangeably for example; Hewson Consulting Group defined it to mean the same utilization of e-technology with regards to CRM. This may be due to their interdependent nature and their business orientation. The academics may however be criticized if the distinction is blurred or not clear. Pan and Lee, (2003) attempted to make a distinction between the terms CRM and eCRM; CRM was considered an approach or business strategy providing seamless integration of every area of business that touches the customer-namely, marketing, sales, customer service and field support- through integration of people, process, and technology. eCRM on the other hand, taking advantage of the revolutionary impact of the Internet, eCRM has thus broadened it and it now expands the traditional CRM techniques by integrating technologies of new electronic channels, such as web, wireless, and voice technologies, and combines them with e-business applications into the overall enterprise CRM strategy.(ibid). In this research, we use the CRM as a wider and the main term that includes eCRM as well as all other channels where organizations and customers could possibly interact.

According to Galbreath and Rogers (1999), CRM is relatively a new management concept, a new approach to managing customers, currently sweeping through business worldwide and its especially finding audience in the professional service sector. Freeman 2004 noted that, services comprises of about 80% of US economy and above 50% of every country's economy. Again he further adds that, world trade in services now approaches \$ 1 trillion per year and continue to grow even more. Canel, Rosen and Anderson (2000), stated that, the services industries in developed countries have been continuously increasing. They went ahead to say that, in the US alone, during the past 15 years, the non-goods- producing sector, that is the service sector of non- agricultural labor force rose 52%. This further makes it interesting to study the objectives of CRM initiatives and the type of benefits to service companies. These interesting statistics also makes it very imperative for studies to be done in the service sectors. Hence we position this study of CRM in the service sector. According to Freeman (2004), services include, royalties and fees, financial services, insurance services, professional services of all kinds, construction services, electronic commercial services, energy services, maritime services, retailing and wholesaling, travel and tourism services, telecommunication services, environmental services, health care services, funeral services, education services, computer and data processing services, and transportation services, railroad services, audio visual products, and many others. Canel, Rosen and Anderson (2000) describe the characteristics of service as the following, intangible, inseparable, perishable, and heterogeneous. According to Canel, Rosen and Anderson (2000), expanding global competition, emerging new technologies, and the improved communications have increased customers' expectations for full satisfied with products and services they purchase with. They further added that many manufacturing and service companies

have been challenged to increase their focus on customer satisfaction and quality of products and services. Canel, Rosen and Anderson (2000) argue that until recently, services have been shattered from competition and have had little incentive to drive out inefficiency. Again they noted that, shielded by regulation and confronted by few foreign competitors, service companies have allowed their white-collar payrolls to become bloated, their investments in information technology to outstrip the paybacks and their productivity to stagnate. This further in our opinion vindicates the importance of this study to be made in the service sector.

1.3 Problem discussion

Khalifa and Liu (2003) stated that, in the last few years, we have witnessed a substantial growth of Internet-based services, both from Internet businesses and from traditional companies that are developing online services as an important customer relationship management (CRM) strategy and initiative. Canel, Rosen and Anderson (2000) argue that, we are now in the service economy. According to Goldfinger (2004) in the last five years, large-scale deployment of the Internet and the related technologies has profoundly impacted some areas in service sector, transforming their product mix, distribution channels and competitive strategies. However he went ahead to say that, this is only a beginning: in the coming years, we can expect a more far-reaching and deeper transformation. At the same time, this transformation is unlikely to be uniform: the impact of the Internet will defer significantly among various segments of services, such as financial services, banking, securities or insurance (ibid). Patton (2001) stated that, organizations often jump into CRM projects and initiatives without clear objectives and strategies from the top management. Vinas (2001) argue that, it may take time for a CRM strategy to show return and benefits. CRM is not a five-minute wonder. Sometimes it takes decades for return on investment to come in. (Ibid)

Wilson, Daniel and McDonald believe that organizations are becoming to know the importance of moving closer to their customers and their extended enterprise business units. They further state that the leading organizations communicate their objectives and goals and are mainly to increase business opportunities. They summarize these objectives as:

- Providing the right offer for each customer
- Providing the right offer at the right time for each customer
- Providing the right offer through the right channel for each customer
- Improving the process to communicate with the right customers

According to Ragins and Greco (2003) Intimate customer relationships offer organizations several advantages and benefits. To begin with, the relationship can create a committed customer. They went ahead to say that, more than repeated purchaser; the committed customer has an emotional attachment to the seller. These emotions can include trust, liking, and believing in the organization's ability to respond effectively and promptly to a customer problem (ibid). This has also been argued by Fournier (1998) who stated that, committed customers can be viewed as organizational assets who are likely to be a source of favorable word-of-mouth referrals and are resistant to competitor's offers. Another factor that could affect CRM usage is the evaluation of tangible return on it, according to Dyche (2001), it is

difficult to evaluate tangible returns on the resources expended to plan, develop, implement, and operate CRM. This is further supported by Kim, Suh & Hwang (2003) that, the intangible nature of benefits such as customer loyalty, service quality, value enhancement, and innovation of operation, effectiveness of process, service improvement, competitiveness, trust and efficiency have to be measured. Trepper 2000 also noted that we have to wait-and-see to determine the benefits and the Return On Investment (ROI) of CRM since CRM does not bring any direct monetary benefits after implementation. He further goes on to say that rather, CRM requires a large amount of initial investment in hardware and software and without any immediate cost saving or revenue improvement (Ibid). The benefits of CRM need to be measured on a long-term relationship with customers and to generate long-term benefits through increased customer satisfaction and retention (Cyber Marketing Services, 2000)

According to (Mooney, 2000) a survey of 300 companies conducted at a CRM conference concluded that CRM is not a cheap, easy, or fast solution. Patton (2001) further adds that, most top 500 companies in the USA are involved in some sort of CRM initiative and strategy and many of the multi million dollar initiatives have stalled or failed as the executives of these companies continue to look for the benefits they want to get from these initiatives and strategies. Again he stated that, the benefits and the scope are far less what has already been talked about in CRM. Gummesson (2002) also added that, generally, it is also worth noting that, CRM as an emerging and a relatively new discipline is in great need of theoretical assistance. In augmenting this, Stefanou and Sarmaniotis, (2003) argue that, the guiding theories and models are not many and in short supply in the field, this is probably due to the fact that it is a new area of research and because of its relatively recent interchange with IT and information systems, which have been rapidly developing.

In brief, we have highlighted the objectives of CRM initiatives and also the potential benefits of these initiatives on the organizations that undertake them. Therefore, in view of all the above-mentioned reasons, the service companies, which constitutes one of the intangible aspects of production, has not been subjected to in-depth study to explore the objectives of their CRM initiatives and the type of benefits that the organisations that undertake these initiatives intend to derive from them. CRM, being fairly new, we thought there are lot of gaps and discrepancies in the research and literature and there is the need for empirical data and comprehensive information which show the objectives, strategies of CRM initiatives of service companies and the type of benefits that these companies intend to derive from the initiatives thus the issue requires further exploration and thus leads to the over all research purpose.

1.4 Delimitations

This research area is very broad and due to the limited nature of time, we will only focus on some of the areas and a complete picture of the topic will not be provided. Therefore, we have limited our study to unravel the objectives of CRM initiatives and the type of benefits that service companies in Sweden that undertake these CRM initiatives intend to derive from it. Moreover, this study will be based on the company's point of view and no attention will be given to the customers' perspective. This is because in our opinion, CRM has become a very popular topic these days in

many organisations and the customer is becoming very important to them and almost all organisations have some form of CRM initiatives.

1.5 Over All Research Purpose

Based on the reasoning above, our overall research purpose therefore is to bring deeper understanding and insight into the objectives and strategies of CRM initiatives by service companies and the type of benefits that these companies intend to derive from the initiatives.

Table 1.1: Operational definition of Variables

Variable	Explanation
Objectives:	We define this as the aim and goal of CRM initiatives and strategies.
Strategies	We define this as the actions and task undertaken by these organisations to be able to achieve the aims and goals of CRM.
Initiatives	By this, we mean CRM programs, actions and activities
Benefits	By this, we mean the advantages or the gains these organisations will derive from the CRM

Source: by the authors

1.6 Disposition of the Study

This study comprises of seven chapters. The content of the first chapter that is already presented consist of the introduction, background, problem discussion and the overall research purpose. Chapter two is mainly for the literature review of the study. This consist of the relevant information on the area of study, that is studies by other authors on the objectives and strategies of CRM initiatives and also the type of benefits organisations intend to get from these initiatives, also the research questions of the study is presented in the second chapter. Moreover, chapter three presents the frame of reference of the study. Further more, chapter four is where the research methodology is presented and in this case, a case study on two service companies will be chosen. We will then move on to chapter five where the empirical data presentation is presented. Chapter six will be the analysis of the study. Chapter seven which will be the final chapter will present the conclusions and implications for theory and practitioners in the area of CRM.

2: Literature Review

This chapter focuses on providing the reader with the necessary information about the relevant literature that is connected to our research problem. It provides theories found which can be connected to, and which covers our research problem. Also our research question is presented in this chapter.

2.1 Strategies and Objectives of CRM Initiatives

According to Gray and Byun (2001) more than 57% of chief executives in a survey with 191 respondents believe that the major objective and strategy of CRM initiatives is customer satisfaction and retention. Keen (2000) states that one of the strategies and objectives of CRM and eCRM is that companies provide consistent and up-to-date customer catalog, order and inventory data across all their sales channels: web, call center and all physical points of presence. According to Chye and Gerry (2002), one strategy of CRM initiatives is to change the organization into becoming customer-centric with a major focus on customer profitability as compare to line profitability. Again they lamented that, the understanding gained from CRM enable companies or organizations to estimate the profitability of individual accounts. They further add that, organizations are then able to differentiate their customers properly with respect to their profitability. Organizations can then build predictive churn models to retain their best customers by identifying symptoms of dissatisfaction and churning, making sure that the customers who generate profit are retained (ibid).

Peppers (1999) summarizes the following as the basic strategies and objectives of CRM initiatives:

- Customer identification: The organization must be able to identify the customer via marketing channels, interactions and transactions for a period of time in order to provide value to the customer by serving his or her need at the right time with a right product or service.
- Customer Differentiation: Every customer has his or her own needs and demands and therefore from the organization's point of view, customers have their own lifetime value.
- Customer Interaction: One of the most important objectives of CRM by an organization is to keep track of customer behavior and needs over time. This is because, from a CRM point of view, the customer's long-term profitability and relationship to the company is very important. This is the reason why a company should continue to learn about its customers and in a continuous manner.
- Personalization: This can be defined as treating each customer differently or uniquely and that is the motto or a major objective of CRM. Through the process of personalization, the organization can increase customer loyalty.

According to Stone (2000) there are two main objectives that influence the need for CRM technologies to support the completion of CRM strategies and initiatives. These are according to Stone (2000) as follows:

- The need for a higher quality in CRM in order to meet the needs of the customers. CRM systems according to Stone (2000) are increasingly being used to arrange companies' resources in a proper order.
- The need for greater productivity in CRM. CRM systems are giving the possibility to automate work previously done by hand (ibid).

According to Thompson (2004) the main strategies and objectives of CRM initiatives are:

- To acquire customers
- To grow profitable customer relationships
- To retain profitable customers
- To create competitive advantage (ibid)

According to Ryals and Knox 2001, the CRM objectives and strategies for service applications include:

1. Cost reduction and increase profitability: a profit center should be created out of a service organization to generate more revenues and also operational and customer information should be used to reduce cost.
2. Use service to differentiate products: Organizations should use service to distinguish business by offering service as a unique feature using multiple channel communications with customers, and having full enterprise wide view of customer information.
3. Use service to delight customers: Organizations should provide enhance customer care, and customer information management across the organization to improve customer satisfaction and loyalty.
4. Use service to improve service delivery: Organizations should create efficient and effective service business using integrated enterprise-wide information available in other front office and ERP applications (Ryals and Knox 2001).

According to Deck (2004), the objective and the strategy of CRM is that it should help organizations to use technology and human resources to understand the behavior of customers and the value of those customers. If it works that way, an organization can:

- Provide better customer service
- Make call centers more efficient
- Cross-sell products more effectively
- Help sales staff closes deal faster
- Simplify marketing and sales processes
- Discover new customers
- Increase customer revenues (Ibid).

