Identify the Critical Success Factors of CRM Implementation

A study on Chinese Commercial Bank

SIJIE WANG

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Author: Sijie Wang
Supervisor: Eriks Sneiders

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This thesis corresponds to 20 weeks of full-time work for the author
Abstract

The demand from the customer and pressure from the competitive market drive most of the Chinese commercial banks either on their way to implement the CRM systems or they are positively looking for the opportunity to integrate the CRM as an indispensable part of their business strategy in the next few years to come.

Customer Relationship Management originated and prevailed among western companies, it has already spread in many East Asian countries, such as: Japan, Korean and China. In order to improve the existing CRM implementation process and enhance the success rate of the CRM implementation, we present the most important Critical Successful Factors for the CRM implementation through literature reviews, the chosen CSFs were based on previous studies in the CRM implementation field, focus on the identification of CRM projects, whether they have achieved success or subject to obscure deficiency. Subsequently, the literature study will provide us a group of CSFs which considered to be a comprehensive summarization of those most important factors for CRM implementation projects in western financial institutions.

In order to better understand the current situation in China, we conduct two in-depth interviews with the experts in relevant domains, the questions of the interviews were designed to assess the CRM implementation in Chinese commercial banks, the problems and challenges, the feasibility of those CSFs in Chinese unique culture, and the practical experiences in implementing the CRM will be discussed.

The result of the interviews supported the feasibility of those CSFs in implementing CRM in general, however, the CSFs and their importance in implementing CRM in China are varied due to the cultural issues and industry differences. This requires adaptable changes to be made to the CSFs group in order to use it more effectively under the Chinese environment.

This thesis is addressing the subject of implementing CRM in China. As for this subject, it lacks sufficient theoretical and empirical researches, in addition, We conclude our research with dedicate effort by analyzing the empirical data from the interviews and proposed a guideline to emphasize the importance of the CSFs for the CRM implementation in Chinese banks and also increase the knowledge about the current CRM in Chinese commercial Banks, thus can help to increase the CRM implementation success rates in future.
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Chapter 1. Introduction

1.1 Background

Since the year of 2001, China has entered the World Trade Organization (WTO) for over 10 years, the granted WTO membership for China signal the continued forward movement of the economic globalization process, and China has become an important member of the world economy (Morrison, 2001). Customer Relationship Management (CRM), is a management tool which focus on maintaining and developing customer relationships (Buttle, 2004) have become a major concern for many business organisations across the globe.

There is no doubt that CRM as a management strategy and concept was originated in western countries, but the CRM came on stage in banking industry were considered to be a result of ever increasing competition on high value customers. The investment in CRM has helped the banks better monitoring the customer behaviors, understanding what they have done in the past, and predicting the customer’s future behavior (Xu, et al., 2002).

Since 1990s, when CRM first entered the Chinese market, it has achieved huge success and also experienced various problems during the last 20 years. Nowadays, the banking sectors in China are facing huge pressures since the global competition have reached out to their business such as: loans, deposits, and the shrink of profit margins (SAP AG, 2002). Besides, the bank itself also need internal organizational change activities and strong support from the management team. Though the cost for CRM implementation is high, the trend of implementing CRM as an enterprise strategy is inevitable (Onut et al, 2006). The banks and other service sectors have vigorously implemented CRM projects. However, the result of the CRM implementation were not always promising. In developing countries, especially in China, the CRM has been advertised as a fashion sales strategy, a remedy for all ills, or just another function module which can only be used separately. Such as the widely accessible call centres, data collection tools (Bhaduri, 2005). However, implementation of such a system is not a panacea, and is not, of itself, sufficient to transform a production oriented organization into a customer-oriented one (Kanji, 2002; Chang, 2005). The utilization of technology equipment without proper strategy guideline will lead to the failure of CRM implementation. The philosophy of CRM places the customer as the core during the organisation’s business process and activities, a successful CRM implementation should “create and keep a customer” and to “view the entire business process as it consists of a tightly integrated effort to discover, create, and satisfy the request from the customer”.
From academy to business practitioners, both sides have all put consistent efforts on finding out the success factors from their own perspectives. Whilst, most of the studies has been done on IT related factors (Injazz J. Chen & Karen Popovich, 2003), others are more focused on organizational factors include: human factors, organizational structures, and rewarding mechanisms (Hugh Wilson, Elizabeth Daniel & Malcolm McDonald, 2002).

As management consultant Peter Drucker once said: “If you can’t measure it, you can’t manage it.” So the banks in China has to conduct a scientific, comprehensive CRM success investigation, not only to measure the actual, internal functions of the CRM project but also those critical factors which can impact the final success of the CRM implementation, a more carefully examination should be conducted and concrete factors should be identified, the core business process and behaviors (human factors) shall be monitored and evaluated, in order to guarantee the successful realization of the strategic goals set by the organizations. Only through such process, the organization as well as the whole industry can learn and improve itself.

1.2 Problem area discussion

The CRM vendors has created spectacular images thrives on the booming expectations towards CRM’s benefits for the organization. For those organizations who plan to implement such systems as part of the business strategy. However, a huge number of CRM projects fail, the efforts are proved to be in vain (Coltman, 2006). The current situation of CRM in Chinese commercial banks may encounter the identical obstacles as the contemporary foreign banks in Europe once had, the rate for successful implementation of CRM in the Chinese commercial banks is below 30%, hardly justify the investment on implementing the CRM systems (Gartner report, 2009).

As an indispensable part of global financial market, Chinese financial institutions have faced similar dilemmas as his contemporaries in western countries once were, while the Chinese traditional planned economic system were abandoned, the market economy system are gradually accepted and prevailed, this emerging market has its own characteristics which has impacted the CRM systems in the following ways:

1. The customer maintenance is still heavily rely on the important personnel contacts, which means the focus and retention of the “golden customer” are hard to accomplish especially in Chinese culture.
2. The business process reengineering (James Champy et al., 2007) which can be achieved through the implementation of CRM haven't been able to alter the concept of the employees in the bank, which hinder the fully utilization of the CRM.

The current situation is that the banks still can not provide tailored services for each customers, specifically, the banks fail to retain its existing customers nor to gain new customers. The current CRM projects in Chinese banking sectors are merely an IT systems that can only be used to store the customer’s profiles, the transaction histories, and preferences on purchasing the goods. Later on, the banks will utilize those data as a reference to track the customer by sending emails, and do cold callings. In short, the CRM in Chinese banking sectors do not match with the management expectations.

It is asserted from the literature that most of the financial companies in western counties have already aggregated abundant experiences in conducting the CRM projects, this naturally requires a wide-ranging overhaul of organizational structures, effort on employee training and rewarding system, as well as appropriate IT support (Chen & Popovich, 2003). Compared with the CRM implementation in western countries, China might face the problems from both economy and technology, and other external aspects.

The motivation of researchers and practitioners is to find out the reasons under the covers, and most importantly, identify the success factors in the project of CRM implementation, this approach is believed to be able to help the banks to minimize the project failure percentage. Most researches have addressed the issue of enhancing the success rates of CRM projects. (King and Burgess, 2007, Mendoza et al, 2007, Payne and Frow, 2005). These studies were naturally under western culture environments. Nevertheless, such research in China are insufficient, This thesis will address the above issues under the Chinese characteristic market and focus on investigating the reasons lead to the failure of CRM implementation and discuss how to guarantee a successful CRM implementation in a commercial bank.

