CUSTOMER RELATIONSHIP MANAGEMENT: A QUALITATIVE CROSS-CASE ANALYSIS IN THE UK AND SAUDI ARABIA

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Thesis submitted for the degree of

Doctor of Philosophy

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August 2007

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to every person who contributed to my thesis at various stages of its research, analysis, formatting and compiling right up to its completion.

First and foremost, I thank my supervisor, Mrs. Adrienne Curry, for her continuous and unfailing support during my years of work in the PhD program. Adrienne was always there to listen patiently and advise generously. She showed me the different ways in which I could approach and resolve research problems and taught me how to be persistent and dedicated in accomplishing my goals. She was always there beside me to discuss ideas, edit my work and ask the right questions to encourage me to think through my problems. She provided all the help which I could not do without during my data collection days. Without her help, I simply could not have gained access to the organizations I did in the UK.

Second, I am duty bound to express my sincere gratitude to the Government of Saudi Arabia for providing me with the scholarship, without which it would have been impossible for me to fund my PhD studies.

Third, I would like to thank my mother, Moazzaz Akbar, for her continuous moral support and my father, Syed Ali, for his encouragement and assistance in the proof reading and formatting of my thesis.

Last but not the least, I owe sincerest thanks to my husband, Mohammad Miralam, for his unflinching support and extended patience during the long and tedious years of my work. I dedicate this thesis to Mom, Dad, Mohammad and my off-springs Retal, Meral, Lamar and Aubai.

ABSTRACT

The current study focuses on customer relationship management initiatives in different organizations and in different countries. A proposed CRM model was adopted and used to evaluate the CRM initiatives of the chosen organizations in both Saudi Arabia and the UK. The scope of this research was affected by the differing levels of cooperation received from the organizations which participated in the case studies, thereby resulting in differing sizes of the said case studies. The adopted CRM conceptual model was used to evaluate the level of CRM maturity in the organizations studied. This model is believed to be a significant contribution to the theory and field of CRM. This model could be used by organizations to evaluate their CRM initiatives and assess their CRM readiness and status. The proposed CRM model specifies the basic parameters of the CRM sequential stages and their essential supporting conditions. Another important contribution of the study is that it identifies and highlights the potential effects of the cultural disparities existing between Saudi Arabia and the UK on CRM initiatives yet to be undertaken in both countries.

In depth open-ended questions were used to collect the data. The analysis of the data gathered went through two main stages. The first stage was to transcribe the data collected from all the organizations chosen and produce detailed write-ups for each case. In every case the write-ups were similarly structured to help the researcher in the second stage, the cross-case analysis. The cross-case analysis was based on the researcher's proposed conceptual CRM model.

The central research question for this study is: Why and how do CRM initiatives succeed or fail? In order to answer this question, the following research questions were formulated and answers were deduced from the findings and results of the qualitative analysis conducted:

RQ1: What are the critical success factors of CRM initiatives?

The answers received resulted in the emergence of some critical success factors, such as:

1. Senior Management Support
2. Business Plan and Vision
3. Making the Change in Small Steps
4. Inter Departmental Collaboration
5. Clear Ownership of Data
6. Training for End-users
7. End Users' Acceptance of Change
8. Degree of Analysis and Customer Segmentation
9. Degree of Alignment
10. Language Considerations
11. Internet Presence

RQ2: What are the common difficulties when adopting a CRM initiative?

The answers came up with the following common difficulties:

1. Resistance to Change
2. Human Errors in Feeding the System
3. Governmental Legislation
4. Cultural Barriers

RQ3: What does CRM mean for different organizations?

The answers exposed a common interesting finding that different organizations considered CRM to be different things. Some considered CRM to be branded CRM software, others as call-centers, yet others as loyalty programs and/or simple tools to manage and satisfy customers. This confirmed that CRM meant different things to different organizations.

RQ4: Is CRM the right solution for every organization?

The answers proved that if branded software from recognized vendors only was to be recognized as CRM, then this standard and rigid kind of CRM could not always be implemented by all organizations. On the other hand, if the managerial concepts behind CRM were to be taken into consideration, then CRM could indeed be implemented by every organization.

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CHAPTER ONE

INTRODUCTION

1.1 CRM Background

The perception of the value and need of 'Relationship Marketing' as well as its importance in "Business" have repeatedly been identified in Applied IT research literature during the past decade (Bagozzi, 1995; Cannon *et al.*, 1999; Dwyer *et al.*, 1987; Peterson, 1995; Sheth *et al.*, 1995). The building of long term relationships with customers provides multiple benefits to businesses is also an established fact (Dwyer *et al.*, 1987). Similarly, the retaining of existing customers is rightly considered to be more profitable than the acquiring of new ones. Also, rapid advances in technology have helped immensely in the managing, serving and retaining of customers better and with greater ease. In this current environment of better 'Customer Relationship Management', "(CRM) is a healthy and promising newcomer which has appeared on the business radar" (Greenberg, 2002, p.2).

CRM is an approach to the better, faster and more effective organizing of any business' interactions with their customers based on a customer-centric foundation. It is an entire discipline, not a single activity or project. Customer relationship management allows businesses to execute relationship marketing at an enterprise-wide level (Winer, 2001). The building of sustainable successful relationships with a large customer base with CRM is not an easy task because CRM has a direct impact on many core business operations, especially on the processes therein. The issue here is not exclusively a technical one. It is not only about software implementation. And it is not about sales either. It is more about the resulting interaction of entire business processes with customers. CRM is about creating a competitive advantage by being the best at

understanding, communicating, delivering service and developing existing customer relationships in addition to the creating and keeping of new customers.

There are several ways in which CRM can be described simply because, in action, CRM means different things to different organizations. To best address CRM from a holistic viewpoint, the following definition is likely to be the most appropriate for the purpose of the current research:

"Customer relationship management (CRM) is a business strategy to select and manage valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy and culture." (Thompson, 2001, crmguru.com).

1.2 Issues Raised

According to a Gartner study, up to 80 percent of organizations do not understand how customer relationship management (CRM) creates value in their customer base (Kirkby, 2002). Because of this lack of understanding, organizations have failed to develop good CRM strategies for their maximum benefit. This high rate of CRM failure has provoked experts and researchers to dig into the causes of this problem. According to Caulfield (2001), CRM initiatives usually involve a number of departments wherein poor and insufficient understanding among the management and employees of the organization of the CRM initiative become reasons for failure. Data quality issues contribute to a 55-70% failure rate for CRM initiatives (Dubois, 2002).

Furthermore, according to Davenport *et al.* (2001), even organizations with huge data warehouse have few additional insights about their customers. This means that, even such organizations are ending up not benefiting from the amounts of information which they possess on their customers. Despite their data being rich, the information available is not being used effectively. For organizations wanting to gain a competitive advantage, they need to know how best to use their CRM capabilities to learn more about their customers and serve them better for mutual benefits.

To gain better insights into CRM initiatives, CRM should be viewed as a multidisciplinary concept. CRM is not only about marketing and/ or its technology; CRM is an overall and all embracing business strategy for converting businesses into truly customer-centric organizations.

Unfortunately, the academic research done to date on CRM has been scarce and distant. There are even multi definitions of CRM(Goldenberg, 2000; Goodhue *et al.*, Gulati *et al.*, 2000; Imhoff, 2001; Thompson, 2001; Winer, 2001; Wright *et al.*, 2002). CRM, as an emerging discipline in great need of theoretical assistance (Gummesson, 2002). Guiding theories on and models of CRM are still in short supply , probably due to the fact that CRM is a new area for research work and, maybe, because of its intertwining with IT and information systems, which also have been developing simultaneously and at a similar speed. Most importantly, not a single piece of CRM related academic research has been conducted in Saudi Arabia.

1.3 Research Objectives and Questions

The central research question for this study is:

Why and how do CRM initiatives succeed or fail?

The above question is pivotal because the results of research in this success/failure area will contribute to the building of thriving customer relationships, thereby contributing substantially to corporate survival.

In order to obtain topical and valid answers to the above question, the researcher decided to divide it into four subsidiary questions, the sum of which would constitute the crux of the question above. These are:

RQ1: What are the critical success factors of CRM initiatives?

RQ2: What are the common difficulties when adopting a CRM initiative?

RQ3: What does CRM mean for different organizations?

RQ4: Is CRM the right solution for every organization?

The aim is to explore multiple comparative case studies in both Saudi Arabia and the UK. The scope of this research was affected by the differing levels of cooperation received from the organizations which participated in the case studies, thereby resulting in differing sizes of the said case studies. The decision to conduct the study in Saudi Arabia and the UK proved to be beneficial for the purpose of the study. The study led to some interesting results on the cultural differences identified and their impact on respective CRM maturities.

The research context for this study focuses on organizations in the Financial, Automotive and Airline industries, based in the UK and Saudi Arabia. The defining of CRM technology is a complex task which could involve, in principle, study of different types of information technologies (ranging from spreadsheets used for data mining to branded CRM application software). Therefore, for the purpose of this study, CRM technology was defined as a multiple range of information technologies which enables customer relationship management (not only the expensive branded software used). This approach helped minimize errors of exclusion, such as the ignoring of organizations using different levels of information technologies along with the application of CRM concepts. It was important in this study to minimize the error of exclusion because the key construct concern was adoption rather than assimilation. Since the key question was to find out how and why CRM initiatives succeed or fail in different organizations, this approach to sample construction proved effective.