According to Greenberg (2001), below are objectives and strategies for an organization that is implementing CRM:

1. Increase revenue: The organization should focus sales force on increasing revenue through better information and good incentives to drive top line growth.
2. Reduction of cost of sales: Organization should use new technologies to reduce the cost of deploying sales automation solutions and improve the effectiveness of sales efforts at the same time.
3. Sales representative retention: organization should empower organizational sales force to proactively track and monitor their performance and compensations levels to better motivate them to achieve goals and be successful within their positions and for the organization.
4. Increase sales representative productivity: Organization should reduce the steps involved in tracking and quoting customer data with integration of sales capabilities across the organization.
5. Improve win probability: Organization should improve the focus of organizational sales efforts with better information to help sales force to close deals (ibid).

Patton (2001) stated that, one of the objectives and strategies of CRM initiatives is to provide sales force with instant information on prospective customers to boost the company's chances for rapid expansion around the world and also to help the sales force to do brisk business.

Xu, et al, (2002) indicated that, one of the objectives and the strategies of CRM initiatives is to Improve and increase communication between a company and its customers as well as within the company itself. Also, they add that not only should competing departments such as sales and marketing, accounting, customer service or support, and manufacturing or fulfillment within the customer be enhanced. Further more they indicated that, it should help in a fundamental shift in the information flow within an enterprise, from quantitative data to qualitative data. Moreover, they say that one of the objectives is to integrate strategy, process, technology, and people in a comprehensive change management process. Again they indicated that another objective is to change the way information flow in the organization (ibid).

Kim, Suh and Hwang (2003) also divided the strategies and objectives of CRM initiatives into four categories. They are as follows:

1. Customer knowledge:
 - Appropriate customer information collection
 - Analyzing customer data
 - Acquiring new customers
 - Employee training and skills improvement
 - CRM technique improvement
 - Secure service
2. Customer interaction:
 - Responding appropriately to customer request
 - Business process integration
 - Channels management improvement
 - Maximizing the effectiveness and efficiency of organizational operations
 - Customizing products and services.

3. Customer Value:
 - Improving customer retention
 - Increasing profits
 - Customer service and support improvement
 - Building an attractive virtual community
4. Customer satisfaction.
 - Improving service quality
 - Establishing relationships with customers (ibid)

Trepper (2000) indicated that, there are three crucial strategies and objectives that need to be fulfilled by a CRM system. These are as follows:

- To enable the sales, marketing and the service staff to perform their duties more like a team, that will lead to a reduce cost and increase efficiency.
- To provide a complete view and consistent view of each customer for all customer interactions by the company.
- To provide the customer with a complete view of the company, irrespective of how the customer contacts the company (ibid).

According to Burnett (2001) CRM objectives and strategies can also be grouped under the following categories:

- Increased profitability margins: By knowing the customers better, efforts can be made to switch less profitable accounts to lower cost/service delivery channels.
- Decreased sales and marketing administrative cost: The decrease can occur if the organization specify and has good knowledge about its target segment customers. As a result, the organization will use its resources better when no effort is a waste of money or time.
- Improve customer satisfaction rate: The increase in customer satisfaction rate will occur because customers will find that the offer is more in line with customers' specified needs.
- Win rates: This will also improve because the company will withdraw from unlikely or bad deals earlier in the sales process (ibid).

According to Xu (2002) the strategy and objective with CRM is to improve a customer's experienced value of how they interact with companies, which will create satisfaction, which will intend creates loyalty and thus brings more sales. He again states that, the value of interaction will be improved by increasing companies' capacity to understand a customer's specific needs (ibid).

Bayon, Gutsche and Bauer (2002) state that, organizations should see the objectives of marketing applications by CRM. They went ahead to say that, these could be categorized under the following:

- Better information for better management: Organizations should implement highly focused targeted campaigns with better returns on marketing investments.
- Expanding marketing channels through the web: Organizations should make use of the power of the Internet to increase marketing reach and effectiveness.

- Closed-loop marketing: Organizations should use programs with comprehensive marketing system that support planning, campaign management, execution, Internet support and analysis to improve marketing management (ibid).

Patton (2001) argues that, the strategy and the objective of CRM initiative and software is to help organizations keep track of their customers and boost revenue by increasing customer loyalty. He went on to say that, another strategy of CRM is to develop customer loyalty and sales per customer to increase the bottom line. According to Crosby (2002) organizations invest so much in CRM systems and initiatives today but many of these systems fail to meet the management objectives on return on investment. He further indicated that, one reason is that, companies apply the technology with the absence of a holistic and coherent business strategy focused on the customer. Again he says that, CRM technology is only an enabler, along with people and processes. Therefore IT needs to be aligned with business objectives and strategies for establishing long-term, collaborative relationships with customers. He further indicated that, management needs to know the clear picture of what the strategy involved and the success requirements (ibid).

Dyche (2001), argues that organizations purchase CRM products base on the following objectives:

- Customer profitability and value modeling: Extensive processing and detailed data combined with profitability modeling products have made it possible for organizations to know which of their customers are valuable and thus worth keeping. Now organizations can measure the customers who are price sensitive, those who bring in some small margins and might never recoup their value, irrespective of their purchase volume; yet some customers who are very low volume purchasers were nevertheless highly profitable. However, profitability is only one area of revenue line. A customer can be unprofitable at the short run but could have referred many high-value customers to the organization, thereby making him very valuable. Again some customers could be very profitable and valuable at the long run (ibid)
- Customer retention: Knowing and understanding that some customers have left the company and knowing specifically who has left is even more important, and also knowing why these customers left is not an easy task at all. The more customers leave, the revenue to the company decreases and hence the greater the loss of revenue. It is also difficult to encourage customers to stay, but this is done base on the assumption that, keeping an existing customer is far more cost effective than acquiring a new one (ibid)
- Cross-selling and up-selling: Cross-selling and up selling is trying to know which products can increase, rather than decrease a customer's total profitability. Cross-selling is selling a product to a customer base on another purchase the customer has already done. Up-selling is also defined as motivating an existing customer to trade up to more profitable products. Because of the assumption that selling more services to an existing customer is less costly and also increases revenue, it has become very common these days. Cross-selling helps companies to sell the right product to the right customer at the right time. The desire of many companies to do the cross-

selling has made the automation of CRM marketing technologies very popular (ibid).

- Behavior Prediction: This helps organizations to determine the next thing customers will do in the future. Data mining techniques are used for behavior prediction based on the customers' history to foresee customer's future behavior. By understanding the next action a customer will take, the organization can make so many marketing decisions based on that. The key to this is to help you to actually know who your best customers are (ibid).
- Personalization: This is the ability of a company to personalize or customize communication, products and services based on knowledge, behavior and preferences at the interaction time. Personalization technologies can apply their learning's to future personalized messages. This helps to remove the guesswork, resulting in a creeping understanding of customers and their preferences over that customer's relation with your company. Personalization on a business to customers (B2C) website is largely based on the analysis of a customer's click streams, his or her navigation path through a company's website (ibid).

According to Jiang (2003), the challenge of CRM is to overcome hurdles, minimize risk and also guarantee results. He further indicated that, rather than seeking all the answers before undertaking an initiative, the organization, must define a clear roadmap of their objectives (ibid).

According to Morelli, Clark and Thesler, (2001) four primary strategies and objectives of eCRM are as follows:

- Personalisation: This involves ensuring that, the customer receives personalised and customised content, communication, product offers, capabilities, product combinations and prices.
- Tracking and tracing: this also requires that, the recording of clicks-streams and customer information to predict behaviours and modify the online strategy and personalisation strategies.
- Ecommunications: This also involves the synchronization and application of email, chat, voice and video interactions.
- Eknowledge: This is the management and provision of information, ranging from frequently asked questions to online discussion forums. Its purpose is to maximise the long-term value of a customer.

The application of eCRM strategies and initiatives will prove vital in the battle for online customers, particularly as new technologies reaches greater volume of consumers (ibid).

Hoffman and Kashmeri (2000) stated that, the strategy and objective of CRM was not just to be cost-reduction oriented but to them CRM means better management of customers and the relationship with them that enable information flow, such as pricing, inventory and planning, in both directions. According to Newell (2000) the fundamental goal and strategy of CRM is to improve organizational profitability through efficient and effective customer relations. Further more, he state that, the strategy of CRM initiative is to be able to identify all the customer groups, the top group, the middle group and the lower group and also be able to know the strategies

to use to respond to all these group and to serve them well. Also he states that, CRM strategies and initiatives are effective if they deliver positive outcomes (ibid).

2.2 Benefits of CRM Initiatives

According to Gray and Byun (2001) the following are the main benefits of CRM. They went on to say that, for an organization to get all these benefits, sales, marketing and service functions must work together:

- To improve the company’s ability to retain and acquire customers
- To maximize the lifetime value of each customer
- To improve service without increasing cost of service.

Again they argue that, proper identification of the customer helps sales force to do cross selling. They further add that, this is through clean data about the customer and a single customer view. Further more, they say that, understanding the customer through differentiation can lead to cost effective marketing campaign, it could also reduce something like for example direct mailing cost. Also, they argue that customer satisfaction and loyalty through interaction could also lead to cost effective customer service. Moreover, they argue that, customer satisfaction and loyalty through personalization can also lead to lower cost of acquisition and retention of customer and thereby maximizing share of wallet. (Gray and Byun 2001)

Table 2. 1: Benefits of CRM projects

CRM strategy	Identification	Differentiation	Interaction	Customization/personalization
Source of benefits	Clean data about customer Single Customer View	Understand customer	Customer satisfaction and loyalty	Customer satisfaction and loyalty
Benefits	Help sales force Cross selling	Cost effective marketing campaign Reduce direct mailing cost	Cost effective customer service	Lower cost of acquisition and retention of customer Maximize share of wallet

Source: Gray and Byun (2001)

Crosby (2002) argues that, by using customer information wisely to deliver what the customer needs, companies will create long-term, collaborative relationships with the customers. He further states that, this will bring many benefits since long-term customers are less costly to serve and smooth-running relationships are less resource intensive (ibid). A survey of more than 500 executives in six industries, communication, chemicals, pharmaceuticals, electronics/high-tech, forest products and retail, believe that 10% improvement of overall CRM capabilities can add up to \$35 million benefits to a \$1 billion business unit. (Gray and Byun 2001). CRM is a very big tool that contributes so much to profit indicated by Newell (2000). Further more he stated that, if organizations could transform the customer data into

knowledge and then use that knowledge to build relationships it would then create loyalty and thereby creating profit (ibid). Turban *et al.* (2000) suggest that increasing customer satisfaction increases customer loyalty. Swift (2001 pp. 28) argues that organizations can get a lot of benefits from CRM initiatives. He goes on to say that, these benefits could be found in these areas:

- Higher customer retention and loyalty:

The customer retention will increase when customers stay longer, buy more and buy more frequently. The customers take more initiatives that increase bounding relationship, and as a result the customer loyalty increases.

- Increased customer profitability:

The customer profitability will increase when the customer wallet-share increases, the up-selling goes up as well as cross-selling and follow up sales and also more referrals come with higher customer satisfaction among existing customers.

- Evaluation of Customer profitability:

When the organization gets to know which customers are profitable and which ones that might become profitable in future, that is the potential profitable customers and those who will never become profitable. This is a very important area because the key to any successful business is to acquire and focus on those customers who bring profit, when you get them, you do not want to leave them.

- Reduced cost of sales:

The costs regarding selling are reduced due to the fact that existing customers are usually more responsive. In addition, with better knowledge of channels and distributors, the relationships become more effective, as well as costs for marketing campaigns are reduced.

- Lower cost of recruiting customers:

When the cost of recruiting new customers reduce or go down, there will be savings to be made on marketing, mailing, contact, follow-up, fulfilling, service and many more.

- No need to recruit so many customers to preserve a steady volume of business: When the number of long-term customers increases and consequently the need to recruit many new customers will decrease (ibid).

Bose (2002) argues that, most organizations can use CRM, however he goes on to say that, there are some organizations that are more likely to get more benefits from CRM than others. Further more he states that, those are the companies that accumulate a huge customer data when doing business and whose customer needs are differentiated. On the other hand, Bose (2002) says that, companies that rarely have any contact with their customers have a higher customer turn over and identical customer needs are likely to get less benefit from CRM (ibid). According to Newell (2002) organizations should under take CRM initiatives where they will get the best possible return and benefits. He goes on to indicate that, companies should then focus on customers who are already profitable and those who will become the company's most profitable customers in future (ibid).