1.3 Research goal

Goal 1: To increase the understanding of CRM in Chinese banking industry. It is true that CRM is still an innovative approach in business management area and not to mention the role it plays in developing countries include China, through the literature research and interviews with the two experts. We noticed that most banks in China are more concern the component function of CRM on a technology basis. However, this is insufficient, to achieve a successful delivery of a CRM project, the banks need to integrate the hardware, software, and adapt to possible changes, those changes subject to culture differences. Last but not least, the employee training.
Goal 2: To identify the Critical Success Factors affecting the implementation of CRM

The success and failure of the CRM projects subject to the factors which hold accountable during the CRM implementation stages, processes, and components. This thesis will analysis the previous researches around the world, and try to summarize those critical success factors which have been mentioned the most.

Goal 3: To justify and validate the summarized critical success factors (CSFs) through the empirical evidence and suggest how to best reach success according to these factors

To understand the real circumstances in the Chinese banking sectors, we conducted interviews with the industry experts to extract their professional knowledge, based on the summarized CSFs, we can analyze both data from different resources and give out suggestions on how to improve the CRM implementation in Chinese banks.

In this research we will only identify the CSFs on how to improve the CRM success rates in Chinese commercial banks. Since the measurement of those CSFs would require an extensive quantitative study so this will be considered to be an option for future study.

1.4 Research questions and expected results

The research questions are summarized as:

1. What are the reasons lead to the failure of the CRM in banking sectors?
2. What are the CSFs for CRM systems in Chinese banking sectors?
3. How to reach the CRM success in Chinese banks?

For the question 1. Literature on CRM implementation in Chinese banking sectors will be reviewed to identify the existing problems of CRM in China.

For the question 2, The expected result will be through literature study on the western banking systems, we will capture the critical success factors which would be considered as an essential part for reaching the success of CRM systems, the CRM’s CSFs will be summarized and categorized, according to the component, and different implementation processes.

For the question 3, Last but not least, we will give out some suggestion to promote the success of CRM deliverables in Chinese commercial banks
1.5 Limitations

This thesis analyzes the CSFs of CRM in Chinese banking sectors, based on research of the previous studies in western countries. The summery of the CSFs acts as a guide for improving the success rates of CRM projects. The literature, which have been evaluated in China is limited since the current research on this subject are insufficient, thus this leads to the identified CSFs from literature study, and will reflects more of the western world scenarios.

The decision of selecting only literature study and interview as our research methodology instead of other research methodologies was based on the purpose of conducting a concentrated, and in-depth investigation towards the identified research questions. Of course, adopting various methods can have advantages in providing more comprehensive views. And at the mean time, limit the chance  of wrong doings during the research. Two methods adopted in this research is qualified and suitable. However, the research target was on one commercial bank in China instead of finding more options is because the unwillingness of the bank to expose their business information due to the their strict information security regulations, and this leads to the anonymity of the banks in this study.

The selection of the interview participants is associated with the data collection process. Two interviews were conducted by the research experts with one from banking sectors, and the other is from an IT consultancy company. The result of this thesis is subject to the honesty of the interviews and their own preferences. However, in order to limit this deviance, the interview questions were designed to be simple and clear, to ensure the misunderstanding under the context will be reduced to minimum.

1.6 Outline of the thesis

In this thesis, The structure and contents of the thesis are presented as follows. The contents have been divided to seven chapters.

Chapter 1: To provide the readers an insight of the existing problems, clarify the research problems and identify the research questions which we will be discussed and solved, emphasize the importance of this subject, present the research plan of the thesis.

Chapter 2: The methods and reasons we choose to conduct this thesis will be carefully introduced and explained in this chapter.
Chapter 3: Abundant literature are reviewed, the CRM’s concept and its importance for banking industry are discussed. Besides, we have also studied the CSFs for CRM implementation, the difference and similarities between western countries and China have also been addressed.

Chapter 4: Here we will present how we conduct the interviews and why those specific choice are made.

Chapter 5: The collected empirical data will be pretested in this chapter.

Chapter 6: Here we will present how we analysis the empirical data from the interviews and discuss the reasons for selected CSFs compare with the literature study result and our own experience, link our findings with the research questions 2 and 3

Chapter 7: Summary of the findings that explicitly answer the research questions and research contribution are presented.
Chapter 2 Research Methodology

2.1 Introduction

Myers (2009) a well known professor of information system defined the term “research” as:

\[ \text{An original investigation undertaken in order to contribute to the knowledge and understanding in a particular field.} \]

In this chapter, the objectives of this research are discussed and the consequent approaches and methods for attaining those objectives are described respectively. Followed with the steps to conduct this study.

The chapter begins with the philosophy and theory of the research. The common approaches which can be used for conducting this thesis are discussed, followed with introducing the relevant approaches that will be used in this research, also the research approaches are discussed and the motivation for choosing the specific one are presented. Thus, the chapter will present some discussions on available data collection techniques which we used in this study. Finally present the originality and reliability of this thesis.

2.2 Proposed research approach

The reason to choose the appropriate research approach is solely rely on the type of the research to be carried out. For information systems, there are mainly two ways to conduct the research. That is the quantitative approach and the qualitative approach. It is clear that we choose qualitative approach to conduct our study, to gather statistical data and later on to use specific testing model to verify the data and come up with the result, a quantitative research approach would best suits this purpose. While for gathering and analyzing the data which can reflect a specific social phenomenon, and the study itself does not require any statistical analysis, a qualitative research would be appropriate for this type of research.

Qualitative research methodology was originated as a means to help the researchers to learn the social and cultural phenomena (Myers, 2008). For this research, it does not need quantitative data, the result of the study would not be a measurable result with specific numbers and calculations. This research focuses on studying the current situations of
CRM implementation within the banking sectors, besides it intends to identify the effective CSFs for Chinese banking sectors and also provide some guidelines to lead CRM implementation in Chinese banks to succeed.

For qualitative research methodology, there are different techniques include the case study, interview and survey. Compared with other method options, the reasons that we prefer interview rather than survey for this study is list as below:

- Interviews are a far more personal form of research than questionnaires which will be more suitable in this study since the conversation we plan to have shall reach an in-depth degree rather than filling up questionnaires through the survey to the anonymously public.
- Through personal interview, the interviewer can initiate a face-to-face conversation with the interviewees, different from the mail or web-sites posted surveys, the interviewer shall be able to probe with directive questions which were previously designed.
- The aim of the interview here is to learn the knowledge from the relevant experts and able to identify and formulate a guideline later in the study, so the survey will only provide a possible preference among a certain group of people.

Since the interviews are particularly useful for learning and extracting experiences of a particular interviewee. The interviewer can dig out detailed information around the topic. Interviews can also be useful as follow-up with certain respondents to fill questionnaires, to further investigate their responses(McNamara,1999). The goal of this method is to gain knowledge of a phenomena from the point of view from the participants, Moreover, qualitative methods seek depth rather than breadth and their goals can be situated in several levels(Ambert et al,1995). The qualitative researcher’s philosophy determines what is important, what is ethical, and the completeness and accuracy of the results (Rubin & Rubin, 1995, p.2). The reasons we choose the qualitative interview method is that the interviews are particularly useful for getting the story behind a participant’s own experiences.

Research has always been defined as a series inquiry result in systematic measures to provide information for solving designated problems, in order to conduct this thesis, a comprehensive literature has been reviewed. (Jill Hussey & Roger Hussey,1997) point out that there are a number of definitions in the literature and claimed that the critical review of the literature should provide the reader with a state-of-the art research problems and issue in the related field.
2.3 Interview as a data collection technique

The purpose of the interview is to extract the experts knowledge, more specifically, it is a process that the interviewer plans the interview with an organized manner to obtain particular information which the interviewer intends to know (Myers & Newman 2007).

In this thesis, we adopt the interview as a technique to identify the feasibility of the CSFs we summarized from the literature study and combined with the empirical data we extract from the manger and the IT-consultant, we come up with a list of CSFs for Chinese banks. A specific designed interview has been proposed with two experts in the relevant domains (will be explicitly introduced in Chapter 4).