After a thorough literature review of the available CRM management models, the researcher proposed a conceptual CRM model adopted from Buttle's value chain model (2004). This model provides a holistic view of the CRM landscape and represents two main sequential phases of CRM strategy: analysis and implementation. In the model there also are five supporting conditions that are essential for a successful CRM initiative:

- Service Quality
- Senior management support and leadership
- Technology

- People

- Knowledge management.

The adopted CRM conceptual model was used to evaluate the level of CRM maturity in the organizations studied. After completion of this process, the researcher saw the need to alter the CRM model based on the findings. This model is believed to be a significant contribution to the theory and field of CRM. This model could be used by organizations to evaluate their CRM initiatives and assess their CRM readiness and status. The proposed CRM model specifies the basic parameters of the CRM sequential stages and their essential supporting conditions. It can assist researchers in concentrating their efforts on a specific research area whilst simultaneously having a global view of the development process. Additionally, CRM can assist organizations in detecting problematic areas in their current customer-based strategy and motivate them to improve it. Another important contribution of the study is that it identifies and highlights the potential effects of the cultural disparities existing between Saudi Arabia and the UK on CRM initiatives yet to be undertaken in both countries.

1.4 Outline of Research Methodology and Data Analysis

Qualitative research methods are designed to help researchers understand people and the social contexts within which they live. Kaplan and Maxwell (1994) argue that the goal of understanding a phenomenon from the point of view of the participants is largely lost when textual data is quantified. Since one of the major reasons for doing qualitative research is to gain more experience with the phenomenon under study in order to

investigate complex and sensitive issues, the researcher adopted qualitative methods to understand and explore CRM initiatives in their real-life context.

The approach in the case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2002) Since the case study is an ideal methodology when a holistic, in-depth investigation is needed (Feagin *et al*, 1991) and when a "how" or "why" question is being asked about a contemporary set of events, over which the investigator has little or no control (Yin, 1984), this approach was the most suitable for investigating CRM in the real-life context in different organizations.

Due to certain restrictions faced during data collection and limitations placed by some of the organizations approached by the researcher for the purpose of her research, the results therefore, differ in size but not in content. To live with and bypass such restrictions and limitations, the researcher accessed differently structured and varying sized organizations, which were as follows:

1. Ford of Britain Motor Company.

    This was chosen as central study case. This large corporate entity not only manufactures the products it sells, it also offers after sales services to its customers in the UK, which run into millions.

2. The researcher's next choice was banks; three major international, regional and national banks:

    Royal Bank of Scotland (RBS), UK

National Commercial Bank (NCB), Saudi Arabia, and

Al Rajhi Bank, Saudi Arabia.

All of the above banks offer and manage the full gamut of banking services, including but not limited to private banking and investment portfolio services. Their customers run into millions, across continents. The difference between Ford and these banks is that, whereas Ford sells its products along with after sales services, the banks provide services to their customers for or based on the latter's cash assets not the banks'.

3. Saudi Arabian Airline and Standard Life (SL), UK, (Insurance, Re- Insurance) followed. Both are major corporate organizations in their own right with trans-continental reach and coverage. However, they offer dissimilar customer services simply because their customers differ drastically. Whereas Standard Life is a leader in Europe's assurance industry, Saudi Arabian Airline has been traditionally dominating the domestic flight business in Saudi Arabia because of its monopoly.

4. Finally, the researcher collected data from two small family businesses in Saudi Arabia, where family businesses are still the rule, not the exception:

Al Bahrawi Trading Company and

Noortech, Technologies.

The Bahrawi Company is one of the oldest trading companies in Saudi Arabia. Noortech are Systems Integrators based in Saudi Arabia and specialize in providing intelligent solutions for buildings and facilities.

Although the sizes of the case studies differ, identical data collection methods were used with all the companies. In-depth interviews using open-ended questions were the main source of information obtained for use in this study. Any open-ended question is designed to encourage meaningful answers from interviewees by allowing them to express their own knowledge and/or feelings. The questions were formulated according to the CRM conceptual model proposed by the researcher for this study. Interviews were not the only source of data in this study. Since the interviews took place in the interviewees' places of work, this provided the researcher the opportunity to directly observe their respective CRM environments and gather relevant data from their published documents like their annual reports, company brochures, marketing literature and annual performance reports. The researcher was given the opportunity to participate in CRM team meetings in one of the organizations studied, which proved to be extremely beneficial.

The analysis of the data gathered went through two main stages. The first stage was to transcribe the data collected from all the organizations chosen and produce detailed write-ups for each case. In every case the write-ups were similarly structured to help the researcher in the second stage, the cross-case analysis. The cross-case analysis was based on the researcher's proposed conceptual CRM model.

Unique patterns emerged during the analysis phase and common issues were raised. When the research questions were answered, the results were consistent with the available CRM literature. The CRM model proposed was then altered according to the findings. One important alteration made to the model was to make the sequential phasing

commence with a CRM business plan before getting into the details of customer data analysis. Another alteration made was the addition of an essential supporting condition, inter-departmental collaboration.

With respect to

RQ1: What are the critical success factors of CRM initiatives?

The answers received resulted in the emergence of some critical success factors, such as:

1. Senior Management Support
2. Business Plan and Vision
3. Making the Change in Small Steps
4. Inter Departmental Collaboration
5. Clear Ownership of Data
6. Training for End-users
7. End Users' Acceptance of Change
8. Degree of Analysis and Customer Segmentation
9. Degree of Alignment
10. Language Considerations
11. Internet Presence

The first four factors were distinctly apparent in all the organizations studied and they proved to be the most important critical success factors for CRM initiative success.

With respect to RQ2:

What are the common difficulties when adopting a CRM initiative?

The answers came up with the following common difficulties:

1. Resistance to Change

2. Human Errors in Feeding the System

3. Governmental Legislation

4. Cultural Barriers

With respect to RQ3:

What does CRM mean for different organizations?

The answers exposed a common interesting finding that different organizations considered CRM to be different things. Some considered CRM to be branded CRM software, others as call-centers, yet others as loyalty programs and/or simple tools to manage and satisfy customers. This confirmed that CRM meant different things to different organizations. CRM, as mentioned in the academic field, was observed as being theoretically implemented only in the financial services industry at the three banks studied. At the same time other organizations in the current study proved themselves to be good at managing their customers with the use of simple tools and without the need of sophisticated software.

With respect to RQ4:

Is CRM the right solution for every organization?

The answers proved that if branded software from recognized vendors only was to be

recognized as CRM, then this standard and rigid kind of CRM could not always be implemented by all organizations. On the other hand, if the managerial concepts behind CRM were to be taken into consideration, then CRM could indeed be implemented by every organization.

1.5 Organization of the Thesis

The remainder of the thesis is organized as follows:

Chapter two reviews the literature on CRM and proposes the CRM conceptual model to be used for the current study.

Chapter three details the research methodology used and the reasons for each decision made by the researcher.

Chapter four reports the first stage of the analysis and includes a detailed write-up on the central case study, Ford of Britain.

Chapter five reports the detailed write-ups on the three banks analyzed in the current study (NCB, Al Rajhi and RBS).

Chapter six reports the detailed write-ups on both Saudi airline and Standard life.

Chapter seven reports the detailed write-ups on the two small family businesses in the current study: Bahrawi and Noortech.

Chapter eight reports the second stage of the analysis, the cross-case analysis and its results.

Chapter nine discusses and interprets the research findings along with the conclusions and some managerial implications.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Customer relationship management (CRM) is currently under active consideration by organizations across the globe, parading itself in the open market in the disguise of new technology and software applications. Past market analyses concluded and predicted that the CRM software market was set to grow by 700% over the years 2001 to 2004 and generate total revenues of approximately $3 billion (Fox, 2001). Basically, behind this expensive technology and fancy software packages sits the deeply embedded business concept that suggests that knowing, understanding and serving of customers should be at the core of what organizations do best.

Building sustainable and successful relationships with a large customer base is not easy to accomplish and has a direct impact on many core operational processes. It is not purely a technical issue. It is not only about software implementation. And it is not just about sales. It is about the interactions of the entire business with customers. CRM is about creating a competitive advantage by being the best at understanding, communicating, delivering service and developing existing customer relationships in addition to creating and keeping new customers.

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

· What products and services are we offering now and will in the future?

· In what markets?

· What customer groups will these products and services appeal to?

· Which of these are of most value to the organization?

· What additional needs do the most valuable customer groups have?

· In what different ways can we be managing our business to deliver better to customers? Customer relationship management (CRM) is rapidly becoming an integral part of many organizations.