Jiang (2003) found that an integrated eCRM or CRM strategy would allow organizations to manage customer and supplier relationships more effectively than ever before. He further stated that, it would also help organizations to build long-term customer relationships, also brand loyalty and repeat sales that at the end will result in increased and sustained profitability. Again he stated that the end result of a CRM initiative is a better bottom line. A successful CRM strategy can mean millions of dollars in incremental revenue from increased customer retention, greater revenue per customer. More over he indicated that, with the ability to do cross- selling and up-selling to customers the result would be better customer loyalty and greater customer satisfaction (ibid). Thompson (2004) argues that, if CRM is a successful business strategy then it should help the organization to grow profitably and create a competitive advantage. Thompson (2004) found in an online CRMGuru study of more than 1,000 CRM projects and initiatives that the top four expected benefits were increasing customer loyalty, gaining competitive advantage, increasing sales and increasing profitability. Also increasing productivity and executive decision-making, cutting costs or expenses were some of the expected benefits from CRM initiatives. The study concluded that, CRM activities and initiatives have a positive impact on a company's performance (ibid).

Ragins and Greco (2003) argue that, intimate customer relationships offer companies many benefits and advantages. Fournier (1998) says that, committed customers of an organization could be viewed as assets who are likely to be a source of favorable word of mouth referrals and are more resistant to competitor's offers (ibid).

Wilson, Daniel and McDonald (2002) argue that; an organization can receive these benefits from their CRM initiatives:

- Higher customer profitability: Increasing individual customer margins while offering the right product at the right time.
- Creating value for the customer: acquiring the right customers base on customer information and knowledge or learnt characteristics that drive growth and increased margins.
- Increasing customer retention and royalty: The ability to retain loyal and profitable customers will increase the profitability of the organization (ibid).

According to Kim, Suh and Hwang (2003) customer value describes both tangible and the intangible benefits gained from CRM activities, which help to arrange the relationship with the customer successfully. Again they say that, customer value can be achieved through value added by relevant information in virtual communities, a loyalty program, and an attractive bundling of different products for instance. They further indicated that, in order for an organization to determine the value of its customer, the organization needs to analyze such information as marketing campaigns, number of retention customers, and net sales. More over they go on to say that, CRM initiatives should provide mutually beneficial value to the customer and the organization in particular (ibid).

According to Newell (2000), CRM is a useful tool in terms of identifying the right customer groups and for helping to decide which customers to jettison. Again he lamented that, relationship customers have far more potential for loyalty as they are often prepared to pay a premium price for a range of reliable goods or

services. Also he says that, once relationship customers are acquired, they are less likely to defect, provided they continue to receive quality service. Moreover Newell (2000) adds that, one of the benefits is that, it makes existing customers more cost effective than new customers because they are already familiar with and also requires less effort to convince them to buy the company's products and services (ibid).

Newell (2000) divides customers into three types according to the benefits organizations derive from them as follows:

- The top group: These consist of the top 10% and these are the customers with excellent loyalty and of high profitability for the organization.
- The middle group: these consist of the 40%-50% of the company's customers and they are the ones delivering good profits and also show a very good potential for future growth and loyalty.
- The lower group: these consist of the lower 40%-50% of the company's bottom customers and are those who are only marginally profitable and these may become potential future profitable customers.

Xu, Yen, Lin, and Chou (2002) argue that CRM initiatives do not only improve customer loyalty but it also improves the internal processes, which in turn increases as well. Again they indicated that, one of the benefits of CRM is that, it identifies and targets best customers based on recent purchase or behavior, frequency and monetary scoring. Further more they stated that, it helps to manage marketing campaigns with clear goals and measurable or quantifiable objectives. More over XU, et al (2002) state that one of the benefits of CRM initiatives is that it creates and manages solid sales leads for field and telesales representatives. They further add the following as some of the benefits that organizations derive from their CRM initiatives and solutions:

- It increases marketing and cross selling opportunities
- It enables tight and accurate targeting and one-to-one marketing
- It helps increases return on marketing investment
- It adds more valuable knowledge already gained from direct customer interaction and this knowledge in turn helps improve product development process (ibid).

Xu, et al, (2002) summarize the following as the benefits of CRM initiatives from the sales perspective:

- It improves telesales, field sales, and sales management through real time information sharing among multiple employees.
- It increases sales efficiency through wire and Internet-based order entry.
- It improves territory management with real time account information updates
- It improves the entire sales force by capturing, distributing and leveraging the success and expertise of the highest performers.
- It increases revenue per call by focusing on growing the best accounts (ibid).

According to Xu, et al (2002) the following summarize the benefits of CRM initiatives and solutions from the field service perspective:

- It ensures customer satisfaction and retention by solving customer problems quickly.
- It integrates the management of people and materials within the service organization smoothly.
- It again ensures customer satisfaction by allocating, scheduling and dispatching the right people, with the right parts at the right time (ibid).

Xu, et al, (2002) summarize the benefits of CRM initiatives and solutions from the perspective of the customer support as follows:

- Shared relationships with personalized customer care based on specific customer history and preferences are strengthened.
- Through automated scripting based on known solutions, call center efficiency and help desk support's quality are improved
- Support and service costs are reduced when Web-based support functionality is extended directly to the customer and this increases customer satisfaction.
- All customer contact from sales, support, field service and marketing are centralized.

Scullin, Allotra, Lloyd and Fjermestad (2002) lamented that CRM can bring greater efficiency and cost reduction in an organization. For example, they indicated that, the integration of customer data into a single database by an organization allows the company to do marketing teams, sales force and other departments within the company to share information and work toward common corporate objectives by using the same underlying statistics. They further state that, CRM helps improve customer service and support. They argue that for instance, it helps the organization to receive more accurately, update and close even the very remote orders. Again they lamented that, it also helps to view customer service agreements, search for proven solutions and best practices, and subscribe to products-related information and software patches and access knowledge tools useful in completing service orders.

One of the benefits that Scullin, Allotra, Lloyd and Fjermestad (2002) believe can be derived from CRM initiatives is increased customer loyalty. This they say can be seen in this aspect, for example, information captured by CRM system helps a company to identify the actual costs of winning and retaining individual customers. Also having the data allows the firm to focus its time and resources on its most profitable customers. Moreover, they say that, classifying one's best customer in this way allows an organization to manage them more efficiently as a premium group, with the understanding that it is neither necessary nor advisable to treat all customers in the same way because each customer is different and has his or her own unique needs and demands. Further more, Scullin, Allotra, Lloyd and Fjermestad (2002) hammered that more effective marketing can be realized as a result of CRM initiatives. They argue that, for example, having detailed customer satisfaction from an eCRM system can allow a company to predict the kind of products that a customer is likely to buy as well as the timing of purchases. Again they continue to say that, CRM allows for more targeted campaigns and also tracking of campaign effectiveness. Moreover, they add that, customer data can

be analyzed from multiple perspectives to discover which elements of a marketing campaign received the greatest impact on sales and profitability.

Benefits	Examples
Increased customer loyalty	<p>Information captured by CRM or eCRM system helps a company to identify the actual costs of a winning and retaining individual customers.</p> <p>Having this data allows the organisation to focus its time and resources on its most profitable customers.</p> <p>Classifying one's best customers in this way allows the company to manage them more efficiently as premium group, with the understanding that it is neither necessary nor advisable to treat every customer in the exact same way</p>
More effective marketing	<p>Having detailed customer satisfaction from an Ecrm system allows a company to predict the kind of products that a customer is likely to buy as well as the timing of purchases.</p> <p>CRM allows for more targeted campaigns and tracking of campaign effectiveness.</p> <p>Customer data can be analysed from multiple perspective to discover which elements of a marketing campaign had the greatest impact on sales and therefore profitability.</p>
Improve customer service and support	<p>More accurately receive; update and close orders remotely log materials, expenses and time associated with service orders.</p> <p>View customer service agreements.</p> <p>Search for proven solutions and best practices</p> <p>Subscribe to product-related information and software patches</p> <p>Access knowledge tools useful in completing service orders</p>
Greater efficiency and costs reduction	<p>Integrating customer data into a single database allows marketing teams, sales force, and other departments within a company share information and work toward common corporate objectives using the same underlying statistics.</p>

Adapted from Scullin, S., Allotra, J., Lloyd, G.O. and Fjermestad, J. (2002), Electronic customer relationship management: benefits, consideration, pitfalls and trends; Proceedings of the IS One World Conference, Las Vegas, Nevada, 3-5 April, CD-ROM.

Hoffman and Kashmeri (2000) argue that one of the benefits of a CRM initiative is the reduction of inventory across board. According to Morelli, Clark and Tesler, (2001) the benefits and value of eCRM is very clear. They state that, eCRM involves the application of techniques and technologies to maximise mind share, market share and wallet share across the three key customer facing business functions; namely, emarketing, esales and eservice. They argue that, a successful ebusiness will acquire and convert a customer once but serve a customer several times. This they say could be seen in cross-selling and up-selling. They go on to state that, customers will increasingly tend to spend their money on relationships with companies they trust and that can the right products and services at the right time through the right channels and therefore companies that develop close, high-integrity relationships with their customers will grow and thereby prosper. Again they add that a recent report by Andersen Consulting research demonstrates the value of eCRM. This study they say found that a typical \$ 1 billion company could increase profitability by as much as \$150 million a year by achieving top performance in eCRM capabilities. Again they indicate that, it will help in achieving improvements in customer interaction capabilities. They also state that, it will offer companies an effective means to retain and serve existing customers, and also to reduce costs and to differentiate themselves from their competitors and thereby giving the organisation a competitive advantage. Furthermore, eCRM capabilities also help a company to sell to new customers. With the Internet and the potential power of its existence anywhere, any time customer service will help companies to acquire and to retain customers. However, they lamented that failing to use emerging technologies with the CRM could risk a company retention rates and ultimately, its market viability.

2.3 Summary and Conclusion of the Literature Review

In this section, we have briefly tried to discuss some of the major and relevant studies addressing the objectives and strategies and the benefits of CRM initiatives. It has come out of the literature review that, at least there has been some studies on the area; however, it is very difficult to come by one study that is addressing the issue of CRM objectives, strategies and initiatives and the benefits at the same time. Throughout the reading and searching for the relevant theory, we found out that although there has been some studies, it is very scattered and it has been very difficult to gather all the above from various authors and put it together as one theory.

Throughout our reading and search for the relevant theory for this study, we realised that, most of the studies that talk about objectives and strategies of CRM initiatives dwelt so much on the following: Customer identification, customer differentiation, customer interaction and personalization or customization. Further more, we came to the conclusion that, those authors who talked about the benefits of the CRM initiatives were very particular about these issues, namely: revenue and profitability enhancement, cost savings and reductions and organisational impact.

Further more, in our readings in search for relevant literature for this research, we found out that, although there has been some studies on this area, however, it was very difficult for us to lay hands on one single study that has put together the objectives and strategies and the intended benefits of these CRM initiatives in one theory. In our opinion, we think that it will be interesting to have a one single theory that encompasses the objectives and strategies of CRM and the intended benefits. In other words, what motivate organisations to embark on these CRM strategies and initiatives.

Therefore, based on the above discussions, the following research questions are proposed:

2.4 Research Questions

1. How can the objectives and strategies of CRM initiatives by organisations be described?
2. How can the expected benefits of CRM initiatives by organisations be described?

3 Conceptual Framework

The previous chapter provided a brief review of literature related to our research questions. This chapter will provide the conceptualisation, which constitutes the frame of reference for this study. The main aim of this chapter is to select relevance theories and concepts that will be used in this study. The frame of reference will therefore guide us in the collection of data and it will also help us to fulfil the purpose of gaining better understanding of the objectives and expected type of benefits that organisations intend to derive from their CRM initiatives.

3.1 Conceptualisation

According to Miles and Huberman (1994, pp.18) a conceptual framework: shows, either graphical and or in a narrative form, the main things items or areas to be studied. We will start by presenting theories that are relevant and are connected to the first research question, how can the objectives, strategies of CRM initiatives by organisations be described? And then it will be followed by theories relevant and are connected to our second research question, how can the expected benefits of CRM initiatives by organisations be described? are presented.

3.2 Objectives and strategies of CRM initiatives

This part, the conceptualisation will focus on the first research question. The selected theories are of much importance in order to be able to answer how can the objectives, strategies of CRM initiatives by organisations be described? To make this research question more clear and easy to grasp and understand, we will use the following sources. Peppers (1999) divided the objectives and strategies of CRM into four categories as follows: Customer identification, customer differentiation, customer interaction and personalisation. Therefore we have decided to divide the first research question into four categories as suggested by Peppers.