Selection of the interview type: A semi-structured interview is adopted in this study because it helps us to look into the research questions we plan to investigate, and it also allows us to get the answers during this process. Besides, compared with the structured interview, we prefer the interviewees can express his opinions more comfortable, so the questions are designed to be more general, the conversation can be thoughtful.

Other data collection techniques such as documentation and archival would not be considered since the bank’s internal reports and account information are limited due to the business security considerations.

Select of the interview sites: The face-to-face interview will be conducted at the interviewee’s office, it will be a quiet place without disturbance.

Duration of the interview: both interviews will last for 30 minutes to 1 hour.

Before the interview, Gillham (2000, p. 38) the interviewer will explain the purpose of the interview, the format of the interview, and also allow the interviewee to probe any question about the interview. The notes shall be taken during the interview by the interviewer, the interviewer will ask the questions in a simple and understandable way, maintain a gentle manner, and steer to the center of the target, be critical to the content in order to provide proper interpretation for what has been said by the interviewee.

Preparation of the interview questions, the theme of the interview are clearly been selected as the knowledge about how to achieve the success of CRM in Chinese banking sectors. Two interviews will be conducted for this research, the questions will be announced in a clear and understandable way. The questions will be center on CRM in Chinese banking sectors, For instance:
1. What CSFs does Chinese Banking adopt as their management strategy during the implementation stage?
2. What difficulties will encounter if some of the CSFs were ignored during the implementation of CRM?

Since the background of the interviewees are different, in order to fully utilize their expertise and achieve desirable results from the interviews, the design of the questions should varied accordingly.

Different methods has been adopted in the course of this research, in order to minimize the negative effects of the subjective preference from the researcher, all the above work has to be done in an organized manner.

### 2.4 Data analysis

All this qualitative data can be analyzed and compared with the data we get from the literature research. After careful analysis, the result can contribute to the guidelines which could provide a perspective on how to improve the CRM implementation in Chinese banking sector.

We collected the data mainly through open question interviews with key informants as well as through report and document analysis. We used a two-stage strategy for data analysis (Yin 2002). On the first stage, the secondary data from the previous literature study and the primary data from the interview was obtained. The second stage involved the pair wise analysis of the data, thus locate and examine similarities and differences from the data we get from both two main resources. Data collection can be derived from a number of methods, which include interviews, focus groups, surveys, telephone interviews, field notes, taped social interaction or questionnaires (Heaton, 2004, p. 37). The primary data has been gathered and will be analyzed, combined with the report and theory study. The research phase is to use all sources from the published information, including research papers, analysis of annual reports, also the following information sources have been carefully examined:

- Information of financial industry magazines such as The Economist, Wall Street Journal, Financial Times Magazine,
- Information of governmental agency statistics such as Chinese banking regulatory commission
- The people’s bank of China, China securities regulatory commission, China insurance regulatory commission.
Market and industry reports such as Chinese bank website the annual reports and press releases.

All the literature resources are well referenced throughout the thesis, and a full detailed bibliography is provided in the dissertation as well. In terms of the literature review, all sources were collected from the published materials. Other potential resource of information will also be searched continuously through the Internet. The second expertise is the library.

2.5 Originality and reliability

2.5.1 Originality

This thesis have contributed a group of CSFs which can be used as useful guidance for successful implementation of CRM in Chinese banking sectors, we use the literature study to summarize the most popular CSFs in western banking industries. Through analyzing the empirical data, we take other factors such as cultural relevant issues and CRM human related component into considerations, since these factors have also impacted the CRM implementation in Chinese banking sectors. The investigation and summarization of the CSFs’ list for Chinese banks have specific meaning for the Chinese banking industry.

This study also provides theoretical and practical contributions, the step we took in this study can also be applied in other researches, this study has covered a comprehensive CSFs of CRM both from literature and from the field of practice. For the practitioners, they will have a better understanding on the current banking sectors in China, most importantly, what should they be aware before introducing a CRM strategy inside the banks. Those who worked inside the banks as decision makers shall have a clear image about the CRM characteristics, strength, and weakness. Before this study, banks in China have ambiguous perception about the reasons of their CRM failures, they habitually blame the failure to CRM department, consequently cut off the CRM functions. This research addressed this issue by give out relevant literature study on the gap between western banking CRM and Chinese banking CRM, in sum, an integrate and comprehensive view on the banking management perspective is the key to solve the existing problems. So the banks in China can track these factors such as: top management support, continuous employee training, etc, which were critical but always be ignored during the CRM implementation.
2.5.2 Reliability

Reliability stands for whether the method we has applied in this thesis is dependable or consistent, it concerns with the fact by applying the same methods under the same conditions, the same result shall be able to repeated. In this study, we adopt qualitative interview as our major data collection technique, both two interviews were designed with the same format, and the notes are taken by the same interviewer, since the notes may be considered as an important result for an investigator’s interviews, observations, or document analysis (Yin, 2003). So for this study, we apply the same criteria for the selection of the interviewees, the data collection method and the data analysis process. In order to allow the readers to view our research and data, we present our research process and result with an clear and logical manner, and also our steps in conducting the interview are provided with detailed description.

In order to identify a comprehensive, objective and balanced CSFs for Chinese banking CRM implementation, we attempted to contact the expert who were proved to be directly involved in the CRM projects in Chinese banking sectors. The consequent results provide us with a accurate reflection on the viewpoint of those experts.

In general, we obey the following philosophy during this study

- Supervisor has checked the interview design and background of the expert, also the interview questions.
- The interviewees were contacted and informed before the conduction of the interviews.
- The same interview plan are applied to both interviews to control the possible variance.
Chapter 3. Literature review

3.1 Why we need CRM?

The Gartner Group first announced CRM as a management philosophy and perceived it as a holistic perspective for the management of the enterprises, also the companies will equip with better communication skills. Primarily, it came as an answer to the increase in loss of the customers (Rosenberg & Czepiel, 1984). According to (Gartner report, 2009), the cost of winning a new customer are five times higher than that of maintaining an existing customer, while Reichheld and Sasser (1990) estimated that the retention of an additional 5% of customers, can increase profit by nearly 80%.

Later, (Fred Wiersema, 2000) Fred Wiersema conducted careful investigations and analysis among large amount of the renowned companies. The results comprehensively explained that the customer focused relationship maintenance. (Roger Cartwright, 2001) Roger Cartwright pointed out: to satisfy the customers need is no longer the ultimate goal for organizations. Only through providing an innovative user experiences can bring back the customers. Paul Temporal and Martin Trott (2002) discussed the principles of brand building in the CRM and illustrated that to achieve the success of CRM, the companies must completely shift to customer-centric strategy, and that a "structural change of thinking" should be emphasized as the core strategy of the company. Maintenance of the customer relationship is therefore cost-effective. It has become a vital part for most of the organization’s business strategy, prompting extensive deployment of Customer Relationship Management (CRM) systems (Morgan & Hunt, 1994; Kim et al., 2003).

Shaw and Reed (1999) gave out their definition about CRM as an interactive approach which aims at achieving that an optimum balance between corporate investments and the satisfaction of customer needs to generate maximum profit in aspects such as marketing, sales, and service. The goal of implementing the CRM is to continuously advance the business working flows and apply the updated knowledge to better serve the customers. However, implementation of such a system is not a panacea, and is not sufficient to transform a production oriented organization into a customer-oriented one (Kanji, 2002; Chang, 2005).

All the strategies have to be systematically implemented in the information systems, so the emphasis on process does make sense. CRM architecture (Geib et al., 2004) is composed of the relevant business processes which have been identified through a comprehensive analysis. The processes are varied as: CRM delivery process: processes
with direct contact to the customer, and CRM analysis and support processes: processes that collect and analyze the customer information that will require a wide-ranging overhaul of organizational structures, employee training and rewarding system, as well as appropriate IT support (Chen & Popovich, 2003).