The researcher decided to organize this chapter so as to concentrate on reviewing the CRM concept from the viewpoint of leading experts and previous research work in this area. With reference to figure 2.1, the researcher has attempted to develop a diagram to present the general structure of this chapter and to guide the reader.
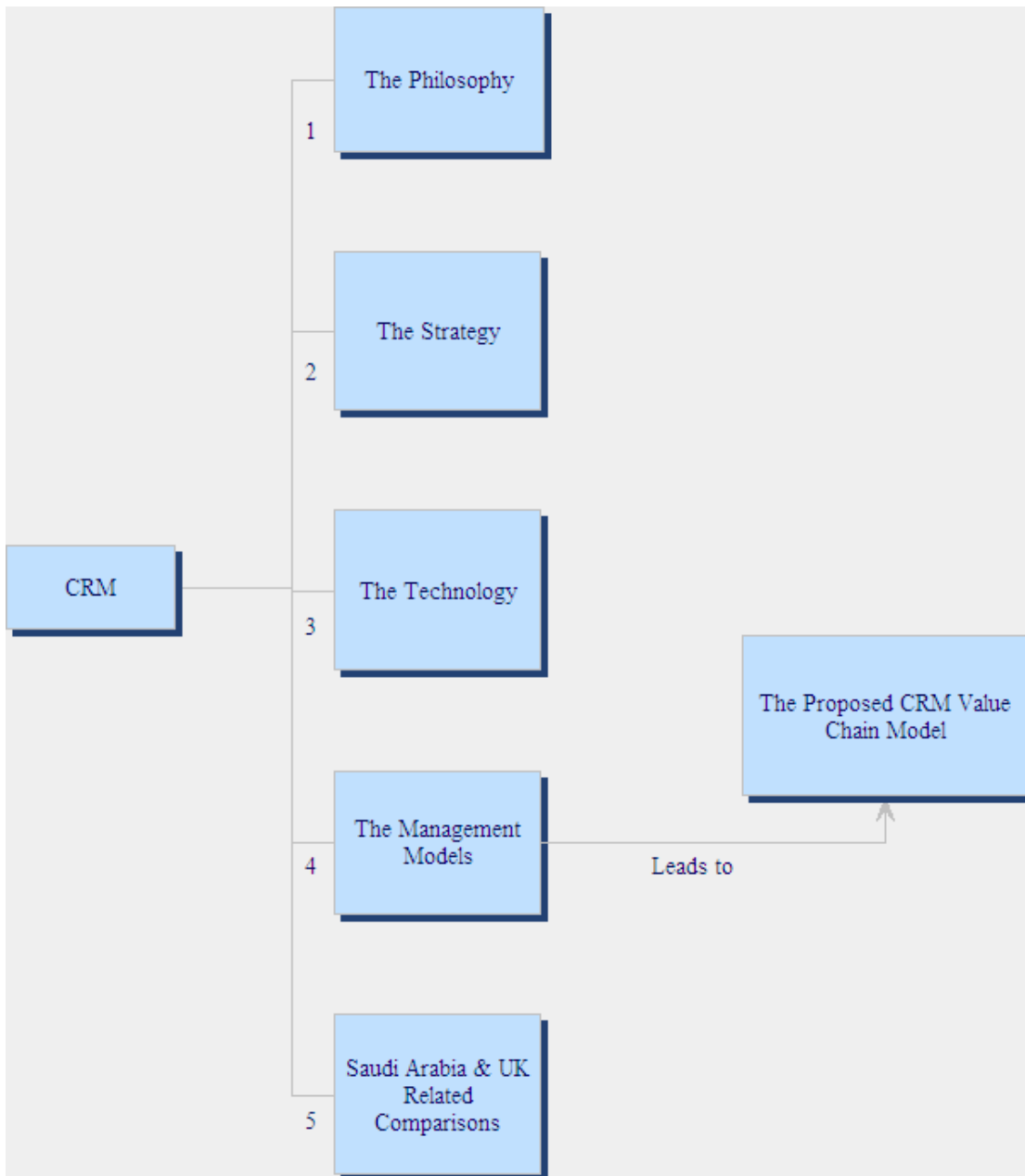
Figure2.1. Organization of the Chapter

2.2 CRM: The Philosophy

Marketing practitioners and scholars have strongly recommended striving for close

relationships with customers (Day, 2000; Lemon *et al*, 2002; Sheth and Parvatiyar, 1995).

Over the years many organizations have been compelled to accept this conclusion. Most

notable among these are the beliefs that existing customers are more profitable because the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers (Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995). One of the most important studies conducted in this field is by Reichheld and Sasser (1990), which showed the large impact on profitability of small increases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale. In addition, more studies have shown that the cost of retaining current customers is lower than the cost of acquiring new ones (Blattberg and Deighton 1996, Filiatrault and Lapierre 1997) and that economic benefits of high loyalty are important, and in many industries it is this which determines the differences between companies (Reichheld 1996).

The objective of customer relationship management is to unite and join information technology and business processes in a fashion that enables the firm to acquire new customers, retain existing customers, and maximize the lifetime value of its customers (Peppard, 2000). Most importantly, CRM allows firms to differentiate customer treatments based on specific customer needs and preferences. Additionally, financial metrics that are centred on customers allow firms to segregate those customers that the firm should be keeping from those it should be willing to lose (Dyche, 2001), enabling micro-management of profitability.

The huge number of CRM initiatives carried out reflects both the complexity and elusiveness of the CRM concept. While the number of CRM initiatives is growing fast, scholarly published material on CRM principles is rather limited. Panda (2003) argues

that Berry (1983) formally introduced the term customer relationship management to literature. Several ideas of relationship marketing had, however, emerged much earlier, such as the one provided by John Arndt (1979), who noted the tendency of firms engaged in business-to-business marketing to develop long-lasting relationships with their important customers and their key suppliers rather than focus on discrete exchange and named them "domesticated markets".

In recent years, customer relationship management has been expanded to include an integrated perspective on marketing, sales, customer service, channel management, logistics and technology for engaging in customer satisfaction. Practitioners are calling it customer relationship management (CRM) and are interested in all aspects of interactions with customers to maintain a long-term profitable relationship with them.

After reviewing the literature, some of the definitions used to define CRM are as follows:

- Bob Thompson (2001, crmguru.com) defined CRM as follows: "Customer relationship management (CRM) is a business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy and culture."

- Chen *et al*. (2003, p.682) wrote that: "CRM is a cross-functional, customer-driven, technology-integrated business process management strategy that maximizes relationships and encompasses the entire organization"

- "CRM is a strategy to identify and attract profitable customers, tying them to the company or product by efficient relationship marketing to guarantee profitable growth. CRM offers a great platform for the acquisition of new customers in addition to gaining customer satisfaction and loyalty. Additionally, existing customer relationships can be used to drive sales via up or cross-selling. The most "valuable" customers especially need to be identified, attracted and retained" (Kracklauer *et al.*, 2001, p. 516).

In addition, Imhoff (2001, p 434) provided some variations on the meaning of CRM. A representative set of these definitions is summarized in the following list:

- CRM is the set of systems, processes and organizations that profitably drive customer loyalty.

- CRM is the strategic view that integrates how we want the business to relate to the customers, specifically seen through technologies available to support that view and make it come alive by integrating people, processes, culture and attitude.

- CRM is the management of the relationship so that the partnership with the customer grows, flourishes and remains healthy over time.

- CRM is building customer loyalty, not merely relationship management, using a 360-degree view of the customer.

- CRM is the set of business processes and practices that directly addresses the relationships between key customers and the principal organization.

- CRM is the 360-degree view of the customers and their transactional activity with the company.

An analysis of the above different definitions shows, they all have common concepts of: customer focus (customer satisfaction, loyalty and retention), technology, knowledge management, change management and leadership.

CRM and TQM

It is worth considering in this section another contemporary organizational management discipline that has a strong connection with and is similar to CRM, that is, **Total Quality Management.** TQM is a set of management techniques that became popular in the 1980's (Bennington & Cummane, 1998). The basic principles provide significant contribution to many CRM fundamental concepts. The four essential dimensions that comprise the practices and techniques of TQM (Tena, *et al.*, 2001, p.933) are:

1. Establish a customer focus – customer satisfaction behaviours and attitudes must be inculcated into all areas of the organization.

2. Implement continuous improvement practices – procedures and processes must be in place to allow and encourage continuous self-assessment and adjustment.

3. Nurture employee fulfillment – there is well established proof that employee performance is directly correlated to job satisfaction.

4. Treat the organization as a total system – focus on processes and relationships, not functions, both internally and externally.