3.2.1 Customer identification

- Identify customers via marketing channels (Peppers 1999)
- To acquire new customers (Thompson 2004)
- Discover new customers (Deck 2004)
- Acquiring new customers (Kim,Suh and Hwang 2003)

3.2.2 Customer differentiation

- Differentiate customers with respect to profitability (Chye and Gerry 2002)
- Each customer has his or her own unique needs and demands (Peppers 1999)
- Use service to differentiate products (Ryals and Knox 2001)

3.2.3 Customer Interaction

- Organisations should continuously learn about its customer (Peppers 1999)
- Improve and increase communication between a company and its customers (Xu 2002)
- Responding appropriately to customer request (Kim,Suh and Hwang 2003)
- Building an attractive virtual community (Kim, Suh and Hwang 2003)
- Establishing relationship with customers (Kim, Suh and Hwang 2003)
- Improve interaction with customers (Xu 2002)
- Keeping track with customers (Patton 2001)
- Ecommunications (Morelli, Clark and Tesler 2001)

3.2.4 Personalisation

- Treating each customer uniquely (Peppers 1999)
- Customizing products and services (Kim, Suh and Hwang 2003)
- Ensure that the customer receives personalised product offers (Dyche 2001)

3.3 Benefits of CRM

This part deals with the second research question. The selected theories are of importance in order to be able to answer the how can the expected benefits organisations intend to derive from their CRM initiatives be described? This section has also being divided into three categories: revenue and profitability enhancement, cost savings and reductions and organisational impact. Under this section, the following sources were utilised:

3.3.1 Revenue and profitability enhancement

- Improve the ability to acquire and retain customers (Gray &Byun 2001)
- Cross selling (Gray &Byun 2001)
- Maximising share of wallet (Gray &Byun 2001)
- Creating loyalty and increasing profit (Newell 2000)
- Maximise the lifetime value of customers (Gray &Byun 2001)
- Higher customer retention and loyalty (Swift 2001)
- Increased customer profitability (Swift 2001)
- Higher customer profitability (Wilson, Daniel and McDonald 2002)

3.3.2 Cost saving and reduction

- Improve service without increasing cost of service (Gray &Byun 2001)
- Cost effective marketing campaign (Gray &Byun 2001)
- Cost effective customer service (Gray &Byun 2001)
- Reduce cost of sales (Swift 2001)
- Lower cost of recruiting customers (Swift 2001)

3.3.3 Organisational impact

- Organisations manage customer relationships effectively (Jiang 2003)
- Brand loyalty (Jiang 2003)
- Competitive advantage (Thompson 2004)
- Positive impact on the company's performance (Thompson 2004)

Our motive for using the above mentioned theories are due to the fact that they complement each other, the objectives and strategies and the expected benefits of CRM initiatives. The objectives and strategies stated by different authors sometimes describe the same thing or the same objective or strategy in different words, for this reason, we have chosen to exclude some of the objectives and strategies and some of the benefits from our frame of reference because of their similarity to one of the objectives and strategies and the benefits mentioned above.

3.4 Emerged Frame of Reference

In this section, we will present our emerged frame of reference. Figure 3.1 and 3.2 visualise our frame of reference.

Figure 3. 1: frame of reference

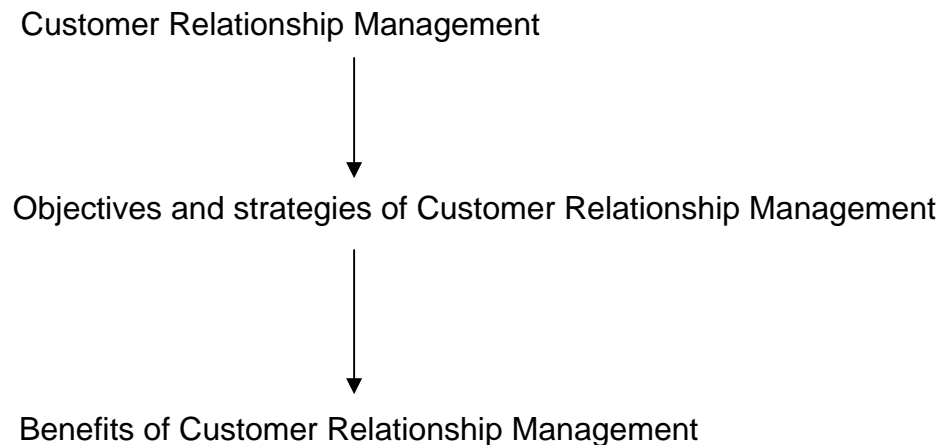
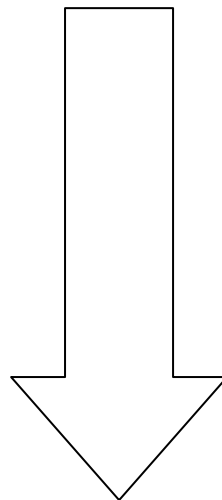


Figure 3.2

RESEARCH QUESTION 1: Objectives and strategies of CRM initiatives

RESEARCH QUESTION 1: strategies of CRM

Customer Identification	Customer Differentiation	Customer Interaction	Personalisation
<ul style="list-style-type: none"> • Identify customers via marketing channels • To acquire new customers • Discover new customers • Acquiring new customers 	<ul style="list-style-type: none"> • Differentiate customers with respect to profitability • Each customer has his or her own unique needs and demands. • Use service to differentiate products. 	<ul style="list-style-type: none"> • Organisations should continuously learn about its customer. • Improve and increase communication between a company and its customers. • Responding appropriately to customer request. • Building an attractive virtual community. • Establishing relationship with customers. • Improve interaction with customers. • Keeping track with customers. • Ecommunications 	<ul style="list-style-type: none"> • Treating each customer uniquely. • Customizing products and services • Ensure that the customer receives personalised product offers



RESEARCH QUESTION 2: Benefits of CRM

<i>Revenue and profitability enhancement</i>	Cost savings and reduction	Organisational impact
<ul style="list-style-type: none"> • Improve the ability to acquire and retain customers • Cross selling • Maximising share of wallet • Creating loyalty and increasing profit • Maximise the lifetime value of customers • Higher customer retention and loyalty • Increased customer profitability • Higher customer profitability 	<ul style="list-style-type: none"> • Improve service without increasing cost of service • Cost effective marketing campaign • Cost effective customer service • Reduce cost of sales • Lower cost of recruiting customers 	<ul style="list-style-type: none"> • Organisations manage customer relationships effectively • Brand loyalty • Competitive advantage • Positive impact on the company's performance

The research framework shows the relationship between all the variables, the interconnectivity between all the variables, that is the strategies and objectives of CRM and the benefits organisations derive from it.

4 RESEARCH METHODOLOGY

The previous chapter showed how the literature has been condensed and conceptualized in this study and provided a visual explanation of the emerged frame of reference. This chapter covers the methodology used in this research. The selection of methodology is based on the research problem and stated research questions.

4.1 Introduction

According to Nachamias et al (1996) methodologies are considered to be systems of explicit rules and produced, upon which research is based, and against which claims for knowledge are evaluated. Elabi et al (2002) argue that conducting any type of research should be governed by a well-defined research methodology based on scientific principles.

4.2 Research Strategy

According to Denscombe (2000, p3-68) there are five different research strategies to choose from. They are as follows:

- Surveys
- Case studies
- Experiments
- Action research and
- Ethnographic (ibid).

Table 4.1: Situation for different Research Strategies

Research Strategy	Forms of Research Question	Require control over behavioural Events	Focus on contemporary Events
1...1 Experiments	How/Why	Yes	Yes
Survey	Who/What/Where/How many/How much	No	Yes
Archival/ Analysis	Who/What/Where/How many/How much	No	Yes/No
History	How/Why	No	No
Case studies	How/Why	No	Yes

Source: Yin 1994, pp.6.

Denscombe (2000, p 41) indicates that, the primary aim or goal of undertaking case studies is to have a general view by studying the specifics; again he states that, case studies are more holistic than focusing on certain details (ibid). According to Yin (1994, p 147) case studies are used to bring deeper understanding, insight and

knowledge about particular selected cases to be undertaken. Yin (1994, p12) states that, by using case study, the researcher can study few objects and items in many aspects.

The purpose of this study was to bring an insight and better understanding of the objectives, strategies and expected benefits of CRM initiatives in service companies. Due to this reason, we did not have and require control over behavioural events. This rules out experiment as a research strategy. Moreover, we described how companies CRM objectives and the intended benefits. Again this makes Historical state not appropriate either. Survey and analysis of archival records are advantageous when the research goal is to describe the incident or prevalence of a phenomenon and also when it is to be predictive about certain outcomes (Yin, 19994 p 6-7). This is not what we wanted to do; therefore this leaves us with only one research strategy, case study. Case study as a research strategy can be defined as an inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evidenced and which multiple sources are evidenced and used. Again (Yin1994) emphasise that case study has a distinct advantage when a 'how' or 'why' or in the case of exploratory 'what' question is being asked about contemporary sets of events over which the researcher has little or no control over the variables; again we were trying to answer 'how' questions so we think that case study was very appropriate for this work. Even though suspicion may exist using case study as a research strategy due to its unscientific feel, it can be a worthwhile way of exploring existing theory and a simple well-constructed case study can enable the research to challenge an existing theory and also provide a source of new hypotheses. Another advantage of using case study is the fact that, it enables an entire organisation to be subjected to an in-depth investigation (ibid).

From the above discussion, case study is considered the most appropriate and suitable research strategy for this work hence we decided to use case study. This is because it enabled us to unearth an insight and a deeper understanding of the objectives, strategies and intended benefits of CRM initiatives and programs by service companies particularly banks. In this particular study, three companies that are using CRM programs, strategies and initiatives and are expecting some benefits by using CRM initiatives were considered.

Furthermore, one of the reasons why case study was used is that, the research questions were answered from the company's perspective. By studying from this perspective, we considered that, by gaining understanding of the case companies processes, relationships, attitude and over all way of dealing with its customers, we could get a holistic picture of the selected cases. We could have used other strategies like survey, experiments if the questions would have been answered from the customers' point of view.

4.3 Selection of Case Study

According to Denscombe (2000, p 33) the case study approach calls for the researcher to make choices from among several numbers of possible events, people, and organisations. He further postulated that, the researcher have to pick one or just a few from many examples from the group of things that are being studied: moreover,

he indicates that, what ever the case and the subject matter, the case study normally depends on a deliberate and explicit choice about which case to select from among the numerous possibilities (ibid). Miles and Huberman 1994,p.27) postulated that, all research, involves sampling. They further stated that, no study, whether quantitative or qualitative, or both can include everything: 'you cannot study everything everywhere doing everything' (ibid). Multiple case studies was conducted on three service companies, preferably banks from each sample frame. Yin (1994) state that a case study research is considered to have a distinct advantage when a HOW or WHY (or exploratory WHAT) question is asked about a contemporary set of events over which the investigator has little or no control. Case studies have often been considered as a useful tool for the preliminary, exploratory stage of a research project (Rowley, 2002). We also believed that a multiple case study strategy and approach has also helped us to further capture larger samples, attitudes and attitudes and activities, a deeper insight into the objectives and strategies and expected benefits organizations intend to derive from their CRM initiatives.

According to Miles and Huberman (1994) a researcher can choose to conduct research on a single case or to conduct multiple case studies; In a within case analysis of this study, collected data is compared with previous theory in order to identify differences and similarities; The main aim and objective of doing a cross case analysis was to be able to compare the single cases with each other and to increase generalization. The cross case analysis make it possible to observe if the data collected in separate organizations are diverse, typical and effective. (ibid). In this study, both within case analysis and a cross case analyses are conducted. First of all, each case analyzed separately and compared to previous theories. This analysis is followed the same structure as the frame of reference. Secondly, the three single cases are compared with each other in a cross case analysis. This also followed the same structure as in the frame of reference. We chose the three case companies from the same industry, that is all the companies are banks so we can really have an interesting cross case analysis since their activities and programs are very similar. In one occasion, specifically at FöreningsSparbanken, the manager said that all banks are the same but it is the relationship between a bank staff and or a bank and its customers that differentiate one bank from another.

4.4 Data collection

According to Denscombe (2000, p 83-158), there are four main methods for data collection; they are as follows:

- Questionnaires
- Interviews
- Observation and
- Documents;

According to Denscombe (2000, p 83-158) indicates that interviews are suitable when there is the need to gather detailed data and information from very few respondents, but one has to ask oneself before conducting interviews whether his or her study needs this type of information and if it will be possible to rely on the material these few respondents would provide the researcher with. Denscombe (2000) further state that, semi structured questions as a list of subjects that will be handled, but also the respondent would have to be able to speak freely without any

restrictions and be able to develop their own thoughts, even if the researcher decides the order of the questions. Denscombe (2000) believes that, interviews are the most suitable when the collected data is based on privileged knowledge, that is, information from key persons or insider information (ibid).

In this project, we use data and information from the companies website and handouts on for example the background of the companies that we did choose for the case study are the sources of some of the data and also interview was also one of the source for the data. This is because we believe that it is the most appropriate method for the study in order for us to bring better insight and a deeper understanding into the objectives, strategies and expected benefits of CRM initiatives by organisations.