(Nguyen,2007) pointed out that CRM processes were all supported by the information systems, in which large amount of data can be stored and processed. The request and delivery of the customer information can be facilitated. (Shahnam,2000)Shahnam categorized the CRM systems into three sub-categories: Operational CRM systems which can improve the efficiency of the existing business, and support relevant business processes. Analytical CRM systems which can store and process the customer information which handled by the data warehousing tools or relational database systems. Last but not least, collaborative CRM systems which can manage the customer-company interactions and keep consistent communication. However, this broadness in defining CRM and differences in perspectives regard it could be a result of a new emergence of the concept into two fields of study, marketing and information technology (DaSilva and Rahimi, 2007).

3.2 CRM in Chinese banking sectors

3.2.1 Background

China has over all 232,000 bank branches, This number is larger than the sum of the number of U.S, Germany and Japan. To serve such enormous amount of customers is not an easy task. It is estimated that the banks in China will have a 6 billion USD increase in technology spending by 2005(Jessica Pally,2003).Neil Katkov(2003)analyzed that China was striving to catch up with the western countries by upgrading new banking systems and recommended a three-pronged approach to Chinese banks: providing enhanced retail services, building world-class corporate banking capabilities, and developing a unified information technology infrastructure. In 2004, more than 200 financial experts from Asia Pacific converged in Shanghai Pudong to learn about emerging banking services and strategies for increasing revenue and customer loyalty (Cisco, 2004). This proved that the Chinese banks have switched its banking operations from traditional business process to CRM systems. Through integrating with its existing business platforms and channels, CRM became very popular in Chinese banks.

3.2.2 eCRM and web service
Steven A. Taylor and Gary L. Hunter (2002) asserted that the eCRM is a critical strategy already have been well accepted by many banks, with the installation of self-service call centers and the implementation of cost-effective models.

E-CRM has various channels to communicate with the banking customers. With fast and free information access, the market information shall be captured on a real-time basis. Reichheld and Schefter (2001) argued that the chances and obstacles for customer interaction and maintenance of customer relationship are sure to rise.

Paul Greenberg (2001) defines that the eCRM has provide the customer with a chance of direct interaction with the employees from the bank through the internet. It embodies the capabilities include: automated email reply, individualized web content, updated product prizing and etc.

However, most of the Chinese banking sectors are not ready for the wide spread web services in large scale. (Xu et al, 2004) Xu pointed out that the IT systems in Chinese banks are neither centralized nor rationalized. The employees in the branch bank haven't received proper trainings, which always cause numerous operational problems. However, fixing such problems always require more time and cause damage to the customer satisfaction.

### 3.2.3 CRM and China Social Credit System

In 1985, China has launched the first credit card, which was issued by the Bank of China and named Great Wall Credit Card. Two years later, this card became a member of Visa (China Online, 2004).

According to (China Daily, 2003) Chinese commercial bank has focused on expanding its card business since the beginning of 2003. Four state-owned commercial banks, 10 shareholding commercial banks, one post office, 56 city commercial banks and 20 rural credit unions had issued 569 million bank cards by the end of 2003.

There are several million credit cards and few merchants outside major cities that accept plastic card in what is still a cash-based society. Most of bankcards issued in China are debit cards. Because there is no unified credit appraisal system to help the banks to differ the creditworthy customer from the risky one. So that China plans to establish a social credit system in the next five years.

While most of the bankcards issued in China are debit cards, the total amount of the credit cards are believed to be several millions, which is comparatively a small number to
the Chinese populations. The existing problem is that the Chinese banking sectors do not have a unified credit appraisal system which would endanger the banks asset (Xinhua, 2003).

Database system and data mining technology have helped with the daily business operations of the banks across the country. Adoption of CRM can expand the credit service into various areas such as: financial service, travel arrangement and amusement.

3.2.4 Supporting network and architecture development

Bitner, M.J, Brown, S.W and Mueter, M.W (2000) asserted that technology especially the internet, has a profound effect on service marketing. Chinese banking industry provide their service through central and branch operations such as transactions, loans, and deposits. These all requires the banks to manage, coordinate and control the access of data. Besides, the time is also very important, in short, whether the banks can manage those business in real-time without making unacceptable mistakes. Thanks to the CRM systems and proper system architecture, the banks can handle over 10-million transactions per-day in provincial capital cites such as the city of Wuhan, Beijing and Shanghai.

3.3 Problems remains to be solved for the CRM in Chinese commercial bank

3.3.1 Management culture

Customer oriented strategy should be well perceived among the employees in the banks in order to ensure the daily operations can be executed properly. However, when the banks try to adapt their management strategy to CRM systems, the management culture was not able to match up the new requirement with a same pace (Liu, 2008). The solution is through the redesign of the CRM implementation process and the adjustment of the business strategy (Wu & Wang, 2009).

3.3.2 Rigid mechanism

The rewarding mechanism has not been well formulated in Chinese commercial banks, (Wang & Xu, 2006) Wang and Xue pointed out that the Chinese banking industry was highly monopolized. The interest rates were set by the government policies and China
was still under a strict planned interest systems. In this system, the bank itself was not able to independently set the funding price nor adjust to the market change with agility.

3.3.3 Credit system

China has only experienced market economy with in the last 30 years, the market itself has not been able to establish a sound and fair credit system( Xinhua, 2009). The bad credit behaviors did not receive justifiable punishment. This deteriorating situation damaged the market with great scale and depth. China is right now in the process of building up a credit system and developing a system of trust.

3.3.4 Risk management skill

Complicated economic environment and immature market have always been criticized and complained by investors in both domestic and abroad. However, it is also stands for huge business opportunities for the popularity of CRM systems.(Central Intelligence Agency, 2010) But the most critical issue remains to be solved is that the Chinese banks haven't been able to manage the risk. Due to insufficient training and lack of the relevant experience, this urgent problem has to be solved. Otherwise, Chinese banks cannot compete with the foreign banks in future.

3.4 The gap between CRM in Chinese banking and western banking

The introduction of the advanced management concept came in with the evolving information technology, which has laid a theoretical foundation and construct technical supports for the CRM system’s development in China(CRMguru.com, 2009). However, the CRM in China is still far behind the western banking from both the infrastructure construction and software resources.

Geib et al.,(2005) said that the CRM in western banking industry has already isolated most of the customer inquiries as a component function. Keramati et al.,(2009) said that a user-friendly interface seems to be very common for the customers. It includes the service of the banks: tracking each transaction, consulting each new product, if the customer has any questions, he/she can contact through the call center, call center will transfer the request to the relevant business sections, the response will be delivered to the customers in a stipulated time(Foss, 2002). The customer just need to pick up the phone and make a call to the call center, and then he can expect a clear and precise response. To realize this function, the interfaces are supported by six main blocks: they are the expert of the operation in banks, all branches of the network, e-banking technical support,
business expert and product expect. Through utilizing the strong hand of information technology, the bank can congregate all its intelligence to serve its customers, release its full potential and break the traditional business barriers between different departments. The data warehouse technology is adopted in the development of the CRM systems. It can shorten the response time, decrease the service cost and increase the value of the customer information (Malik and Wood-Harper, 2009). The information technology has been applied inside the banking industry, as long as the development of the market continuously improve its capabilities. The rest of the work will only be the maintenance of the whole system through certain personnel.

Compared with the situations in western countries, many Chinese commercial banks have already implemented the CRM systems, but they were actually working as an independent sub-system outside the core business process, or simply built up a customer service center. The CRM cannot function throughout the entire operational process inside the bank. Instead, they are functioned as a customer profile collect and query tools (Xu et al., 2009). Not only this, the Chinese commercial banks have not completed their “customer-oriented” database project, thus the customer information is scattered and not consistent, resulting in the false capture of the customer demand. As for the information technology utilization, most of the attention has been put on the business operations and internal management requirements, while the search for customer information, analysis of the customer data seems to be insufficient.