All of these TQM dimensions are also essential to CRM. Whilst both TQM and CRM are management led, the ultimate success of each depends entirely on the involvement of

people and, hence, can be identified as cultural issues. Each emphasizes the role of continual improvement as a method and measure of progression. In the author's opinion CRM is not an alternative to TQM; customers are looking for cost reductions and customer service, but also looking for quality, and so both approaches are necessary. Both management concepts focus their efforts on recognizing customers and listening to their needs. According to Copulsky and Wolf (1990), relationship marketing (which is the same concept as CRM) is a broad approach to customer care. To gain a strategic advantage, it emphasizes on building a long term, repeat-purchase relationship with customers along a group of related products and services. To do this, a database of current and potential customers, with all the data about each customer, has to be provided. For this to happen there is a need for consistent quality, otherwise loyalty will be weakened and buying behaviour will change (Clark *et al*., 1994). This strengthens the author's opinion about the strong relationship between TQM and CRM and that both have the same goals; it is important to implement both at the same time for a business to gain the benefits of the organizational change initiative. It does not matter whether one calls it TQM or CRM; the most important of all is implementing the management rules and principles in the correct manner to achieve the desired results. Figure 2.2 illustrates that there are many common concepts and dimensions that are shared between both management concepts.
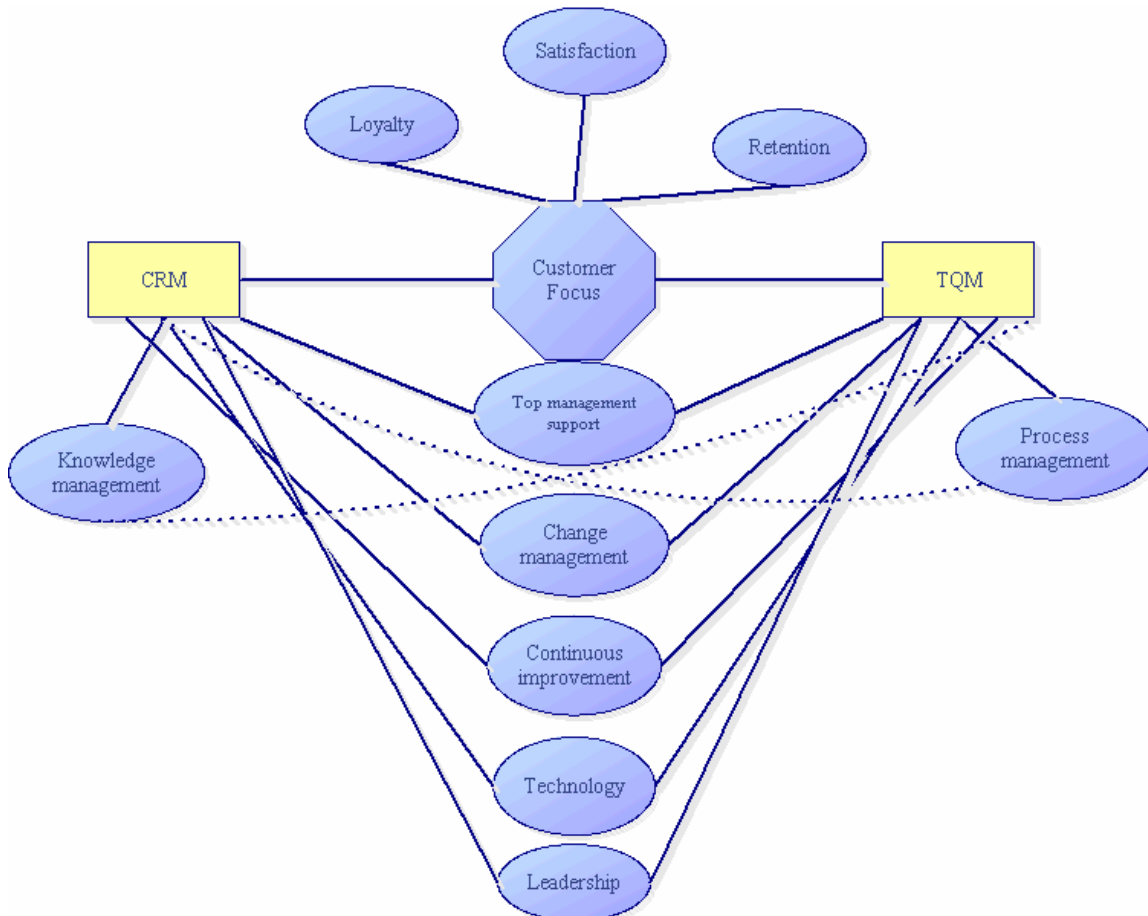
Figure2.2. Shared Concepts between CRM and TQM

2.3 CRM: The Strategy

The first critical success factor in CRM projects is that the organization must have business strategies that promote CRM across functional boundaries. To succeed, these strategies must be understood and accepted throughout the organization. A company can have an enterprise goal to become more customer-focused or to increase customer satisfaction. However, if no underlying strategies are in place, which enforce a customer view across business functions, the organization is not likely to move beyond the traditional product focus (Imhoff *et al*, 2001).

The results of a research study conducted in May 2001 by the CRM Forum among 900

organizations implementing CRM indicated that the top three areas limiting CRM benefits were (multiple choices were not allowed):

1   Organizational change and politics, accounting for 50 percent of the respondents.

2   The right skills and enterprise-wide understanding, accounting for 25 percent of the respondents.

3   Initiative planning, accounting for 16 percent of the respondents (Kirkby, Eisenfeld, 2001).

According to the above research, it is evident that good management skills are the key to the success of a CRM project. One of the main problems facing companies is that there are no guidelines to show them how to implement a solution. Every company is different, has its own culture, its own business processes and uses its own technologies.

As defined by CRMcommunity.com, strategic CRM is a **"**comprehensive implementation that provides seamless coordination between all customer-facing functions by integrating people, process and technology to maximize relationships with all customers" (CRMcommunity.com, nd).

Strategy is defined by Webster's dictionary as "**careful** plan or method" or "an **adaptation** or combination of adaptations that serves or appears to serve an important function in achieving evolutionary **success**" Hence, the words careful, adaptation and success are keys to the word strategy and, in turn, are key aspects in any CRM strategy.

In order to implement a successful CRM initiative, CRM has to be considered as an ongoing process, not an event, and it needs to be "strategically managed and integrated at all levels within an organization by every employee" (Sharp, 2003, p.14). Moreover, CRM has to be identified as the whole organization, including its internal and external

environments. In other words, strategic CRM is defining the steps needed by an organization (as a whole) to develop and maintain a successful CRM implementation that includes technology, customer life cycle, customer interface and integration aspects.

In order to achieve a successful CRM project, it is important to breathe, listen and talk CRM. Being able to transform from a product-centric organization to a customer-centric one is essential to enable the start of a CRM project. Therefore, an organization needs to develop a roadmap (a strategy) outlining the path towards becoming customer-centric.

The Roadmap

1. Knowing the customer. Customer knowledge is an important asset for all businesses. The first step towards a CRM project is to know who the customers are, what they need, how they want the product, how they want the service, what their expectations are, how they want to be dealt with and which channels of communication they prefer (Sharp, 2003). Different organizations use different customer knowledge strategies to best match culture, priorities, and capabilities. They try to reap the best business value from their existing knowledge-based assets or try to create new knowledge-related assets where they are required (Karl, 1997). With the customer in mind and the customer providing the central emphasis of an organization, managers can start to evolve all the processes needed around the customer. Dobbins and Pettman (1997) state it as one of the nine basic skills for business success:

    Remember that we are all in business to provide benefits for customers - at a profit. We are not in business to make products and provide services. The world is full of products and services in which customers see no benefit and for which they are neither willing nor

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able to pay. Benefits customers seek include an increase in self-esteem, new knowledge, companionship, additional wealth, success, power, influence, self-expression, better health, better relationships, social status, popularity, self-actualization, recognition, admiration, prestige, security, safety, self-preservation, a decent meal, a good laugh and excitement. Remember that customers are lazy, ignorant, selfish, greedy, impatient, disloyal, ruthless and vain. Use your creativity to generate benefits which are consistent with customer characteristics (p. 533).

2. Knowing the employees. Research done by Bain & Company in Boston shows that the prime driver of customer loyalty is the loyalty of the company's employees. When Bain Company analyzed the auto service business, they discovered that people tend to go to local garages to be serviced. Although they believed that mechanics at the chain outlets might have better training and equipment, they still preferred to deal with the person they knew and liked (Rigby *et al*, 2003)

> Wal-Mart is a great example of a company that uses a blend of high-tech solutions and high-touch employees-like flesh and blood greeters-to increase customer loyalty. Wal-Mart lets technology work behind the scenes. Its CRM data warehouse is one of the largest in the world, tracking exactly what the customer purchases. As a result, Wal-Mart stocks more of the most popular merchandise and clusters items that people tend to buy at the same time. But Wal-Mart does not use technology to build profiles of individual customers by gathering addresses and phone numbers. Instead, Wal-Mart leaves that job to

its local employees, who know their regular customers and understand their

needs (Rigby *et al*, 2003, p.4).

The people who interface with the customers in an organization should know how to exceed customer expectations. If not, the required action item is to begin to spread such an understanding. Moreover, any company has to make sure that it has good strategies for hiring and retaining employees. In the researcher's opinion, interviews and tests have to be done on job seekers, not only to evaluate proficiency in the job but also to test 'politeness'! This will help put the right people in the right places and provide the customers with good experiences with the company.

Designing and implementing employee buy-in programs help in understanding the value of CRM (Sundip, 2003). It is essential to have employees agree that the strategy taken by their company is the best for them and for the company. After all, happy employees mean happy customers!