Denscombe (2000, p. 136) summarises the advantages of method of interview as follows:

- Depth of information: Interviews help in producing detail and in-depth with the subject or the topic. Topics can be pursued and issues probe for a long time.
- Insights: The researcher gets insight according to the data he or she gets from key persons (interviewee) in the organisation.
- Equipment: Interviews do not require any heavy equipment and more to the point, the interviewer uses his or her already existing conversational skills.
- Informants priorities: Interviewee have the opportunity to use their own judgement and discretion to explain and expand ideas as they deem what issues and factors as crucial and therefore important for them to bring out.
- Flexibility: Interview can be deemed as the most flexible method of data collection.
- Validity: Accuracy and relevance regarding data collected can be checked based on the direct contact at the point of the interview.
- High response rate: Relatively high response rate is ensured since most interviews are prearranged and scheduled for a convenient time and location.
- Therapeutic: People always tend to enjoy the interview experience because of the personal touch element; and people like to talk to people who want to listen to their idea without being critical but rather is very interested in the and would like to be noting the ideas down (ibid).

Based on the above advantages, in our opinion, we think that, it is worthwhile using the interview because we had access to privileged information due to the kind of people we had chance to talk to and also the kind of information that was given to us. We believe that without that kind of personal interactions with these key people, we would not have got access to that kind of indepth information.

Furthermore, we believe that it was really interesting to talk to people who really want people to listen to them for them to do all the talking and we showing a lot of interest in the issues they were discussing. For instance one of the respondents said that it was good for him to talk to us because he thinks it is an opportunity for him to also talk to English speaking people and it is an opportunity for him to practice his English on us so he really enjoyed it.

We did contact key and the right people when it comes to CRM in all the organisations we studied. It was not very difficult to get the right responds to our

questions. This is because in all the companies that we conducted the investigations for this study, we were able to get the people at the highest position so we believe that they had grips at what is going on in the companies and especially when it comes to company strategies and CRM. Again we talked to at least two key people in the companies who actually either are in the helm of affairs and or deals with customers so we believe that they were able to give us the right kind of information we were looking for. The interview was formulated by using a set of open-ended and close-ended questions. Perry (1998) argues that probe questions about research issues must be prepared in case the interviewee does not raise them in the first, unstructured parts of the interview. The probe questions usually start with How, as this can definitely not be answered with a yes or a no (Easton 1994b) The probe questions formed the major parts of the prepared interview protocol (Yin 1994) which were used to provide a reliable framework for cross-case analysis of data (Perry, 1998).

Furthermore, each interview sought was on the basis of the interview guide, which included among the issues below:

- Initially gather information on the background of each bank and the staff and the role they play in customer relationship management.
- How do they describe the objectives of their CRM initiatives
- How they would achieve these objectives and the expected benefits
- How they describe the strategies of their CRM
- How they describe the expected benefits of their CRM initiatives

People with competence in the field of research and long research experience did examine the interview guide to make sure that all the issues addressed our research questions. However necessary adjustments were made.

Again we believe that face-to-face interviews were very feasible in the frame of this study since we talked to people at the Lulea branch of all the banks we investigated. This made it possible for us to visit all the respondents and to conduct face-to-face interviews with them. All the interviews were conducted face to face and a tape recorder was used to accurately record and register the proceedings. We notified all the respondents initially before we record. Further more, additional notes were taking together with the recordings in order to facilitate cross-checking of the information. Each interview covered about one hour. Immediately after the interview session, we try as much as possible to listen and read all the data we gathered. This is because, we wanted to keep it close to our mind and memory; we did not want time to pass which could make the analysis of the data even more difficult and sometimes not trustworthy. In this case we made sure that, all the data analysis were done as soon as possible so that we can again use our minds and memory with the data we recorded and wrote.

4.5 Data Analysis

According to Denscombe (2000, p. 134) data analysis means that, the researcher is deciding what and which meaning can be attributed to the words and what are the

implications to that effect; and how does it relate to the topic being investigated. In this study, we will undertake the analysis by dividing it according to our research questions and also comparing the data collected to the theory.

With regards to data analysis in this study, we first divided the data collected into categories or research areas that emerged during the data analysis process. The data categories were further arranged into themes that corresponded to the research questions and the areas of literature covered in chapter two. Again in our opinion, we think that it was worthwhile and sufficient to do a cross case analysis to highlight variations and similarities between and among different samples and this present the results in an aggregated form, taking into consideration the respondents.

Further more, when presenting data in this study, attempt was made to write down ideas about analysis and conclusions coming out from during the early phase. Drafts of literature review and methodology sections were refined, re-written and sometimes changed over and over again in order to parallel with data collected. In final analysis, the results of the cross case analysis and the within case analysis mainly formed the basis of presenting the findings and conclusions of this study.

4.6 Quality standards

4.6.1 Reliability

Denscombe (2000, p. 213-214) postulated that, reliability means whether the research instruments are neutral in their effect, and can measure the same result when used on other occasions and applied on the same subject or object; if someone else undertakes the same study, would he or she get the same result and also arrive at the same conclusions? Also he goes further to state that, researchers have to feel confident that, their measurements are not affected by a research instrument that gives one reading on the first occasion it is used and a different reading on the next occasion when there has been no real change in the item being measured. Moreover, he indicates that, a good level of reliability means that, the research instrument produces the same data time after time on each occasion that it is used, and that any variation in the results obtained through using the instrument is due to fluctuations caused by the volatile nature of the research instrument itself. Again he said that, a research instrument is said to be reliable if it is consistent, and that this is generally deemed to be good as far as research is concerned.

With regards to reliability in this study, we find it to be as accurate as possible when dealings with people; that is human beings are very dynamic and as such changes and develops. Due to this fact, we have collected theories that are confirmed, however, the empirical part of this may differ. This is because it is all about human interactions, between the interviewee and we the interviewers.

Moreover, we have tried to improve the reliability of this study by describing and documenting all the steps that we have followed. We have read in advance about the companies in our sample and as two researchers, taped all the interviews and recorded the proceedings in order to reduce biasness and errors. We also went back

to some of the companies for a review of the data collected when we thought that a point needs to be clarified and for further explanations.

Again as recommendations by Yin (1994) , we have made use of the case study protocol that invariably has helped to increase the reliability as we have established a database of research materials, tapes from interviews and referred articles that can be made available to those who may be interested.

4.6.2 Validity

According to Denscombe (2000, pp. 213-214) validity of a research work, boils down to the following:

- Do the conclusions do justice to the complexity of the subject or phenomenon being investigated and also does it avoid oversimplifications and also does it offer internal consistency?
- Has the researcher self been recognised as an influence in the study and also very objective?
- Have the researchers selected the topic on explicit and reasonable grounds as far as the aims and goals of the study are concerned?

In this study, in order to ensure high validity, we did study nothing but the purpose; the interview questions and the interview guide were tested on experience researchers such as , our supervisor who has quiet a long experience in research; and some PDH students in the faculty; and some of our colleagues, that is some master students in the faculty; also we tried to avoid any kind of biasness on our part and we were very objective.

Furthermore, in this study, data collection methods were complemented with different kinds of materials and web pages whilst personal or face-to-face interviews were conducted by the researchers on responsible officers or respondents in the selected sample companies in order to get first hand information. Also the choice to conduct a multiple case studies on three companies, which are in the same industry, increased the validity of our research since it has provided us with a lot of information about the research area.

5 Empirical Data Presentation

In the previous chapter, the research methodology was discussed. In this chapter, the empirical data we collected from the three case companies are presented. The three investigated banks are, Nordea, Handelsbanken and Föreningsbanken. The data is based on our conceptual frame of reference in chapter three and also our two research questions in the chapter two. Each section will begin with a brief background of the company, and thereafter, the data collected from our interview in a way to answer the two research questions that we have in this study.

5.1 Nordea Bank

Nordea is the largest financial services group in the Nordic region. It has approximately EUR 262 billion in total assets. Nordea is also one of the world-leading Internet banking and e-commerce operations. Nordea was formed base on the philosophy of 'creating new possibilities'. The possibilities of providing better financial solutions; better for the customers; better than its competitors; better than before and to do this at a lower cost and with higher quality. This ambition is encapsulated in the group's mission statement: ' Making it possible'. This is about helping customers to achieve what they aspire to. The name Nordea originate from two words: 'Nordic' and 'Idea'- Nordic ideas. Nordea came about as a result of a merger of four Nordic banks. Namely, Merita bank, Nordbanken, Unibank, and Christiania Bank from Finland, Sweden, Denmark and Norway respectively. This took place in December 2001. The bank's focus is to concentrate on creating value for its customers and shareholders. It has about 3.9 million online or Internet customers. It has a very significant position in the Nordic region. This can be seen in its presence in the banking markets the Nordic countries as follows:

- 40% in Finland
- 25% in Denmark
- 20% in Sweden and
- 15% in Norway

Again it also has a very significant position in the Nordic insurance markets that is life insurance. This can also be seen in percentage terms as follows:

- Finland 35%
- Denmark 10%
- Norway 9% and
- Sweden 2% (www.nordea.com)

Nordea handles trading, research, sale of fixed income products, foreign exchange products, money market, commodities, corporate bonds and credit derivatives, equity and index-linked fixed income products, foreign exchange and fixed income derivatives as well as debt capital market products. Nordea was the second-largest lead arranger of international corporate bonds for non-financial

issuers in the Nordic market in 2003. The market share for Nordea is about 12.9% as compared to Citigroup's 18.4%. This is very significant because none of the other big banks have come even close to that figure (www.nordea.com).

Nordea has the largest customer base than any financial services group in the Nordic region. This can be seen in the figures below:

- 9.6 million personal customers
- 930,000 corporate customers
- 1000 large corporate customers

Nordea has 1209 branch offices across the region.

Nordea has the leading asset manager in the Nordic financial market with about EUR 126 billion. This also includes private banking (www.nordea.com). Nordea's share is listed on Stockholm, Helsinki and Copenhagen stock markets.

In 2004, Nordea was named the best private bank in Sweden by the 'Banker' and more so

in July 2003, Nordea was named the best bank in Finland by Euromoney, the leading international financial services magazine.

5.1.1 CRM in Nordea Bank

Mr. Fredrik Lundberg, the manager in charge of the Norrbotten region in Sweden defines CRM as a personal interaction with its customers. He segments the B2C customers of the bank into three groups: the gold customers, the silver customers and the ordinary customers. Nordea began its CRM project three years ago. In this program, Nordea does survey about the customers' satisfaction every year. They send questionnaires to their customers to evaluate themselves to see if they meet the customers' satisfaction or not. Moreover, in this program, Nordea meets its customers from time to time to find out what its customers see about them and also to find out the feelings of its customers. They try as much as possible to know if the customers are satisfied with its services and or if they are not satisfied. If they are satisfied, then they do more of what they have been doing and also ask the customers what more do they want from the bank and they try to do that in order to delight its customers. If they are not satisfied, then the bank tries to find out why and try to meet them according to their individual specific needs.

5.1.2 Objectives and strategies of CRM at Nordea Bank

According to Mr. Fredrik Lundberg, the manager in charge of the Norrbotten region, based on an interaction that we had with him in his office at the Lulea branch of the bank for more than an hour; the basic objective of the bank's CRM programs is to be the bank that has the most satisfied customers. This the bank believe will be made possible by making it possible for the customers to achieve their needs and aspirations in their life. This is based on its statement 'Make it possible'. In this program they try to make it possible for their customers to achieve their goals and aspirations in life. The main objectives and strategies of CRM in Nordea Bank can be seen in the areas below:

- **Customer Interaction:**

When it comes to interaction, Nordea uses as many channels as possible as they can to reach their customers. These channels include: call center, ATM, sales personnel, branch offices and the Internet. Within these channels, the bank prefers to contact their customers face to face. They think that face-to-face discussions can help them gain better understanding of their customers and vice versa and it is also easy to communicate with them. For Nordea, the interaction that a customer get has also been grouped into three categories base on the way they have group their customers, that is gold, silver and ordinary customers. In this case, the gold customers have a personal private banker who meet with him or her on regular basis to discuss the customer's finances and for the bank to offer advice as to how best the customer can manage his or her finances base on the customers needs. The silver customers also have a staff that has been assigned to them so that any time they need any help or advice they talk to that particular person who also understands the customers' needs. In the same way, the ordinary customer has not been assigned a personal private banker as it is with the gold and the silver however, anytime they need any assistance through any of the channels, the bank is happy to help base on again the customers needs and the information they have about him or her. Not withstanding the above, Nordea does survey about its customers satisfaction every year. This is for all categories of customers. They call this Customer Satisfaction Index (CSI). In this program, they try to meet the best customers to share ideas and discuss and ask for suggestions on how to help them to manage their private finances.