3.4.1 Gap in business process perspective

Western countries have very flexible operation mechanisms and management concept in their commercial banks, which are fully market-oriented. To maximize the profit is the ultimate goal for the companies (Hamilton & Hewer, 2000). As for the Chinese domestic banking, due to the long-term market protective policies, there are many existing problems in the business processes:

First, compared with the western commercial banks, Chinese state owned commercial banks often organized as a multi-level hierarchical structure. And for each level has its own management team and functions to perform. For instance, decision-making functions, a kind of mechanism result in duplication of management functions, increased transmission intervals between each level and information loss or policy distortions (Liu, 2003). Thus the banks will suffer from slow reaction to the customer demand and market change, and their decision making will also be violated.
Compared with model of western commercial banking system, Chinese banking system model is easy to get out of control because the internal department will always overreact to the policy change rather than naturally response to the market change. This will lead to bureaucratic and short-term behavior. If this situation can not be ameliorated, the incentive to implement the CRM are far less than the profit the remained business process can make in short period.

3.4.2 Gap in differentiated customer marketing

ABN AMRO in 2000 classified the customer into four groups: top, important, core and public. For each group the pointed service was provided. Executing this new policy, the bank doubled the operating income in that year. The analysis showed that over 40% of its revenues were coming from the top group. Since then, focus on providing the personalized customer service accordingly has been commonly accepted as the banks management strategy. Besides, the banks also create the ancillary service system, design unique service process, and provide specific financial products to different groups of customers (Claessens, et al, 2002). Advanced data warehouse technology will analyze the customer log. For instance, the habits of the customers, credit card consume proportion, basic information and loans. Then give out the corresponding measures to the certain customers, which will greatly improved the customer satisfaction(Xu et al, 2002).

Until now, Chinese commercial banks are not able to provide the above functions to their customers. To be more specific, the commercial banks in China can not provide the customers with more effective marketing products and services. We hope the development of the technology and the training of the personnel in future can bridge the this gap.

3.5 Exploring CRM implementation failures

According to Hackney(2000), although CRM software vendors may be able to entice organizations with promises of all-powerful applications, till now there is no such perfect solution. And Schweiger(2000)suggested that possible risks such as project failure, inadequate return on investment, unplanned project budget revisions, unhappy customers, vanished employee confidence, and diversion of key management time and resources must be well thought out. Later Mr.Mier Ai(2004) pointed out that most commercial banks do not consider themselves as agents providing services to customers where customer are clients who deserve to be well treated.
We have pointed out that the success rates of CRM implementation is relatively low which can not neither match up with the huge investments on the CRM projects, nor to meet with the expectations of the management team. Thus many researches have been done on finding out the reasons which lead to the failure of CRM projects (Rigby, 2002; Zablah et al, 2004).

There are many reasons that can cause the failure of the CRM. Overall, those reasons are related with different components and processes of the CRM (Goodhue, 2002).

Some of the factors such as top management support, transparent internal process, clear link between the CRM project and the company's business strategy, concern on the ROI (return on investment) will eventually contribute to the success of the CRM implementation (Sherif & Newby, 2007). From another perspective, (Chalmeta, 2006) Chalmeta presented some of the factors that lead to the failure of the CRM, such as:

- Take CRM just as a technology
- Insufficient support from the management
- Not focus on customer
- Business process is not ready for CRM
- Very poor data quality
- Strategy and vision are vague
- Customer haven’t been involved during the CRM solution design

Besides this, Forsyth (2001) conducted a research on 700 companies to study the causes of the CRM project failure, including: organizational change (29%), company policies/inertia (22%), little understanding of CRM (20%), and poor CRM skills (6%).

King and Burgess( 2007) summarized four main pitfalls for CRM implementation:

- Implementation of CRM without properly set the customer strategy
- Adopt CRM solution without evaluate the company’s situation
- Prefer advanced CRM technology instead of accessing their suitability.
- Not focus on retaining the customer

In sum, the main reasons that lead to the failure of CRM project are identified through literature study which had been listed above. The possible measure to deal with these problems can be solved through the clear identification of success factors. This research are conducted in the following chapters 3.6.

### 3.6 CRM success factors

Critical Success Factor (CSF) is defined as a method that can help the organizations to identify the factors which considered to be critical for its success, and the ignorance of
such factors always lead to the failure and loss of the organization (Huotari and Wilson, 2001). This method has been widely applied to many industries, and cited in various fields of study. (Esteves and Pastor 2001) Esteves and Pastor defined CSF as the limited number of areas in which results, if satisfactory, will ensure competitive behavior for the organizations.

For the banking industry, identifying the CRM success factors is not an easy task because the successful implementation can only be achieved through linking those factors with the implementation process and manage them (Silva & Rahimi, 2007). Before the identification of CRM project, it is important to clarify what does a success factor mean. Success factors can be perceived as indispensable component that have to be included of any successful CRM implementation (Pan et al, 2007). While Esteves and Pastor (2001) defined that the success factors are a group of factors which stands for certain purposes, and if those factors have been well achieved, it will ensure the satisfactory result of the project.

However, the process of finding the CSFs is not subject to universal rules or any standard procedures (Peeffers et al, 2003). That is the reason why there are lots of researchers use different types of methods to identify the CSFs, such as: survey and questionnaires, interviews and literature review of the previous studies.

In this study, we believe through an extensive review of the literature about the CSFs of CRM in the IT and banking field, we can come up with a group of CSFs.

For instance, Goodhue et al (2002) identified the following factors as CRM success factors: top management, support, vision, willingness to share data, and willingness to change the process. Alt and Puschmann (2004) presented a list of success factors as: evolution path, timeframe, organizational redesign, system architecture, change management, and top management support.

At the same time, some other studies have focused on more technical factors, for example: (Roh et al, 2005) Roh et al identified the CSFs for CRM success as: effective process, customer information quality (data quality), system support, efficiency, customer satisfaction, and profitability.

One thing we find out through analysis of different research on CSFs for CRM is that, most of them include some factors such as: top management commitment, strategy development and employee training. It means that those factors are commonly perceived as critical success factors for the CRM implementation in most circumstances.