3. Looking at the current status of the company. In this stage assessments have to be made and sometimes external assessors may be hired. A readiness assessment establishes how ready the organization is for a CRM project and a maturity assessment is necessary to show how mature the organization's current practice is (Stadler, 2001). These assessments help to identify where the organization is in terms of customer-centricity and creates a snap shot of the organization that helps as a starting point for the CRM project.

4. Choosing the project team. The CRM project team should include people from IT, marketing, sales and management (including senior management). Since CRM is an organization-wide issue, it is important to choose the members of the CRM

project from all over the company. An organization can use the help of the ESPs (external services providers) and assure good training and skill transfer. At this stage the company can use the good principles of project management in forming the team. Lewis simply states the steps in building a new team as follows:

-Introduce members to each other

-Together develop a mission statement for the team

-Develop specific goals and objectives that the team must achieve

-Develop a plan to achieve those goals (Lewis, 1998).

The team is then responsible for the analysis, documentation, solution design, procurement, and development of procedures for the evaluation and selection of the technological solution.

5. Assuring senior management support. It is critically important for senior management to provide the proper environment for the project team to function effectively. The project leader needs to tell management at the outset of the program what resources are needed (Dinsmore, 1993). This is vital to the budget of the project (without this support nothing can be done). Moreover, the adoption of the philosophy of CRM is dependent upon top managers' attitude towards this strategy and whether they can foresee cash getting into their pockets. Duane (2003) suggests enlisting a senior management member to support the project.

> The success of every CRM project will be dependent on several factors and the effective integration of all stages; however, the support the project receives internally is of particular value. The requirement for the support of a senior management member, (e.g., the vice-president of marketing or sales, vice-president of finance or other member of the senior management

team) is crucial to the success of the CRM strategy. This stage of the process cannot be overemphasized, and the designated senior management person must form an integral part of the CRM team, with a commitment to attend and actively participate in all project meetings and workshops (p.29).

6. Providing effective leadership. CRM normally involves business process change and the introduction of new information technology, consequently effective leadership is important (Galbreath, 1999). Because leaders monitor the external environment of an organization they are often the best people to set the vision or strategic direction for CRM projects. In addition, leaders have the power to influence personnel to buy in (Bull, 2003). CRM environments are complex and require organizational change and a new way of thinking about customers and business in general.

7. Developing a detailed business case. "Many IT investment disappointments can be avoided when a value-focused business case plays a starring role during the project's entire lifetime" (Keen and Digrius, 2003). A business case is a unique document:

- Its goal is to analyze, and yet it is not a truly financial document.
- Its goal is to sell, and yet it is not a sales tool.
- Its goal is to explain, and yet it is not an instruction manual.
- Its goal is to convince, and yet it is not a marketing guide.

For a CRM project, it is vital to develop a detailed business case to achieve approval and encouragement from all over the organization. A CRM business case should analyze customer behaviour and apply insight to create relevant

interactions that build valued relationships. Next comes selling the idea to management by explaining the benefits of such an ongoing project. Finally, comes the convincing of top management with evidence of other organizations' successes.

8. Choosing the CRM technology. It is important to spend some time researching the IT market in order to find the most suitable solutions for the needs of the company. Needs are different from one organization to another. Depending on the firm's size and needs, comes the selection of the software. A company should also decide whether to outsource the technology or to build it in-house.

9. Integrating with other systems. CRM integration can create a chaotic IT environment. Piles of ever-changing customer data stored in different places, from CRM applications themselves to ERP implementations, back-office databases and legacy systems. For CRM to do its job well, information collected from all of these systems should complement rather than be at odds with each other (April and Harreld, 2002).

Other 5%

Solutions don't meet needs 5%

Resistance from staff or customers 24%

High cost; low ROI 27%

Difficult integration 39%

Note: 41 respondents
SOURCE: INFOWORLD CTO NETWORK SURVEY
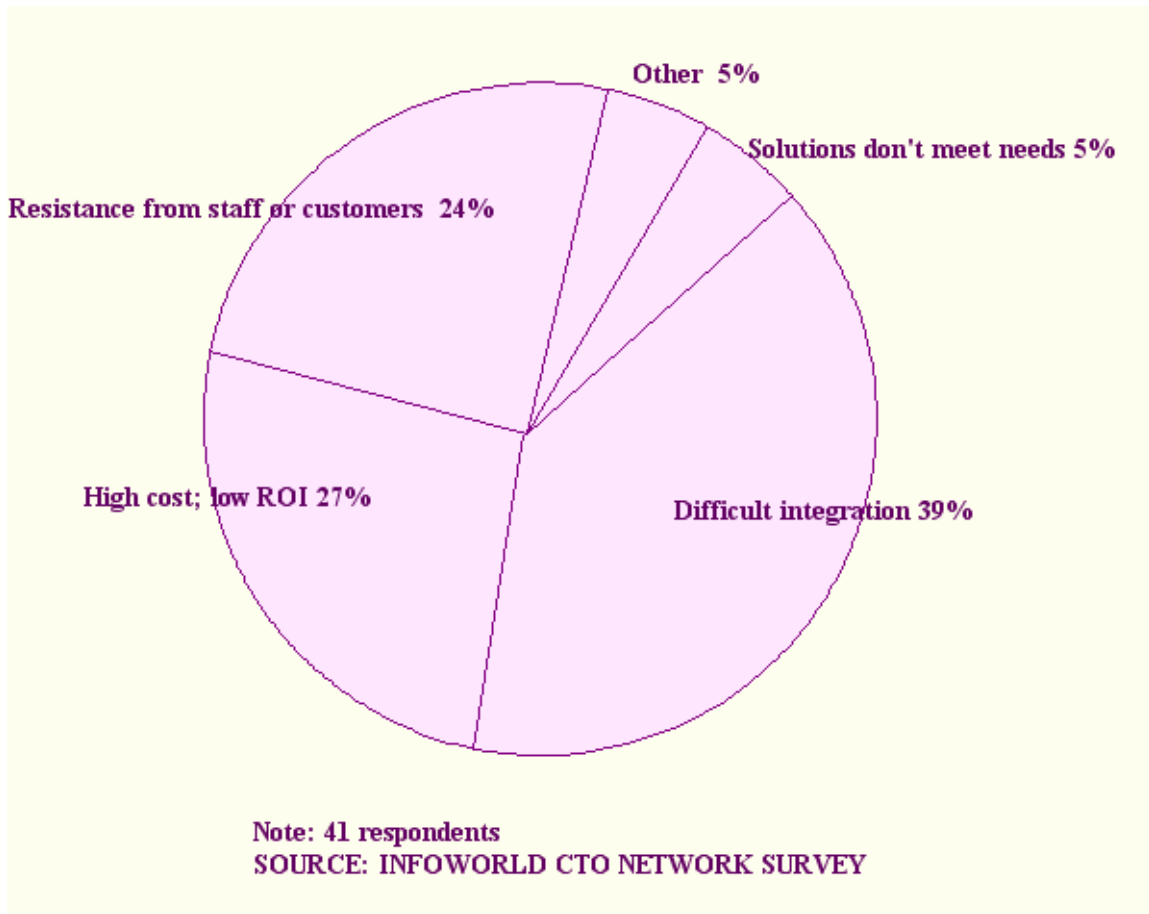
Figure2.3. CRM Frustrations (April and Harreld, 2002)

According to the CTO network survey results (April and Harreld, 2002) represented by the pie chart in figure 2.3, it is clear that the most difficult element of implementing a CRM solution is integration. That is why close attention and careful step by step implementation are important for the CRM project to succeed.

10. Testing and evaluating CRM solutions. One of the most basic challenges inherent in a CRM business strategy is to establish the set of metrics to be used to gauge the success of a CRM implementation. According to a study by Forrester Research, Cambridge, Mass., only 12% of the companies surveyed measure results using external, customer-focused factors. And while 61% have

metrics in place, most are focusing on internal matters, such as return on investment, market share and efficiency improvements (Peterson, 2001). It is best to have both measurements; external and internal.

The effectiveness of CRM can be measured as a satisfaction level achieved by CRM activities. It is also possible to measure the intangible attributes of CRM benefits, such as value enhancement, effectiveness, innovation and service improvement (Jonghyeok *et al*, 2003). At the start of the CRM project measurement tools have to be in place and approved by the project team members. It is advised that tests and evaluations be made after every milestone of the project.

2.4 CRM: The Technology

Technology is used to automate procedures, provide better information and to transform entire business processes (Dedrick *et al*., 2003). These capabilities include not only hardware and software, but also the technical and managerial expertise required to provide reliable physical services and extensive electronic connectivity within and outside a firm (Broadbent and Weill, 1999).

Information on customers is critical to developing and maintaining customer relationships. While small organizations with very few customers find it relatively easy to collect and use relevant information in building customer relationships, larger organizations find this practically impossible to do. Thus, information technology, initially in the form of the database, was regarded as 'an agent of surrogacy to be enlisted

to help marketers to re-create the operating styles of yesterday's merchants' (Sisodia and Wolfe, 2000, p. 526). CRM technology applications link front office (e.g. sales, marketing and customer service) and back office (e.g. finance, operations, logistics and human resources) functions with the company's customer "touch points" (Fickel, 1999). A company's touch points can include the Internet, e-mail, sales, direct mail, telemarketing operations, call centres, advertising, fax, pagers, stores and kiosks. Often, these touch points are controlled by separate information systems. CRM integrates touch points around a common view of the customer (Eckerson and Watson, 2000).