- **Customer Differentiation:** This is also one of the major objectives and strategy of CRM in Nordea. Basically the B2C customers of Nordea have been group into three categories. They are: gold customers, these are the big and the most important customers of the bank; silver customers, they are the next important customers after the gold and; the ordinary customers, they are also important but just that they are the normal customers of the bank.
- **Personalization:** Personalization is also part of CRM strategies of Nordea. This according to them is one of their primary aim that the bank try to help each customer to achieve his or her goals in life according to their personal needs and demands. They also use data mining methods to search through the customer database that they have, trying to know the needs of the ordinary customers and make customized service and products for them. For the gold and the silver customers, they meet them one on one basis and try to know their needs so that they can help them to meet these needs.
- **Customer Identification:** Nordea identify and acquire new customers through their youth programs. They go to the university campuses from time to time and meet with the students. They also sponsor university student programs so that their name will be familiar with the student body. One way that they get new customers is that, they also visit companies and talk to the staff. Again they have partners and affiliates so they try to get to the customers of their partners and affiliates and also the staff of the corporate customers.

5.1.3 Expected Benefits of CRM at Nordea

According to Mr. Fredrik Lundberg, the major benefits Nordea was expecting or the main reasons why they embarked on the CRM program as follows:

- **Revenue and profitability enhancement:** They wanted increase customer satisfaction that will lead to customer loyalty and therefore higher profitability for Nordea.
- **Cost savings and reduction:** They wanted to do this by know their customers well so that they will proved the right product to the right customer at the right time. By doing this cost of advertising campaign will be reduced.
- **Organizational impact:** They want to achieve this by increasing customer satisfaction, customer loyalty and also higher profitability. Mr. Fredrik said that for the past few years, the image of Nordea has been improved He said that this can be seen in the number of awards that the bank has been receiving, for example Nordea was adjudged the best private bank in Sweden in 2004 and also the best bank in Finland in 2003. He attributed this to the good CRM program they are embarking on.

5.3 HandelsBanken

Handelsbanken was founded in 1871 by a number of prominent companies and individuals in Stockholm's business world and it expanded later to other parts of Sweden. After that, it first opened its international branches in London, New York and Singapore before entering the Nordic Region in the middle of 1990s in Norway, Finland and Denmark respectively.

Handelsbanken is a Nordic bank. It is a universal bank, which is highly decentralized. The strength and heart of the bank is its large network of branches. The basic concept of Handels bank is that, the organization and work methods are base on the branches' responsibility for individual customers. In other words, all the branches are autonomous and does what they deem fit regarding their customers the way they want to relate to them. The branches have total responsibility regarding all customers in their respective geographic areas. This also includes the major corporate clients. The branches coordinate the central and regional resources needed to give customers the best possible service. One of the main goals of Handelsbanken is to provide high quality service along with the goal of having lowest costs; it is known in this aspect as compared to all the other Nordic banks.

Handelsbanken is a universal bank, hence it covers all banking and financial services. The services it offers includes: traditional corporate transactions, investment banking and trading, retail banking, pensions and life insurance. Handelsbanken's business units consist of the Branch Office Operations, this includes finance company services like leasing and factoring, and Stadshypoket Bank, Markets which includes Capital Markets which deals with the money and the foreign exchange markets, corporate finance and equity trading, and Markets International, which conducts trade financing and banking outside the Nordic region

and the U.K., Asset Management, and Pensions and Insurance (www.industrivarden.net)

Handelsbanken is one of the leading banks in the Nordic region with total assets in excess of SEK1, 300 billion and profits of SEK 11.6 billion in 2003. The bank has about 9,000 employees.

The overall objective of the bank is to have a higher return on equity that is a weighted average than the other listed Nordic banks. If this target is achieved, an amount corresponding to a maximum of about 25% of the bank's dividend starting with 15% from 2004 is allocated to the (Oktogonen Foundation), that is the Handels bank's employee profit-sharing fund or system. Significant portions of the foundation's assets are invested in Handelsbanken stocks. Handelsbanken's higher profitability is intended to benefit its shareholders through higher dividend growth than the average for the Nordic banks. With Handels, profitability is always more important than volume. In the banks lending activities this means that credit quality may never neglected in favor of a large lending volume. Handels bank's major aim is to have the most satisfied customers in the Nordic region (www.industrivarden.net).

5.2.1 CRM at Handelsbanken

According to Mr. Magnus Stenberg, the Accounts Manager, in our long chat at the Lulea branch said that, at Handels Customer Relationship Management is relationship but not just the relation but also a long term one. Also the bank is concentrating on its branches instead of centralized management, branches are responsible for their customers relationships and therefore their needs and demands. The branches treat each customer as an individual with different needs and demands. This is done in a customer-oriented approach by the bank.

5.2.3 Objectives and Strategies of CRM at Handelsbanken

The main objective of customer relationship management at Handelsbanken is higher profitability through high customer satisfaction and low cost. The goal of Handels is to have the lowest cost than any other bank in Sweden and beyond. They are doing the same things and activities as the other banks in Sweden but they want to do it with the lowest cost and also the highest satisfied customer. Handels want to get the highest point in the Customer Satisfaction Index (CSI); this is one of the main objectives of the bank. The main CRM strategies at Handelsbanken can be seen as follows:

Customer Interaction: Handels uses different channels according to customer requirements in its interactions with its customers. Some of these channels include, telephone, call center, branch office, ATM, Internet and field based managers. The bank focuses so much on the branch channel because they think it is the strongest according to the bank's resources. This is also because the bank helps the customers better at the branch. This is where the managers and the staff of the bank gives more time to the customer and also the bank is able to learn more about the special situation of the customer so that they can meet the customers needs squarely. As part of the CRM initiatives of the bank, they meet all customers of the

bank at least once every year and discuss about their personal finances and their needs and how possible the bank can help them meet their needs and aspirations.

Personalization or Customization: According Handels, customers are the same in general sense but they are all different according to their needs or they all have different needs so Handels try to help them according to their unique needs and tailor special products and services according to what they want from the bank.

Customer Identification: Handels try to get many customers. This is done in several ways. One of the ways is that, they meet new customers through house brokers. Also, the bank goes out and gives opportunity to people who are going to buy new houses to become customers of the bank. The bank also has corporation with brokers so that they can get more customers through the brokers. Another way that Handels acquire new customers is to arrange meeting with those who are interested in trading stock. Handels also try to win the workers of its corporate customers to become customers of the bank. Again Handels goes out to companies to meet new customers.

5.2.3 Benefits of CRM initiatives at Handelsbanken

The main benefits that the bank wants to get are higher customer retention and customer loyalty through higher customer satisfaction. They try to maintain the old customers and make sure that they are highly satisfied. At Handels they try as much as possible to treat current customers very carefully and in a very proper way so that they will continue to stay with the bank. Some of the major benefits that Handels intend to achieve and what they have achieved so far can be seen in the following:

Revenue and profitability enhancement: According to Handels, the bottom line is higher profitability. Therefore the main benefit they want to achieve as a bank is how they will get higher profitability. For them they want to achieve this target through increase customer satisfaction and retention.

Cost Savings and reduction: At Handels, one of the main goals is to become the lowest operating cost company than all the banks in Sweden and the Nordic region. The bank believes that, as long as their current customers are satisfied and are loyal to the bank, they will remain as customers of the bank and therefore the money spent on advertising to acquire new customers are saved. Also through personalization, the bank is able to provide the right communication, product and service to the right customer at the right time and this brings about higher productivity and efficiency.

Organizational Impact: Handels want to get the highest point from Customer Satisfaction Index (CSI) that is conducted each year by the Swedish National Statistics Bureau than any other bank in Sweden. As matter of fact Handels has been on top of the CSI for almost every year for about 10 years now. They believe that this has given them a special image as a bank in the minds of its customers and the general public as a whole. Another impact that Handels think it is making is the way they are expanding in the Nordic region and also other parts of world like the UK.

5.3 FöreningsSparbanken

FöreningsSparbanken was founded in 1997, by the merger of Föreningsbanken and Sparbanken Sverie. The bank's composite history dates all the way back to 1820, when Sweden's first savings bank was founded, in Gothenburg, on a European model.

FöreningsSparbanken is one of the largest banking groups in the Nordic area. At the turn of the year 2003-2004, the group had approximately 14,400 employees of which 9,500 are in Sweden. FöreningsSparbanken group has about 4.3 million private customers in Sweden and 4 million in the Baltic States. Independent savings banks and partly owned banks have an additional 1.7 million private customers. The strength of FöreningsSparbanken lies in its unique local presence, a result of their comprehensive network of branches which is divided into 93 local banks and well developed opportunities for its customers to have access through Internet and telephone banking. The bank has the largest Internet bank, with about 2.6 million customers in Sweden. Also, it is the largest telephone bank, with about 3 million customers.

One of the major goals of FöreningsSparbanken is to make it possible to for about 99% of all the decisions to be made at the local bank by people who are working there and know the customers and the local market better. This creates efficient decentralized banking. Local presence, in combination with shared global resources, form the foundation of FöreningsSparbanken's alliance strategy. FöreningsSparbanken has alliances in the Nordic region and the Baltic Sates. In addition, FöreningsSparbanken has subsidiaries in Luxembourg, S.A. The bank also has international branches in New York, London, Oslo, Tokyo and Shanghai.

FöreningsSparbanken offers competitive products and services through the following subsidiaries:

- Robur- for fund management
- Spintab- for mortgage
- Swedbank- Markets for investment banking
- FöreningsSparbanken Finance for finance company

With regard to the both private and corporate markets, in the areas of savings and investments, the bank is a market leader when it comes to household savings, fund savings and various kinds of individual pension and savings schemes. Again this bank is the second largest real estate agent and lender for housing. The bank's share of the corporate market is 20-30% when it comes to deposits, lending, leasing and financing. The bank is also a leader and it has a major stake for payments.

FöreningsSparbanken has a total of SEK 1,002 billion of balance sheet, deposit of 275 billion and lending total of 826,4 billion. The operating profit for the year 2003 was SEK 9 564 million and the return on equity was 15.9%. FöreningsSparbanken's share is listed on the Stockholm Stock Exchange and its share was the 15th most active traded share on the exchange in the year 2004 (www.FöreningsSparbanken.se)

5.3.1 CRM at FöreningsSparbanken

According to Mr. Axel Hakansson, the branch manager at the Lulea branch of the bank during our interactions with, for them at FöreningsSparbanken, CRM is relationship and the most important aspect of the relationship is the way they interact with the numerous customers. This was started in the last three years. The bank tries to meet all the customers each year and find out what they think about the bank and also to see whether they are satisfied or not. As part of this initiative, the bank took steps to contract a group at the university to conduct a survey for them to see where its weaknesses are with regard to the way they treat the customers. Again they also follow with keen interests the survey that is conducted each year by an independent body for all bank customers in Sweden. This is called Customer Satisfaction Index (CSI). They believe that the result of this can also tell them how their customers perceive them. And they also intend take steps to work on their weakness if the result is not favorable to them.

5.3.2 Objectives and strategies of CRM at FöreningsSparbanken

The main objective of CRM in FöreningsSparbanken is to build higher customer retention and higher customer loyalty. The bank hopes to achieve this through a number of initiatives and strategies. Some of the main initiatives and strategies are as follows:

- **Customer interaction:** FöreningsSparbanken interacts with its customers through many channels because they see communication as very crucial for them to build customer loyalty. These channels include, face-to-face interaction at the branches and offices, ATM, Internet, and telephone. The bank meets its customer at least once a year through the interaction and try to study their personal economy and finances and give them the necessary advice. There are ten groups of advisors who are in charge of this professionally.
- **Customer identification and retention:** At FöreningsSparbanken, they believe that it is good to acquire new customers. Therefore they go to university campuses to meet students to attract them to become the bank's customers and also, they also go to companies to meet the workers especially the staff of its corporate customers. However, they believe in customer retention and loyalty more than acquiring new customers. They rather spend much time to concentrate on the existing customers because they thin they have so many customers to take care of, also they believe that it better to take good care of your own existing customers that to go out hunting the customers of other banks. One major goal of FöreningsSparbanken is to make their customers more loyal to them. For example they try to convince the customers who do some type of business with other banks to do all their banking business with them. In this case what they do is that, they will try to give them a better deal than the other bank so that that particular customer will be loyal and do all his or her banking business with them.