The table below is the summery of the CSFs for CRM implementation, through over 20 studies. These CSFs are considered to be most common and widely accepted.
<table>
<thead>
<tr>
<th>Success factors</th>
<th>Reason to select</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top Management Support</strong></td>
<td>Most widely acceptance by literature, Link to CRM failure : Lack of top management support (Sherif and Newby, 2007; Chalmeta, 2006)</td>
</tr>
<tr>
<td><strong>IT systems (management/integration)</strong></td>
<td>Most widely acceptance by literature, Link to CRM failure causes: Poor IT management/integration (Brink, 2005; Meyer and Kolbe, 2005)</td>
</tr>
<tr>
<td><strong>Clear CRM strategy (development/communication)</strong></td>
<td>Most widely acceptance by literature, Link to CRM failure Lack of clear CRM strategy and vision (Sherif and Newby, 2007; Chalmeta, 2006)</td>
</tr>
<tr>
<td><strong>Culture Difference</strong></td>
<td>Common acceptance by the literature link to CRM failure causes: lack of managing culture change(Chalmeta, 2006; King and Burgess, 2007)</td>
</tr>
<tr>
<td><strong>Data management (quality / share)</strong></td>
<td>Common acceptance by the literature, Link to CRM failure causes: Poor data quality, management, and integration: (Chalmeta, 2006; Kale, 2004; Missi et al, 2005)</td>
</tr>
<tr>
<td><strong>Staff training</strong></td>
<td>Common acceptance by the literature, Link to CRM failure causes: Lack of skilful employees (Forsyth, 2001; Bohling et al, 2006)</td>
</tr>
<tr>
<td><strong>Monitoring, controlling, measuring, and feedback</strong></td>
<td>Relatively lower acceptance by the literature, link to CRM failure causes: Lack/poor of CRM measures (Mendoza et al, 2007)</td>
</tr>
<tr>
<td><strong>Internal department integration</strong></td>
<td>Relatively lower acceptance by the literature, link to CRM failure causes: Lack of cross-functional/inter-departmental integration (Sherif and Newby, 2007; Mayer, 2005)</td>
</tr>
<tr>
<td><strong>Process design/Structure Change</strong></td>
<td>Relatively lower acceptance by the literature, link to CRM failure causes: lack of managing (poor) structure change and redesign (Kale, 2004; Forsyth, 2001)</td>
</tr>
<tr>
<td><strong>Customer involvement/consultation</strong></td>
<td>Relatively lower acceptance by the literature, link to CRM failure causes: Lack of customer’s involvement (Plakoyiannakiet al, 2008; McCalla et al, 2003)</td>
</tr>
</tbody>
</table>
Inherently, the summery of the CSFs for CRM implementation has a direct impact on the component of the company’s strategy (Human, Process, Technology). So the CRM project requires the people, process and technology to work together in an integrated and balanced manner. We’ve also noticed that the identified CSFs have linked with the reasons which lead to the failures of CRM in Chapter 3.5.

During the interview, we will try to inquire about the effectiveness of the CSF, and assess the similarities and the differences between Chinese banking and the situations in western countries. What factors would be added as unique for Chinese banking and what measure to overcome the obstacles for achieving the CRM success.
Chapter 4. Interview design

4.1 Selection of the interview participant

We choose the interviewees according to two principles. One is the interviewees should have the relevant experiences which can help us to understand the relevant topics, they are able to answer our research questions. Another one is the background of the interviewees should be sound and representative. Thus our result of the interview can be meaningful for future research. There is a need to attain highly personalized data. To be able to understand the research questions, we need experts with abundant experiences within the field we are interested to investigate.

Since both the interviewees request to keep their names undisclosed, according to the companies regulations, so we will only introduce their company profiles without exposing their names. However, their expertise will be introduced accordingly.

The first interview was conducted on April 28th, 2011 in Wuhan, China. At the office of bank AB.

Participant X is an IT manager who has been worked in the information department of bank AB for 15 years, involved in the CRM implementation project since 2006.

Introduction about bank AB

Bank AB is one of the biggest Chinese commercial banks, mainly retail banking services. The organizations serves customers in Hubei provinces of China. According to the websites information of the bank (2011), “bank AB was one of the biggest commercial bank in China, it start its business in 1957, only 8 years later after the founding of the P.R China”. Up till now, after over 60 years development, the bank has strong equity, assets and deposit base. The bank offers comprehensive services and focus on retail banking service. Bank AB has the largest branch networks in China and also including a well known online banking system, also famous for its high customer recognition. Since the year 2006, bank AB starts its first implementation of the CRM project, until 2008, the project has been finished. According to one of the internal officer, the CRM component is well installed and operate fluently. It has a comprehensive degree of CRM implementation, among all the commercial banks in China, customer service has been fully extended to various domains comparatively.

The second interview was conducted on 29th, April, 2011, also in Wuhan, With participant Y who has worked for a well known CRM solution provider “SXP”.
Y is an IT- consultant who has worked with banking CRM solutions in China for almost 10 years. He has aggregated abundant experiences through more than 15 CRM implementation projects solely in Chinese market. If the questions we have mentioned earlier in Chapter 1 remains unsolved, we can not think of another suitable person to have this interview with.

Introduction about “SXP”

“SXP” is a leader in the CRM application domain, it helped companies with all sizes and across different industries to implement the CRM solutions. It was found in 1972, and today the sales and development stretch in more than 50 countries worldwide. “SXP” is specialized in data mining techniques and data warehouse settings for the financial institutions.

4.2 Design of the interview questions

The questions which have been proposed during the interview were designed to extract some practical experiences about how to identify and choose the CSFs for implementing a CRM system from an enterprise-wide perspective in a Chinese commercial banks, based on the summary result of the CSFs which have been listed in Chapter 3 (literature study).

Interview questions for participant X

During the interviews with IT managers from Bank AB in China, the main focus was to identify the existing problems which handicap the successful delivery of the CRM systems. And also the problems have been encountered during the implementation stages, experiences solving those problems. The scope of the interview are limited to the following category:

- Product and service satisfaction
- Customer service / Call center
- Response time of inquiry
- Security issues with the internet banking
- Products and services to the customers
- Services in terms of business customers and individual customers.
- CRM business strategies
- Customers’ centric approach
- Differences between IT and CRM
- Right method to interact with customer
• Redesign of the business process

Interview questions for participant Y

In most of the Chinese banks, CRM is operated and implemented by the IT consultant companies such as “CV”. The IT department of bank AB holds the customer information and handle with the daily transaction services. Company “CV” help those banks to install the hardware and the software packages which is necessary for the CRM implementation. So the interview questions asked here are chosen from the following categories:

• The use of CRM (different versions, packages and integration)
• Dealing with the new demands from the bank
• Integration with the existing platform
• CRM implementation issues
• Interpretation and synchronization of service
• Right tool of data mining
• Clear methodology and steps
• Training of the front desk people
Chapter 5. Interview result

This chapter will present the empirical data from two interviews. This chapter are composed of two interview result, the summary of the interview are presented here in italic while the questions are in bold.

5.1 First interview with Bank AB’s IT manager X

1. Which phase in CRM process do you think is the most important?

   In my opinion, all the CRM process are important, like data collection, data analysis, the offering of improved products and services to the suitable customers.

2. What are the CSFs in your bank’s CRM implementation?

   For our banks, I think management support, culture issues, data analysis system and internal department integration are the critical success factors we were focusing on. Besides, the proper redesign in organizational business process, the right method to interact with the customers, and necessary tutorials for the innovative product and service for customers are the most critical successful factors in my opinions.

3. Among these factors, what do you think is the most tough one for your bank to achieve?

   Emm, the strong support from the manger is the foremost factors, especially in China, since lots of the problems can be solved through important person, the policies are not that strict when the boss give you the green light. The process redesign is a difficult task, since our banks are often very huge, also stick to the traditional business process, the internal organizational structure are very rigid. Also the data management. Our bank cost a great fortune to improve the customer data’s quality, since the invalid data will lead to the CRM’s service and function in vain. Besides the technical issues, the cultural difference are always ignored. Since the development of CRM system are often originate in western cultures, when this comes to China, some practical problems will emerge, mostly requires handful experience in dealing with human factors in China.

4. How to measure those CSFs? For example, the top management support?

   Take top management support as an example, during the implementation stages, we will look at the numbers of the board of directors that participate in the project, the
percentage of the budget that has been assigned to the project. By monitoring these concrete numbers, we can make judgment on whether this CSF is achieved or not.

5. Does your bank have call centers? How does it work?

We have our own call centers, it is very important for us, since it handles most of the contact with the customers, the call center are supporting the banking stuff to facilitate the customers with their possible inquiries and help them to better utilize the bank services, since the cell phone banking and online banking are all need call center.

5.2 Second interview with the IT consultant Y

1. Why the bank need the CRM systems? Can you describe clearly about the benefits of CRM for the Bank?

First, CRM system can enhance the customer service by using the call center second, use the application of database and DM tools to analyze customer information, and third, transform the management system to be customer-centric in order to reform the organization system and business process.