CRM software and hardware applications drive three key processes:

(1) Automating business operations (sales automation, customer service, order management etc.),

(2) Automating business performance processes (data warehousing, data mining, analytics etc.), and

(3) Automating communication and coordination processes (voice mail, e-mail, web site etc.) (Crosby and Johnson 2001).

CRM is broadly implemented at two levels of an organization (Dyche, 2001), the operational level and the strategic/analytical level. The operational level includes the boundary spanning activities of the firm where direct customer contacts (touch points) occur.

The other level of CRM implementation is called analytical CRM. Simply put, it involves examining and comprehending customer interactions that occur at the touch points. Analytical CRM entails the compilation of customer data into databases and its subsequent analysis. Creating, maintaining, and utilizing a data warehouse forms the core

of analytical CRM. Data warehousing is the most important technology used in CRM. A data warehouse can be defined as "a storage location for data that can support the reporting and analytical needs of multiple departments across an organization. The data may be time stamped to provide historical business information." (patriot.net, nd)

Data warehousing technology makes CRM possible; data can be obtained and manipulated easily. With this kind of technology analysing a customer's data is easy. It is possible to identify and report by product or service, geographic region, distribution channel, customer group or individual customer (Story, 1998). An example of data warehouse dimensions could be: customer, product, transaction, geography, time and promotion.

Data mining is another important technology used in CRM systems and is defined generally as "the process of analyzing data from different perspectives and summarizing it into useful information - information that can be used to increase revenue, cut costs, or both." And it is defined technically as "the process of finding correlations or patterns among dozens of fields in large relational databases" (Anderson, nd). Companies use data mining to determine relationships between internal factors, such as price, and external factors, such as competition. Data mining makes it possible for companies to determine the impact on customer satisfaction, sales and profit, which are essential to CRM. Moreover, data mining is a way to drill down and view transactional data.

There are different types of patterns that can be found and analysed:

Classes: where you can locate data in predetermined groups. For example, a coffee shop chain could mine customer purchase data to determine when they visit and what they

buy. As a result, the coffee shop could have daily specials to increase the number of customers on those certain days.

Clusters: where data items are grouped according to logical relationships or consumer preferences.

Associations: where you can associate two or more data items. For example, when men buy nappies they also buy beer. As a result, beers could be displayed near the nappies.

Sequential patterns: where you can determine a sequential pattern in purchasing two or more items. For example, buying a camera and then buying a film every month (anderson.ucla.edu, nd).

Data mining is used to predict the future of certain behaviour, and to identify the existence of an item or an entry in the database. It is clear that data mining is essential to CRM, since it is through analysing customer behaviour that an enterprise can determine its marketing strategies, including advertising, design of catalogues and campaigns.

The essence of CRM is that a firm should integrate information with business action (Dyche, 2001). Managerially it means that the data should be acted upon by managing customer interactions at the touch points more effectively and efficiently. Technologically, this calls for an integration of the "front end" and "back office" systems. Some vendors like RightPoint, Manna and SAP provide the connection of the front to the back end (Davids, 1999).

2.5 CRM: The Management Models

When reviewing the CRM literature the researcher observed that there are many different CRM models. Some of the models proposed by other researchers are concerned with knowledge management in CRM. An interesting model of knowledge-based CRM is the one produced by Patrick Lambe (2001). The model essentially focuses on proactive CRM that has two laws, three main activities and depends on two main tools, as illustrated in figure 2.4. The two laws and three activities of CRM are dependent upon technology and knowledge management. "Identifying the high value customer is a sophisticated knowledge task, as is determining the range of profiles among current customers. Technology can assist but knowledge management puts the information processing power of technology to effective use. Collaborating with customers requires a strong grasp of tacit knowledge exchange, and anticipating or predicting new customer needs can be delivered competently using statistical methods with technology, but can only be done excellently when the dimension of tacit knowledge exchange and collaboration are also deployed" (Lambe, 2001, p.2).
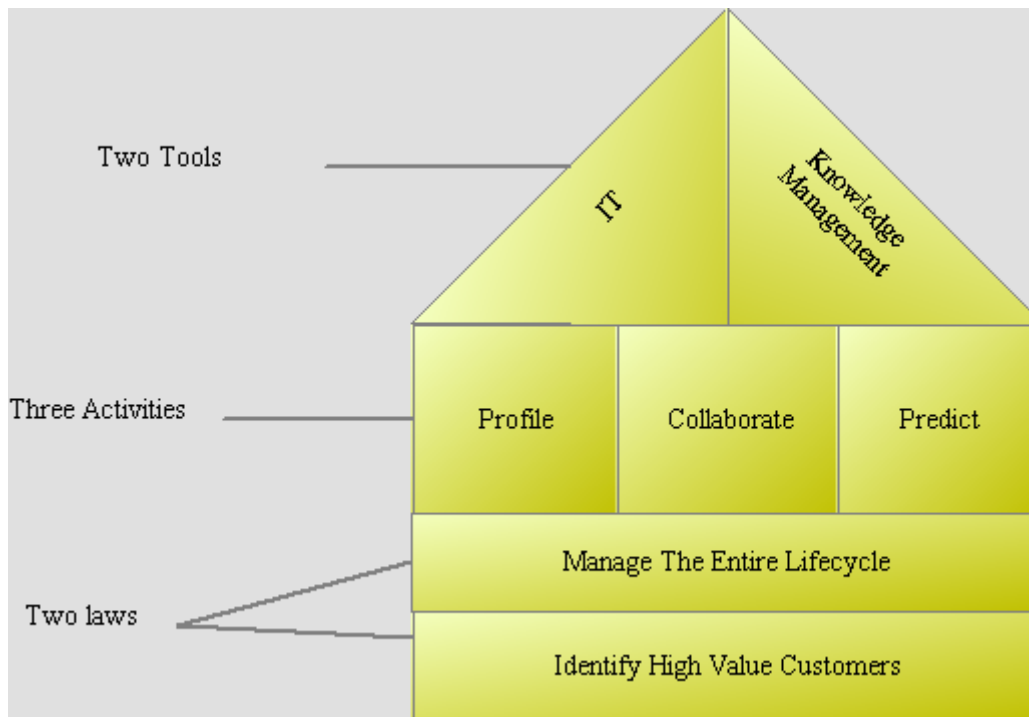
Figure2.4. Knowledge-enabled CRM Model. Source: Lambe, 2001, p.1

Another model of knowledge-enabled CRM is the one proposed by Henning *et al.*

(2003). To achieve a successful integration between KM and CRM they proposed a

business process model for CRM, comprising the six relevant business processes:

campaign management, lead management, offer management, contract management,

service management and complaint management. Additional activities for the

implementation of the customer interface are interaction management and channel

management. They also identified four relevant knowledge aspects to supplement CRM

processes: content, competence, collaboration and composition. These aspects allow a

structured approach for the identification of business process improvement opportunities

through KM.

Other CRM models are concerned with customer value. Wang *et al.* (2004) developed an

integrative framework for customer value and CRM performance based on the

identification of the key dimensions of customer value. Emphasising the customer equity-based view, the study explores the decomposed effects of customer value on CRM performance in terms of relationship quality and customer behaviours. In doing so, a structural equation model was developed, as illustrated in Figure 2.5.
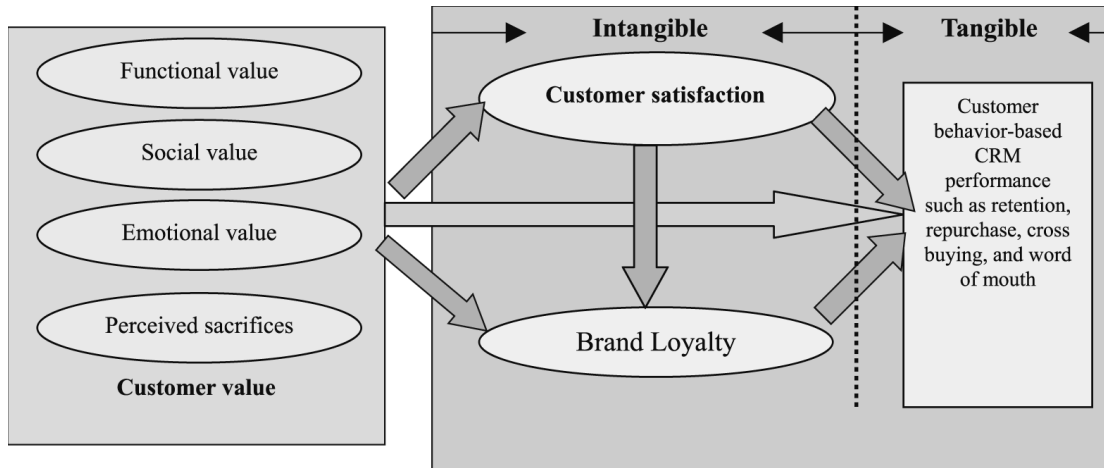
Figure2.5. The integrated framework for customer value and CRM performance. Source: Wang et al., 2004, p. 171