- **Customer differentiation:** Customer differentiation is one of the main strategies that FöreningsSparbanken uses to achieve the objectives of its CRM initiatives. The bank has categorized its customers into groups and assigned personal bankers to each of these groups and these personal bankers are responsible for the needs of these groups when it comes to their banking and also personal finances. For instance, they have a personal banker in charge of the youth especially university students. One for the working class and pensioners and so on and so forth.
- **Personalization or customization:** According to the bank, they use to treat all customers the same in the last ten years and they realized that there is bound to be a problem if they continue to do that. So they have decided to treat each and every customer according to his or her personal unique needs and demands and also his or her personal financial situation.

5.3.3 Benefits of CRM initiatives at FöreningsSparbanken

The main benefits of CRM at FöreningsSparbanken are, higher profitability and increase revenue and also improve communication between the bank and its customers. The main benefits can be seen in the areas below:

- **Revenue and profitability enhancement:** At FöreningsSparbanken, they believe that, the major benefit is higher profitability and increase revenue. For example they have had so much revenue for the last two years that the bank is planning to purchase a very big facility somewhere in Europe. This has come as a result of its good CRM initiative. It helps the bank to do cross selling of products and services, and also do up selling.
- **Cost savings and reduction:** One of the areas that the bank think it has some benefits is cost. They believe that improved customer communications helps them to reduce both time and cost.
- **Organizational impact:** Again FöreningsSparbanken believes that, there has been a big impact by undertaking its CRM strategies and initiatives. For instance, they believe it has helped in increasing customer satisfaction and thereby creating customer loyalty and the image of the bank remains in minds of its customers. Again they believe that it is now the number one bank in Sweden lamented by Mr. Axel Hankansson, the Lulea branch manager.

6 Data Analysis

In the previous chapter, the data collected in this study was presented. In this chapter, the data will be analyzed. This data will be analyzed in two parts; first within case analysis will be done where the data will be compared with the theories in chapter two. Secondly, a cross case analysis, where all the three cases will be compared with each other. The analysis will be presented in a way that addresses the two research questions of this study.

6.1 Nordea Bank

6.1.1 Objectives and strategies of CRM at Nordea Bank

When it comes to customer interaction as part of CRM strategies at Nordea, appropriate channel of communication is used base on the preferences of the customer according to the group that the customer belongs to. Again Nordea try to respond appropriately according to the needs of the customer. This is consistent with (Kim, Suh and Hwan 2004). According to (Chye and Gerry 200) customers should be differentiated with respect to profitability. This is in line with what we found at Nordea bank where customers have been grouped into three categories base on their profitability; the groups are Gold customers, silver customers and ordinary customers as one of the bank's CRM strategies. With regards to personalization and customization as a strategy of CRM, according to Peppers (1999) each customer should be treated uniquely and differently according to his or her unique needs and demands. Here Nordea as a bank also believes what Peppers 1999 stated, that is why they also try to help each and every customer to achieve his or her goals and aspirations in life.

6.1.2 Benefits of CRM at Nordea Bank.

Nordea sees higher profitability as one of the major benefits of CRM. The bank believes that increase customer satisfaction, which leads to customer loyalty, will bring higher profitability to the bank. This is in line with what Newell (2000) states and it also confirmed by Swift (2001). When it comes to cost savings and reduction as one of the benefits of CRM, Gray and Byun (2001) indicated that, cost effective marketing campaign is helpful. Our investigations reveal that, the data we collected from Nordea bank is consistent with the theory. With regards to organizational impact, Nordea believe improved organizational image is one of the benefits of CRM. However, according to Thompson (2004) competitive advantage is one of the benefits of CRM regarding the organizational impact. Again Jiang (2003) adds that effective customer relationship management by the organization is one of the benefits with regards to the organizational impact.

6.2 Handelsbanken

6.2.1 Objectives and Strategies of CRM at Handelsbanken

According to Peppers (1999), organizations should continue to learn about its customers and understand them as part of its interactions with the customers. At Handelsbanken, we found out that, with regards to customer interaction as part of the bank's CRM strategies, they try to learn more about the special situation of each customer and we realized that this is in line with the theory. We found out through our investigations at Handelsbanken that personalization or customization is one of the main CRM strategies they use. With this, the bank believe that customers are the same in general sense but they are different according to their unique needs and demands; therefore the bank tries to tailor specific products and services to each and every customer base on his or her specific needs. This goes with theory according to Peppers (1999) who indicated that, customers must be treated uniquely. That is also supported by Kim, Suh and Hwang (2003); they stated that, products and services should be customized to customers.

Theory indicates that, one of the objectives and strategies of CRM is to identify customers via marketing channels (Peppers 1999). Further more, Deck (2004) also supported this by saying that, one of the strategies of CRM is to discover new customers. We found out through our investigations at Handelsbanken that, they also try to acquire new customers as it is in the theory. They do this through meeting different groups like employees at their work premises. Again one of the ways Handelsbanken try to get new customers is to meet those who are interested in trading in stocks.

6.2.1 Benefits of CRM at Handelsbanken

According to Handelsbanken, the bottom line is higher profitability therefore the main benefits they want to achieve, as a bank through CRM initiatives is higher profitability. They want to achieve this through higher customer retention and higher customer satisfaction. This is clear in what we gathered in our theory. Swift (2001) postulated that, one of the benefits of CRM initiatives is increased customer profitability. Further more, Newell (2000) also stated that customer loyalty and increased profitability is one of the benefits of CRM programs. Moreover, Wilson, Daniel and McDonald (2002) indicated that one of the benefits of CRM initiatives is higher customer profitability.

At Handelsbanken, one of the main objectives of their CRM initiatives is to become the lowest operating cost company than all the other banks in Sweden and the Nordic region. Handelsbanken believes that, as long as their current customers are satisfied and loyal, there will be no need to spend money on advertisement to acquire new customers therefore the money on that will be saved. Again the bank believes that through personalization, the right communication, product and services are provided to the right customer at the right time and at the right place. Handelsbanken believes that this also brings out higher efficiency. This also goes with the theory. According to Gray and Byun (2001) cost effective marketing campaign is one of the main benefits of CRM initiatives. Swift (2001) also supported

this by saying that, lower cost of recruiting new customers is one of the benefits of CRM programs.

Thompson (2004) indicated that, competitive advantage is one of the main benefits of CRM programs with regards to organizational impact. Again he adds that, positive impact on the company's performance is another benefits of CRM initiatives when it comes to the impact CRM get on the organizations undertaking it. However, at Handelsbanken, they believe that the major impact they are getting as part of the benefits of their CRM initiatives is that, for the past 10 years, they have on top of the Customer Satisfaction Index (CSI). This shows that they have good rapport with their customers and one thing is also that, they have been expanding so much recently in the Nordic Region and other parts of the world like U.K.

6.3 FöreningsSparbanken

6.3.1 Strategies and Objectives of CRM initiatives at FöreningsSparbanken

According to Mr. Axel Hakansson, FöreningsSparbanken interacts with its customers through several channels because they see communication as very crucial for them to build customer loyalty. For them channel management is a very important. This is in line with theory. Xu (2002) indicates that, improved and increased communication between a company and its customers is one of the strategies of CRM initiatives. Again Xu (2002) adds that improved customer interaction is also considered one of the strategies of CRM initiatives.

With regards to customer identification, customer retention, and customer loyalty, FöreningsSparbanken do not believe so much in acquiring new customers even though they go out to universities and also company premises to meet and attract new customers. The bank rather believes that, maintaining the existing customers is most important. This is also seen in the theory when Thompson (2004) postulates that, acquiring new customers is one of the strategies of CRM initiatives. Further more, Kim, Suh and Hwang (2003) also indicate that, acquiring new customers is very important aspects of CRM strategies.

With regards to personalization as one of the CRM strategies, FöreningsSparbanken try to treat each and every customer according to his or her personal needs, the person's unique financial situation and demands. What we found at our investigations at the bank is the same as what we have in the theory. This can be seen in Peppers (1999) that, customers should be treated uniquely.

6.3.1 Benefits of CRM at FöreningsSparbanken

When it comes to revenue and profitability enhancement as one of the benefits of CRM initiatives, FöreningsSparbanken believe that higher profitability and increased revenue is the main one that the bank derives from its CRM initiatives. This is very consistent with what we have in the theory; Swift (2001) argues that, increased customer profitability is a major benefit of CRM. Wilson, Daniel and McDonald (2002) also supported this by saying that higher customer profitability is also part of the benefits of CRM initiatives.

With regards to cost savings and reduction as a benefit of CRM initiatives, FöreningsSparbanken as a bank believes that, due to improved customer communications, they have been able to reduce both cost and time and the bank attributed this to their CRM strategies. This is in line with Gray and Byun (2001), they state that cost effective marketing campaign is a major benefit of CRM initiatives.

Thompson (2004) postulates that, with regards to organizational impact as one of the benefits of CRM initiatives, competitive advantage is one of them. Further more he goes on to say that, positive impact on the company's overall performance is also a benefit of CRM initiatives. This confirms the data we have gathered through our investigations at FöreningsSparbanken where they believe the bank is now the number one in Sweden due to their CRM strategies.

6.4 CROSS CASE ANALYSIS

This section of chapter six is cross case analysis where the data we collected from all the three case companies are analyzed to see the differences and the similarities as we compare them all to the theory. This is done in accordance to our research questions.

6.4.1 Objectives and strategies of CRM initiatives

According to the investigations we conducted in the three case companies in this study, we realized all the companies are employing some sort of strategies in their dealings with their customers and in their CRM programs. The CRM strategies used by all the three case companies could be seen in the following areas:

- **Customer Identification**

Customer identification is how these companies acquire new customers. During the data collection, we realized that all the three case companies believe that is a strategy that they use to attract new customers. They all do this by going out to meet staff of organizations trying to convince them to become their customers. They all go to the university campuses in order to convince the youth especially university students to become customers of the banks. Again they try to also get new customers through their partners and affiliates. This affiliate thing is done so much at Nordea bank. At Handelsbanken one of the things that they do to attract new customers is to organize meetings for people who are interested in trading stocks. Nordea also does this by making sure that all the people who come to them for housing needs eventually become customers of the bank. This confirms Thompson (2004), which is also supported by Deck (2004). In the same way of what we have in the theory, all the companies believe that acquiring a new customer is one of their major objectives and strategies and as such it is very important. However, FöreningsSparbanken believe on the contrary, for them even though they also acquire new customers, it is more important to retain the existing customers than to acquire a new one.

- **Customer Differentiation**

All the companies we investigated are doing some kind of differentiation with the exception of Handelsbanken that do not believe in customer differentiation but rather they think that it is good to treat each and every single individual according to that person's needs and not to group customers into categories on any bases. In other words, Handelsbanken believes it is better to do personalization rather than differentiation. In Nordea, we found out that customers are differentiated base on profitability. Nordea treat high profit customers different from the low and the middle group. The bank has grouped its customer into three categories, namely, gold for upper class, silver for middle class and ordinary for normal customers. This is in accordance with Chye and Gerry (2002) who argue that customers should be differentiated with respect to profitability. At FöreningsSparbanken, we found out that, they also do differentiation by grouping customers into the youth and students, working class and pensioners. This is also in line with Kim, Suh and Hwang who argue that customers should be differentiated based on the service they require and the services the company provide for these customers.

- **Customer Interaction**

With regards to interaction as a strategy of CRM interaction, Peppers (1999) states that organizations should continuously learn about its customer. Xu (2002) lamented that improve and increase communication between a company and its customers. Kim, Suh and Hwang (2003) postulate that responding appropriately to customer request. We also found out in our investigations that all the companies believe that customer interaction is very crucial to the success of their CRM initiatives. We realized that all the companies use so many communication channels, such as Internet, telephone, call center to interact with their customers. However, they all believe that face-to-face interaction is very important and it helps them to be able to learn and understand its customer's situation better. This we believe is in line with the theory.

Peppers (1999) indicate that, treating each customer uniquely. Furthermore, Dyche (2001) adds that, customers should receive personalized products offers. This agrees with what we gathered during our investigations in the case companies. For example, all the companies were of the view that customers should be treated uniquely and differently according to their unique needs and demands. For instance, Handelsbanken believe that personalization is better than differentiation because treating each customer uniquely and base on that particular person's needs and not just adding him or her to a group and treating that group members the same. In view of that they would rather do personalization in full force without wasting time and money on customer differentiation.