All the banks and insurance companies have their customer databases. The customer information are stored in the databases, but how to use these data is a very complex problem to deal with. The CRM system can provide them with a satisfied solution.

2. As you’ve mentioned the human factor plays a very important role for the success of CRM, can you tell me why?

Only through a CRM system, the customer service can not be enhanced to another level, it is the people that matters the most. As you might experience different service in banks, how do you feel about the service of the bank? I think you will understand what I mean, it is the people who are talking to you makes you happy or not. So the relationships with the customers are decide not by the CRM system solely, the people who use the system is more important. It demands more skills on the front-office employee to build up an relax and close relationship with the customers.

3. What are the challenges and problems for CRM implementation in the banking industry?
The adoption of a CRM culture within the banking industry is highly dependent on the overall adoption of the IT culture as a whole within China. Because of such a high level of IT maturity, most of the IT projects in organizations are well managed. Compared with the western countries, we are still dealing with several technological issues and the biggest one is the lack of IT alignment within its organizations.

Besides, there is still limited CRM packages have been introduced in China, the contact channel with the customers are mainly through call centers and phone calling, which is still insufficient. Most importantly, the poor internet infrastructure and uneven developing status across China have caused big trouble for us.

Policy issue is always very tough for us, since Chinese banking industry are very vulnerable to the policy changes, however, the relevant regulations and mechanism are quite inflexible.

To be more specific, because of insufficient investment of the IT industry at customer end, several basic problems such as inconsistency of poor internet bandwidth, security issues with e-transactions (which involve services such as internet banking and mobile banking), disconnection issues because of unstable system, etc., are barriers to implementing a complete CRM system within the banking sector of China. These issues require more work to be done in order to integrate CRM across all the channels and to improve its performance within the banking industry of China.

It is very expensive to implement technology and keep it up-to-date because each bank has many branches. For instance, if we think about the thousands of branches of the different banks in China, then obviously it is very expensive for each bank to implement the latest technologies and maintain the same level of standard across all its branches.

In China, the use of CRM varies between different banks’ branches, banks in bigger cities have the latest computers with updated CRM packages installed, while banks in rural areas are still dealing with a lot of technological issues such as old computers with no internet connections. So does the front-office staff at branch banking level, especially in the rural areas of China.

Culture is a big issue, for example, apart from a few bank employees who use the CRM system and are aware of its importance, most of the other employees still believe that CRM is only software that is operated and dealt with by the IT staff, and that other departments have nothing to do with it. Therefore, it seems that there is a huge need to increase the CRM culture within the banking industry of China. Also, Top managers in different banks have a politicized role; they are appointed through political means in
China, This always leads to that the government officials are much more concerned with the policy agenda setting process rather than management functions.

4. In your opinions, The CSFs are often related to what aspect of the banks?

Processes. This aspect involves the main processes of relationship with the customer, such as marketing, sales, and service.
Human factor. For this aspect the CSFs having a human linkage.
Technology. This aspect will include the CSFs depending directly of technological aspects, components, and tools, equipment and software.

5. Can you discuss the advantages for having CSFs in CRM implementation in the banking industry?

The identified CSFs can help the organization to be more aware of its project, also can help the project management knows how to make a strategy change to adapt to the possible changes, as the banking industry requires real-time data and high quality data, to be able to focus on collecting and managing the data well though identification on data management is a good example for the use of CSFs.

6. What are the major reasons which can lead to the failure of the CRM implementation in banks?

The major reasons are organizational change, company policies change. Limited understanding of CRM and poor CRM skills, especially the latter two factors, they are quite common in Chinese market.

7. What does a CRM business strategy include?

A CRM business strategy includes marketing, operations, sales, customer service, human resources, R&D and finance, as well as information technology and the internet to maximize the profitability of customer interactions.
Chapter 6. Analysis of the interview result

This chapter will analyze the empirical data we have obtained from the interviews. In this chapter, the main findings will be analyzed relate to the identified study result.

Analyzing text and other forms of data is a challenge task for the qualitative research (Creswell, 2007). It is not an easy task for the researcher to present the data in the form of list, table or narrative description. Creswell (2007) further discuss that the data analysis for qualitative study often include: data preparation, data organization. Through the process of categorize those data with different themes, the purpose of the study can be fulfilled. While in this chapter, we present our data analysis mainly from two themes which also can link back to the goals of our study.

6.1 CSFs for CRM in Chinese banking

According to the literature research in Chapter 3.6, we have been able to develop a summary of the most common CSFs for CRM implementation. The purpose of such endeavor is to lay a solid theoretical foundation for the practitioners and managers in CRM implementation as a reference to avoid possible CRM implementation failure. This table of success factors covers a comprehensive aspect concern with the CRM project. According to the evidence we obtained from the interviews, we learned that the identification of CSFs should be kept in accordance with banks own developing situations, and it should be applied to the different CRM project implementation stages. However, through both interviews results, a group of CSFs were identified with variation in the priority of these factors. Since Chinese banking industry is still at a developing stages compare with the mature status of western banking CRM, not all the proposed CSFs have been adopted and monitored in the Chinese banking CRMs.

However, the expert assume those CSFs will became important in the future CRM projects. While Esteves and Pastor (2001) defined that the success factors are a group of factors which stands for certain purposes, if those factors have been well achieved, it will ensure the satisfactory result of the project. Below is a list of CSFs for Chinese Banks (with importance from above to the bottom):

- Management support
- Employee training
- Data management (quality/fluency)
• Business process redesign
• IT systems (management/integration)
• Internal department cooperation
• Customer interaction

While comparing with the summery of CSFs in chapter 3.6, we can find out that both of the CSFs have emphasize the importance of having a strong management support as this CSF have listed as the first in both two CSF lists. The only CSF that was not applied by the bank AB was “clear CRM strategy”, the reason would be the CRM initiative in Chinese banks always considered to be a result of political decisions, while the western banking CRM project will only initiate the project after a careful examination of the business strategy and estimation of Return On Investment (ROI).

For the business redesign, the Chinese banks have faced very tough obstacles to overcome, a big concern is whether the existing business process of Chinese banks are ready for the CRM implementation. Since it do not only require multiple upgrades of the technology components, but also a profound employee training.

6.2 Improve the CRM success according to the CSFs

To ensure the success of the CRM implementation in Chinese banks, we have already proposed a specific CSF list, here we describe how to best reach success according to these factors.

From the empirical data, we find out that the practical experience of adopting CRM include the foundation of a collaborative organization structure.

The CRM is not merely a technical solution but also a management strategy can reach to every level in commercial banks, through redesign the business process, a new collaborative structure is constructed, this is the most difficult and decisive part for the whole organization. Since Chinese banking industry are inevitably subject to the planned economy, and the four largest commercial banks in China have predominant advantage in Chinese financial market. The insufficient competition result in slow reaction to the market demand and rigid responsive mechanisms which is quite vulnerable compare to the strong competitors from the western companies.

From the literature study we learn that the implementation of CRM systems require the relevant business departments to work cooperatively as one integral component, all the
business process should be customer-oriented. In practical, the IT consultant told us the measure they took is gradually integrate the information resource, they obtain comprehensive, correct and in time customer data. The expert also told us that through effective analysis of the profit contribution, the mangers can make decision on the management strategy, and make corrections on irrational segments. Overall, the efficiency of the organization has been elevated and the customer satisfaction can be increased.

Human factors is nevertheless a sensitive and complex issue that any information system has to address (Myers, 2007). It is not surprised to see the consensus between literature study result and interview result that the Support from the senior mangers is very important. We also find out that without the communication and understanding of the senior managers, the CRM project always lead to failure or the implementation result in deviance with the actual need.