Another concept that is a concern of researchers is leadership. The CRL (customer relationship leadership) model was proposed by Galbreath and Rogers (1999) and, as they claim, it is a new model that leaders can embrace to recreate or readjust their leadership styles in order to foster an atmosphere in their businesses to adopt and practice the principles of CRM. While CRM environments improve business performance, initiatives undertaken in this new management field require sound leadership as well. The value compass model proposed by Wayland and Cole (1997) is a CRM model that is concerned with the customer-oriented perspective. The four dimensions of the value compass model: customer portfolio management, value proposition design, value-added role and reward and risk sharing provide ways for the business to identify and manage customer relationships, to measure the business' contribution to its customer value chain,

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to decide the position of the company within the industry value-added chain, and to decide, on this basis, which customers and suppliers can create and share better value. The model makes the explicit connection between what managers know about their customers and how they can leverage that information to create customer value. Other researchers and authors who have contributed in introducing CRM models and frameworks are:

Pepper and Roger (1999) have focused on four steps (identify, differentiate, interact and customize) for one-to-one marketing. Brown (2000) presents the strategic customer care five-pillars model to build up a CRM model for enterprises. Handen (2000) considers five dimensions (strategy, organization, technology, segmentation and process) to implement a CRM project effectively. Curry and Curry (2000) have written a clear, step-by-step guide to profit from CRM, with strategies that are aimed at small and medium-sized business owners. Swift (2001) emphasizes the right customer, right offer, right channels and right time for retaining customer loyalty. Dyche (2001) provides for an enterprise the guidance for adopting and implementing its own CRM solution. A framework has been developed by Srivastava *et al*. (1999) to comprehend the integration of marketing with business processes and shareholder value. Lin (2000) presents a systemic integrated communications model that may help enterprises identify the potential issues of CRM. After reviewing the above CRM models the researcher decided to adopt a model that is dependent on customer profitability and is illustrated in the following section in more detail.

2.6 The Proposed CRM Model for the Research

The general aim of any CRM strategy is to develop more profitable relationships with customers. This section presents a model that provides a holistic view of the CRM landscape. The model represents two main sequential phases of the CRM strategy: analysis and implementation. The flow of the lines between the icons of the model is a two way flow which indicates that the supporting conditions are continuous processes that flows along with the sequential phases of the CRM strategy.
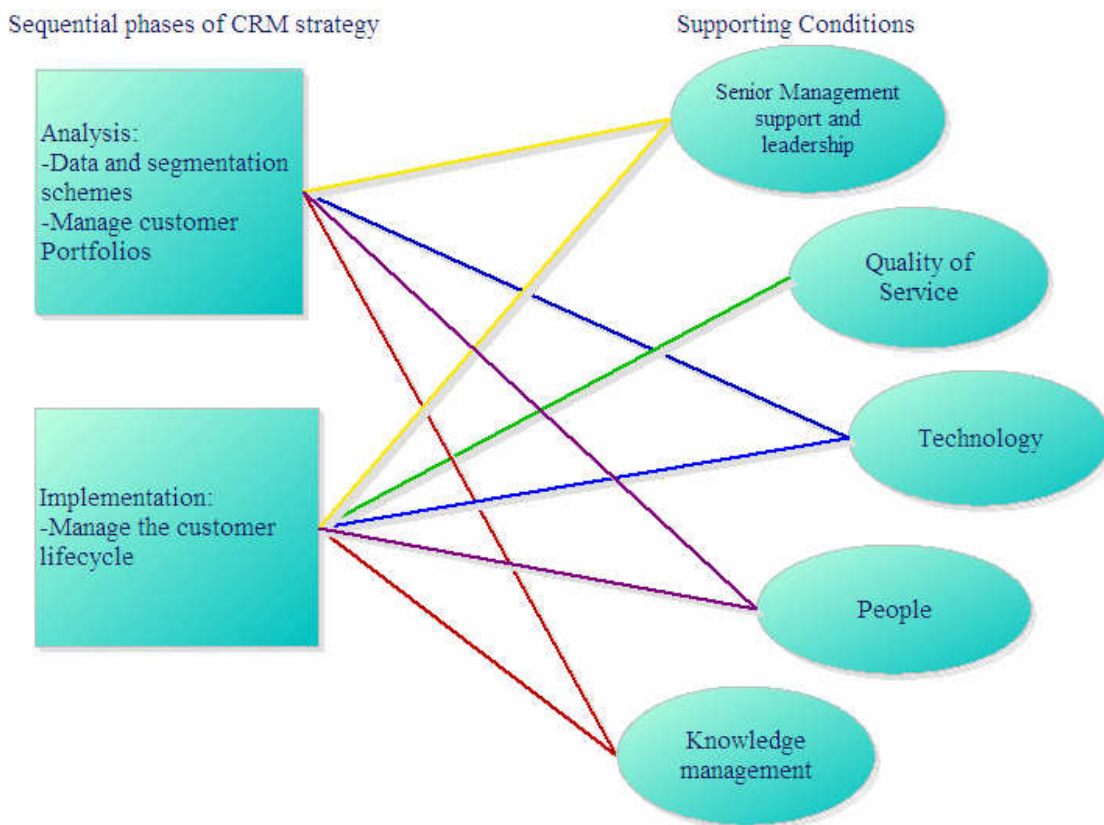
Figure2.6. The Proposed CRM model

Data, segmentation schemes and managing customer portfolios are primarily analytical activities. Data and segmentation schemes involve using customer and market data to

decide which customers to serve; managing customer portfolios involves getting to understand customers and their requirements. Managing the customer lifecycle is about implementing CRM by acquiring and retaining customers, and developing their value. This model was adopted from the CRM value chain model (figure 2.7) presented by Francis Buttle (2004) and modified to the one displayed in figure 2.6.
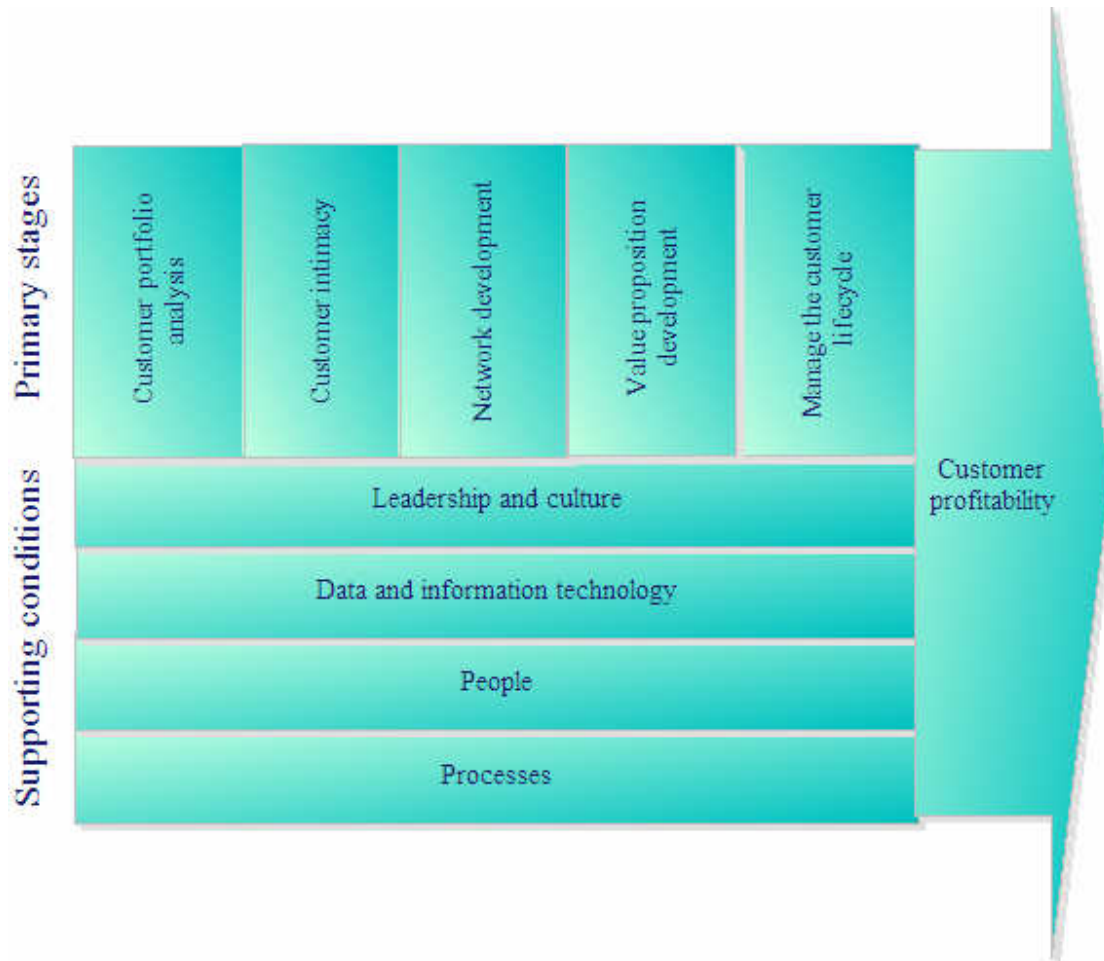
Figure2.7. Buttle's CRM Value Chain Model (2004, p. 40)

Buttle integrated many viewpoints about customer relationship management into the following definition of CRM:

> CRM is the core business strategy that integrates internal processes and functions,
>
> and external networks, to create and deliver value to targeted customers at a profit.