6.4.2 Benefits of CRM initiatives

We have learnt from this study that, all the companies we conducted investigations into intend and also get so many benefits from their CRM initiatives. This can also be seen in the theory we have in the second chapter of the work. These benefits and intended benefits are analyzed in a cross case analyses in the areas below with respect to the research questions:

- **Revenue and profitability enhancement**

According to Newell (2000), one of the main benefits of CRM initiatives is creation of customer loyalty and increasing customer profitability. This statement confirms what we learnt at FöreningsSparbanken. They believe that, one of the major benefits of their CRM initiatives is Customer loyalty where they made us aware that they have so many loyal customers that there is no need for them to spend time and money to do any vigorous campaign for new customers even though if they get some they would like but there is no frantic effort to hunt for customers. All the other two banks also think that profitability is one of the main objectives and benefits of their CRM initiatives. At Handelsbanken, they believe that higher profitability is the bottom line of their CRM initiatives. At Nordea, they are also of the view that higher and increase profitability is a major objective and benefit of their CRM initiatives. In this case, Nordea has even differentiated its customers based on profitability.

- **Cost savings and reductions**

Gray and Byun (2001) state that improving service quality without increasing cost is one of the benefits of CRM initiatives. Our findings at Nordea are in line with this statement. At Nordea, they want to improve service quality without adding more cost, it's the same when it comes to what we found out at Handelsbanken and its also the same at FöreningsSparbanken. We can confidently say that, all the banks are striving to become the number one cost savings and effective company. Swift (2001) argues that, lower cost of recruiting new customers is part of the benefits and objectives of CRM programs. This confirms what we gathered at FöreningsSparbanken where they think that due to their CRM strategies, they have so many customers that there is no need to spend so much money on recruiting new customers.

- **Organizational Impact**

Thompson (2004) states that competitive advantage is another benefit of CRM initiatives. However, none of the three companies, which we conducted interview on mentioned competitive advantage as a benefit or objective of their CRM programs. Thompson (2004) further argues that positive impact on the company's performance is also one of the benefits of CRM initiatives. This we believe is in line with what we gathered from the investigations we conducted. This is because; all the companies are aiming to be on top of the Customer Satisfaction Index (CSI) that is organized every year by an independent institution to find out which company's customers are the most satisfied.

7 Conclusions, Implications and Recommendations

This chapter serves as a summary of the results that came out from the analysis in reference to the overall research purpose as a base. The conclusion aims to examine if the theory and the frame of reference in chapter three are consistent with what were gathered on the ground that is the data collected as empirical data. This chapter will attempt to provide implications for practitioners, theory and future research.

7.1 Conclusions

To understand the objectives and strategies of CRM initiatives and the benefits is not a simple thing. This is because it involves so many issues and factors as you can see from the study and especially it must also include the customers' point of view and not just the company's perspective. For example, for a customer to be loyal and profitable, it is the company that must be committed to the customer but not the other way round because of competition. In our investigations we found out that almost all the banks are doing almost the same things, in one occasion, the manager said that all banks are the same but it is the relationship between a bank staff and or a bank and its customers that differentiate one bank from another. We believe that it is really an interesting statement because that is one of the things that we have learnt and have come to understand after this marathon. Despite these issues, understanding the objectives and strategies of CRM initiatives and the benefits is central to a successful and beneficial CRM program.

We can therefore say that, our investigations reveal that most of the theory that we have at the literature review agree with what we gathered from the practitioners.

In this study, the main purpose has been to bring better understanding and insight of the objectives, strategies and intended benefits of CRM initiatives of service companies, as you are already familiar with. In order to achieve the aim and the purpose of this study, two questions were postulated and were answered as follows:

How can the objectives and strategies of CRM initiatives by organisations be described?

According to the investigations we conducted in the three service companies in this study, we realized that all the companies are employing some sort of strategies in their dealings with their customers and in their CRM programs. The CRM strategies used by all the three service companies could be seen in the following discussions:

First of all, customer identification is how these companies acquire new customers. During the data collection, we realized that all the three service companies believe, that is a strategy that they use to attract new customers. They all do this by going out to meet staff of organizations trying to convince them to become their customers. They also go to the university campuses in order to convince the youth especially university students to become customers of these service companies. Again they try to also get new customers through their partners and affiliates. This affiliate thing is done so much at one of the banks. At another bank, one of the things that they do to

attract new customers is to organize meetings for people who are interested in trading stocks. One of the service companies also does this by making sure that all the people who come to them for housing needs eventually become customers of the bank. This confirms Thompson (2004), which is also supported by Deck (2004). In the same way of what we have in the theory, all the companies believe that acquiring a new customer is one of their major objectives and strategies and as such it is very important. However, one company believe on the contrary, for them even though they also acquire new customers, it is more important to retain the existing customers than to acquire a new one.

Secondary, all the companies we investigated are doing some kind of differentiation with the exception of one that do not believe in customer differentiation but rather that company thinks that it is good to treat each and every single individual according to that person's needs and not to group customers into categories on any bases. In other words, company believes it is better to do personalization rather than differentiation. In another company that, we found out that customers are differentiated base on profitability. Our findings also indicate that some of the companies treat high profit customers different from the low and the middle group. One bank has grouped its customer into three categories, namely, gold for upper class, silver for middle class and ordinary for normal customers. This is in accordance with Chye and Gerry (2002) who argue that customers should be differentiated with respect to profitability. At one of the companies, we found out that, they also do differentiation by grouping customers into the youth and students, working class and pensioners. This is also in line with Kim, Suh and Hwang who argue that customers should be differentiated based on the service they require and the services the company provide for these customers.

Moreover, with regards to interaction as a strategy of CRM initiatives, Peppers (1999) states that organizations should continuously learn about its customer. Xu (2002) lamented that improve and increase communication between a company and its customers. Kim, Suh and Hwang (2003) postulate that responding appropriately to customer request. We also found out in our investigations that all the companies believe that customer interaction is very crucial to the success of their CRM initiatives. We realized that all the companies use so many communication channels, such as Internet, telephone, call center to interact with their customers. However, they all believe that face-to-face interaction is very important and it helps them to be able to learn and understand its customer's situation better. This we believe is in line with the theory.

Peppers (1999) indicate that, treating each customer uniquely. Furthermore, Dyche (2001) adds that, customers should receive personalized products offers. This agrees with what we gathered during our investigations in the case companies. For example, all the companies were of the view that customers should be treated uniquely and differently according to their unique needs and demands. For instance, one of the companies believes that personalization is better than differentiation because treating each customer uniquely and base on that particular person's needs and not just adding him or her to a group and treating that group members the same. In view of that they would rather do personalization in full force without wasting time and money on customer differentiation.

How can the expected benefits of CRM initiatives by organisations be described?

We have learnt and understood from this study that, all the companies we conducted investigations into intend and also get so many benefits from their CRM initiatives. This can also be seen in the theory we have in the second chapter of the work. These benefits and intended benefits were seen in the discussions below:

According to Newell (2000), one of the main benefits of CRM initiatives is creation of customer loyalty and increasing customer profitability. This statement confirms what we learnt at one of the companies. They believe that, one of the major benefits of their CRM initiatives is Customer loyalty where they made us aware that they have so many loyal customers that there is no need for them to spend time and money to do any vigorous campaign for new customers even though if they get some they would like but there is no frantic effort to hunt for customers. All the other two companies also think that profitability is one of the main objectives and benefits of their CRM initiatives. Our investigations reveal that at one company, they believe that higher profitability is the bottom line of their CRM initiatives. Again at another company, they were also of the view that higher and increase profitability is a major objective and benefit of their CRM initiatives. In this study, we realized that, one of the companies has even differentiated its customers based on profitability.

Moreover, Gray and Byun (2001) state that improving service quality without increasing cost is one of the benefits of CRM initiatives. Our findings are in line with this statement. At one of the companies, they want to improve service quality without adding more cost; it's the same when it comes to what we found out in all the service companies we conducted the studies with. We can confidently say that, all the service companies are striving to become the number one cost savings and effective company. Swift (2001) argues that, lower cost of recruiting new customers is part of the benefits and objectives of CRM programs. This confirms what we gathered at one of the banks where they think that due to their CRM strategies, they have so many customers that there is no need to spend so much money on recruiting new customers.

Thompson (2004) states that competitive advantage is another benefit of CRM initiatives. However, none of the three companies, which we conducted interview on mentioned competitive advantage as a benefit or objective of their CRM programs. Thompson (2004) further argues that positive impact on the company's performance is also one of the benefits of CRM initiatives. This we believe is in line with what we gathered from the investigations we conducted. This is because; all the companies are aiming to be on top of the Customer Satisfaction Index (CSI) that is organized every year by an independent institution to find out which company's customers are the most satisfied.

In summary, all the three companies except Handelsbanken that do not undertake customer differentiation, have the following as part of the objectives and strategies of their CRM initiatives:

- Customer interaction
- Customer identification
- Customer differentiation and

- Personalization or customization

Moreover, all the companies are also expecting to get the following as some of the benefits they expect to derive from their CRM initiatives:

- Higher profitability
- Customer retention and loyalty
- Cost savings and reduction and
- Positive impact on the over all performance of the company

Finally, going back to the over all research purpose, (i.e. to bring deeper understanding and insight into the objectives, strategies and expected benefits of CRM initiatives by service companies) We believe that the main objective, that is the overall research purpose of this study has been achieved and that the service companies chosen for this particular study were good examples for the study. All of them provided relevant and sufficient to answer the research questions and evaluate the theory against the practice.

7.2 Implications and Recommendations for Managers and Practitioners

Banks and other service companies have a huge data and information about their customers. We think that, they will get a lot of benefits from their CRM initiatives if these organizations could add the right technology to their CRM programs. Moreover, one important thing that we think banks should take advantage of is personalization or customization. Although during our investigations, we found out that all the companies we studied, have personalization as part of their CRM strategies in a way but we are of the opinion that they can do even better and also get more benefits through personalization by adding the right technology. Base on the massive data that they collect, and continue to know a lot of actions and activities their customers go through; base on the fact that the banker customer relationship is relatively a long one and in most cases, it can exist until the customer dies.

Furthermore, we think that, service companies especially banks by using the data can tailor some specific products and services to meet the needs of their customers at a very right time. This will then delight the customer and he or she will like to stay and continue to enjoy such services. Therefore, the customers' satisfaction will increase and therefore he or she would like to be loyal and this will then increase the banks profit eventually. In the long run, it will get positive impact on the overall performance of the company.

7.3 Implications for Theory

Throughout our readings and search for relevant theories for this study, we came to the realization that yes there have been some kind of previous studies on both the objectives and strategies and the benefits of CRM. However, it was very difficult for us to lay hands on one single study, which has all the relevant information we were looking for. Further more, we found out that, the studies by previous authors on this area are very scattered. So we had to take our time to gather all the relevant information, that is pieces of information from various researchers and put them together to make our literature review in the second chapter of this project.

Therefore we can confidently conclude that, this piece will contribute immensely to the theory in this area particularly for future researchers.

7.4 Implications for Future Research

It will be interesting for other researchers to conduct their study in these related areas:

- The impact of CRM on service companies especially banks.
- The measurement of the impact of CRM on service companies.
- Can conduct similar studies from the customers' point of view.
- Can conduct similar studies this time round with electronic customer relationship management (eCRM).

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Interview Guide

Introduction

The interview will focus on questions related to objectives, strategies and initiatives of CRM and expected benefits your organization intends to derive from these CRM initiatives. The interview guide below will give you an idea of the areas that will be covered.

General questions:

1. We would like to know your name and position in this organization.
2. Can you please give us a brief background and history of this company?
3. When did your company start to embark on customer relationship management (CRM)?

Questions for the research questions:

Questions for research question 1

4. Could you describe in detail how you would achieve the objectives and the benefits of your CRM program?
5. How do you describe specifically the strategies you will undertake to achieve the intended benefits?
6. Could you please describe customer identification as part of your CRM strategies?
7. We would like to get a description of customer differentiation as part of your CRM initiatives.
8. We would like to understand in detail how you go about personalization in your CRM program.

9. Could you please describe in detail how you interact with your customers according to the objectives and strategies of your CRM program?

Questions for the research question 2.

10. We would like to learn about the objectives and benefits of your CRM initiatives or programs.

11. Could you please describe specifically the main reasons why you decided to embark on your CRM program?

12. We would like to know in detail about the intended benefits that your organization was expected to derive from it when you first decided to embark on your CRM program.

13. Could you please tell us in your perspective some of the benefits you have seen so far?

14. With regards to the benefits of the CRM program, how do you describe increase in profitability?

15. How do you describe customer loyalty and retention when it comes to the expected benefits?

16. How would you describe revenue enhancement as one of the benefits of your CRM initiatives?

17. Can you please talk about cost savings and reduction as a benefit of your CRM initiatives?

18. Could you please tell us in your own perspective some of the benefits you have seen so far?

19. In general, is there anything you would like to talk about concerning the objectives, strategies and expected benefits of your CRM program that we have not asked in your own words?

Thank you so much for your time.

Other Information that we would like to get are:

- Company background information
- Products and services
- Geographical area of operation and Market