While the expert argues to implement a successful CRM system, it always requires the seamlessly cooperation between the managers and technical expert, it is exactly align with the literature study result Which stated that “CRM implementation project should start with identifying the need of the customers, followed with the scientific plan, making relevant choice and training the personnel.” Then the implementation stages shall be designed, the last step is to choose the software and then implement the technical solutions.

Western banks have achieved many success during the process of implement the CRM systems, according to the aggregated experiences: the organizational business process has to be redesigned, thus will cause position change and might lead to some employee’s unemployment.” Judging from the characteristic Chinese banking industry, it is not surprise to assume: the CRM system will face huge pressures and confront difficulties during the implementation stages. Thus the IT consultant’s experience to address this issue is to seek the strong support from the managers , and then ensure the organization to keep steady pace to implement the CRM systems, also maintain a clear objective, thus the sufficient funding support can be guaranteed and the whole team shall move forward and stick the project plan.
Chapter 7 Conclusions

7.1 What are the reasons lead to the failure of the CRM in banking sectors?

Over estimated goals

The goal of the CRM implementation should be carefully designed and avoid demanding goals which are not suitable to be realized, since this false setting of the goal would often lead to the failure of the CRM projects. So this issue should be rightly addressed in accordance with the accessible technology and the current banking policies.

In appropriate Attitude of the employee to the customer matters

In Asian cultures, when propelling the implementation of CRM in the bank through relevant employees, seek for the possible cooperation with politeness manner and flexible measures, especially when dealing with the tough issues, interaction with the bank employees at any level should avoid irritating them.

Unrealistic business strategy

The proper and realistic business strategy of the banking sector have huge impact on the final success of the CRM project. When the strategy suits the real situation of the banks, it can enhance the customer satisfaction of the services and tighten the relations between the customers and the banks.

Not set Customer as the center of management philosophy

The banks should put the customer as the center of all the business process, adopting the customer centric approach in every business activities, the banks has to put its own interests aside first to satisfy the customers needs and try every possible measures to guarantee the customer’s benefits, so the training of the employees directly link to the final success of the CRM implementation, company's resource should focus on this part and get it done properly.

The technology is not well upgraded

Advanced technology plays an important role in the whole CRM project, from the start till the end. Accompany every steps the banks has to take, since it all requires a certain
degree of automation. The CRM vendors are competing for the limited markets, their service and solution are varied and catered to different industries’ requirements. The selection of the CRM products should be done after careful evaluations and assessment of both the banks strategic goals, also a prediction on what will be the consequence of such decision. While using the data mining tools for generation of the prediction model selection of the right tool for a particular problem should be there.

**Lack of Internal department cooperation**

CRM is an comprehensive project which requires different departments in the bank can work together, for instance, the IT department will often consult some issues with the employees in marketing department, the lack of effective communication will hinder the success of the CRM. So for certain issues which requires the necessary cooperation between different departments, the management team shall strive to create a harmonious atmosphere.

**Obscure objective and project plan**

The initial design and expectations from the management team are varied and might change through the elapse of time, so a clear set of measurable goals and Return on Investment(ROI) will help the understanding of the current situations and further point out a direction of the banking CRM’s development.

7.2 What are the suitable CSFs for Chinese banking sectors?

The proposed CSF was also assessed for feasible implementation by conducting a comparison between the literature study result and the practical implementation experiences from the interviews:

- Management support
- Employee training
- Data management (quality/ fluency)
- Business process redesign
- IT systems (management/integration)
- Internal department cooperation
7.3 How to reach the CRM success in Chinese banks?

Adapt to the cultural difference

To achieve the project delivery success in Chinese enterprises requires the project team to be very flexible, to be more specific, the ability to accomplish the tasks under a different culture.

For most western companies, the management culture are more written with ink on linen, and can be simply understood. Thus the regulations and disciplines are well perceived among the whole teams and between the various department, the cooperation and disputes shall be handled with a transparent manner. Besides, the manager is not so big compare with the Asian companies, this difference have strong influence during the decision making process, while the western companies shall have more open discussions, which allows every individual’s idea and feeling can be expressed and always represent his or her independent objectives. However, this may not always be true in Asian culture, even they adopt the formally meeting with open discussion, the employee will either incline to keep their originate feelings for themselves while observe the boss inclination. Then carefully rephrase the words, and express what the boss would like to hear. This makes the decision in Asian culture are more subject to the leader’s own flaws and judgment, while often leads to quicker actions. On the contrary, the decision making process in Western companies were able to consider much more objective views while often lead to slower actions but small chances of regrets.

In order to achieve the project success in Asian culture, the western companies should be able to be very flexible, use their wisdom to walk between the lines, seek the optimal balance between east and west.

Utilizing the most advanced technology

CRM technology have integrated the latest information technology, including: internet and E-commerce, multi-media technology, data warehousing and data mining, artificial intelligence. However the utilization of such technology in the Chinese domestic banking are lagging behind the steps taken by those western contemporaries.

Emphasize on the value of customer data warehousing
This is all about the value of customer relationship management. It congregate the scattering data outside the banking sectors, through the process of analysis, provide a comprehensive and holistic view of certain individual customers. It is a challenging work, some points are summarized below:

**Focus on the data collection and transmission**

The customer data are everywhere in the different business functional departments of the Bank, from customer support to marketing, from sales to inquiry. To better understand the customer need, the customer identity in order to predict their future demands at a designated time. The bank need to invest more on this aspect.

**Improve the quality of the data**

The customer data were collected from various resources and has to been compatible with other formulas. It is a quite demanding task, however, if the quality of the data can not truly reflects the real situations of the customer, then all the efforts are in vain.

**Obtain data mining technique**

The main characteristic of data mining is the process of extracting large amount of business data and transformed into other request forms, through modeling and analysis, provide the critical data which can help with the management decision-making. Daily business data are stored as data log, use the data warehouse technology or other business intelligence system to provide strategic analysis, it can help the bank in analyzing the customer’s profitability. Through categorize the potential customer, identify the key customers, at the mean time use the customer resources and customer behavior information to facilitate the cross sell, maximize the customer value. It can also provide alarm for the individual customers, this allow the customer can react accordingly while achieve the win-win situation between the customers and the banks.

**7.4 Contribution of this study**

The contribution of this thesis mainly include from two aspects. The work in this thesis has made contribution to the field of CRM implementation with a focus on improve the success of CRM implementation in Chinese banks in terms of theory and practice.
7.4.1 Theoretical contributions

Main contribution in this thesis is to understand what CRM can give to the Chinese banks such as: better understanding of customer behavior, enhanced customer service. Since CRM is an innovative technology developed to meet the requirements of the financial market in China. We firstly take a careful examination on Chinese banking systems, and also a wider view on the problems and challenges they are currently facing. For the Chinese CRM practitioners and bank managers, they need to be armed with this knowledge. Since relevant studies are insufficient, our thesis have provide a supplement for the research in this area.

7.4.2 Practical contributions

Through evaluate the interview result. In China, factors that affect CRM success were obtained and presented, we find out in China, the factors that affect CRM success have minor difference with western countries. Especially, it revealed that the priority of the CSFs are varied from the summarized CSFs from western literature study. Such difference are mainly subject to the culture and developing status of Chinese financial market. However, there is also lack of literature study to address the impact of culture on CRM implementation(Ali and Alshawi,2003).The common assumption was the technological infrastructure should be the obstacle for implement CRM in Chinese banks. However, according to the empirical data analysis , the employees and customers are contribute to most of the unsatisfactory CRM deliverables due to culture issues. Such effect of culture on CRM was stated by Achuama and Usoro (2008): “There is a positive relationship between the appreciation of the culture of an organization, and a successful CRM implementation in the organization”. Notice this difference, we also give out some suggestions on how to improve the success of CRM project according to these factors.
Appendix

Graph 1: Research Process
Graph 2: Practical CSFs hierarchy for CRM success
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