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It is grounded on high-quality customer data and enabled by information

technology (Buttle, 2004, p.39)

Depending on this definition Buttle produces his five-step process for developing and

implementing CRM strategy. The model also identifies a number of supporting

conditions that facilitate successful implementation. According to Buttle (2000), the

CRM value chain (Figure 2.7) is a proven model which businesses can follow when

developing and implementing their CRM strategies. This model has been five years in

development and has been piloted in a number of business-to-business and business-to-

consumer settings, with both large companies and SMEs: IT, software, telecoms,

financial services, retail, media, manufacturing and construction. Buttle argues that the

model is grounded on strong theoretical principles and the practical requirements of

business.

The change the researcher made to Buttle's model was to introduce more supporting

conditions. In the researcher's proposed model there are five supporting conditions:

- Service quality

- Senior management support and leadership (leadership and culture)

- Information technology (data and information technology)

- People

- Knowledge management

The researcher decided to exclude processes (the way in which things are done by the

company) since they are included in all the different phases of the model. So there is no

need to put them as a separate supporting condition. Buttle's model had three stages:

Analysis (customer portfolio analysis, customer intimacy), resource development

(network development, value proposition development) and implementation (manage the customer lifecycle). The researcher decided to exclude the resource development stage as a separate icon and included it within the implementation phase. After all, managing the customer lifecycle means inevitably creating value for customers to acquire, satisfy and retain them.

Service quality; the first supporting condition for CRM implementation; has been defined in terms of customer satisfaction: the degree of alignment between customers' expectations and their perceptions of the service received. The customer should determine what aspects of the service are the most beneficial rather than the service provider dictating these aspects (Babakus and Boller, 1992). Poor service is the dominant reason for losing business. The core product alone is no longer enough, and service quality is stressed as the key to successful business. It is necessary to discover the customer's real requirements. Focusing on these key service issues will be reflected in customer satisfaction. An essential aspect of managing service quality is the identification of client expectations, and then designing the service system to focus on these requirements; that is what CRM is all about. Service quality is considered a critical determinant of competitiveness. Service quality can help an organization to differentiate itself from other organizations and gain a competitive advantage. Superior service quality is a key to improved profitability (Ghobadian *et al*., 1994).

Senior management support and leadership; is critical for the success of any CRM process. The support must extend beyond verbal support or approval of expenditure for

consultants or training. Senior management support must be active, visible and constant. Why? Because CRM processes are about changing staff attitudes and the culture of an organization, and senior management is the biggest influencer of attitudes and culture. Senior management's own attitude and behaviour towards customers and other business aspects has a direct impact on how other staff think and behave.

Convincing senior management to change to a different way of thinking and doing things requires an understanding of what keeps them acting the way they do. Some of the reasons why senior management do not support change include (ACGI, 1996):

- They are short term results oriented and most change processes take a long time to achieve results.

- Managers relate best to quantitative financial results, while most change processes either produce qualitative results or do not translate the results to pounds or dollars.

- Many senior managers do not understand the critical nature of their role in the change process, or what they have to do to visibly support the change.

- Senior managers often see the change process as a "project or program" rather than an all encompassing and ongoing process.

Leadership is an essential component of any CRM project teamwork: It is the art of creating a supportive work environment. Team leaders must work with senior management to ensure that they create an organizational ambience that is conducive to their teams' needs. In addition, team leaders can influence these organizational change

processes via their management techniques and their ability to create a team environment through their leadership actions.

The third major supporting condition for CRM implementation is **information technology**. Technology is a key enabler, but is only a means to the end. It enables the whole business to see and serve customers in the same way through:

- Accessible data

- Efficient and consistent processes.

The key is getting the balance of technology investment appropriate for the specific goals set out in the customer strategy. CRM systems must be able to operate in the office, out of the office and over the web. They must tie together multiple communication channels, each using very different technologies (web, e-mail, telephone). And they must be flexible to accommodate changing customer needs and demands (Buttle, 2004).

The fourth supporting condition for CRM successful implementation is **people**. People's skills, knowledge and attitudes are essential elements for CRM performance. People also need to be trained in many competencies. People resist change because they do not see that it is in their self-interest. Management should benefit from this and consider it as useful information that tells them what is working and not working in the change process (Brendler, 2001). Implementation of a CRM initiative requires changes to organizational culture (Al-Mashari and Zairi, 2000). In most change initiatives, resistance and disagreement among various departments can only be resolved through personal intervention by top management. CRM initiatives require vision and all employees must

understand the changes that CRM will bring. Re-engineering a customer-centric business model requires cultural change and the participation of all employees within the organization. Successful implementation of CRM initiatives means that some jobs will be significantly changed. Management must ensure that job evaluations, compensation programs, and reward systems are modified on a basis that facilitates and rewards customer orientation (Chen and Popovich, 2003).

The main principle of **knowledge management,** the fifth supporting condition, is that knowledge is an entity that is a strategic business asset, and therefore the processes associated with it need to be managed. Some authors like Chou and Lin (2002) considered customer relationship management as an application of knowledge management. "Customer Relationship Management (CRM) is a strategy used to learn more about customers' needs and behaviours in order to develop stronger relationships with them. CRM is a process that will help bring together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends. Therefore, CRM is a process to manage customer knowledge and information, including responses to campaigns, shipping and fulfilment dates, sales and purchase data, account information, Web registration data, service and support records, demographic data, Web sales data, etc." (destinationcrm.com, February 21, 2002).The success of CRM depends largely on how well this information is converted into enterprise-wide knowledge and customer insight.

In the following section the researcher intends to clarify the business cultures that affect the CRM context in the two countries covered by the current study.

2.7 Related Comparisons between Saudi Arabia and the United Kingdom

2.7.1 Country Reviews

The Kingdom of Saudi Arabia consists of an area of 1,960,528 square kilometres (approximately 9 times the size of the UK). Saudi Arabia's 2005 population was estimated to be about 27 million, including about 5.6 million resident foreigners. The central institution of Saudi Arabian government is the monarchy. The first language is Arabic and the religion is Islam. Saudi Arabia has a relatively wealthy oil-based economy and strong government controls over major economic activities. Saudi traditions are rooted in Islamic teachings and Arab customs, which Saudis learn about at an early age from their families and in schools. Arab traditions also play an important role in Saudi life. These age-old traditions have evolved over the millennia and are highly regarded. They include generosity and hospitality, which every Saudi family offers to strangers, friends and family. Saudi society has experienced tremendous development over the past several decades. The Saudi people have taken their values and traditions – their customs, hospitality and even their style of dress – and adapted them to the modern world.

The United Kingdom has a variety of cultures and ethnic groups and consists of four countries, each with a clear identity: England, Scotland, Wales and Northern Ireland. A thoroughly multicultural society, the UK continues to harmonize its rich cultural heritage with a modern and innovative outlook. Knowledge and an appreciation of the basic

cultural, ethical and business values of the UK are important to any organization wanting to conduct business. In mid-2005 the UK was home to 60.2 million people, of which 50.4 million lived in England. The average age was 38.8 years (national statistics, 2005).

2.7.2 Business Cultures

According to Watson *et al.* (2002), culture is a set of values being determined by an underlying structure of interacting belief systems. Several studies have shown that the way in which individuals perceive their social environment is directly related to their cultural background (Hong and Chiu, 2002). It is therefore expected that these values and standards typical in a certain society affect organizations and customers of this society. According to Walter and Shyan (1999), it is necessary to consider the differences between countries by looking at several factors, including the cultural factors, as these are partly responsible for the marketing environment in any market.

According to Dumond (1995), culture can affect the orientation of managers toward customer focus and satisfaction. An example is the research conducted by Everett and Sohal (1991), which found that Japanese managers are more oriented toward customers relative to their counterparts in Australia, which might be due to the differences in attitudes and beliefs (culture) about dealing with customers. According to Lakhe and Mohanty (1994), underlying political-legal systems have a significant effect on customer focus. An example is that in open societies, such as the UK, the government has been found to act as a passage between dissatisfied customers and industry (Field and Shutler, 1990). Furthermore, the degree of competition in different economies can influence the level of customer focus and satisfaction (Forker, 1990). When the level of competition

goes up, customer expectations go up accordingly and customers become more demanding. Being customer-focused is largely influenced by the level of literacy and education of customers; that is why organizations in developing countries do not focus on customer satisfaction (Prasad and Tata, 2003). According to Al-Ghamdi *et al.* (2000, p.72), "in many developing countries, consumers are reluctant to complain to the concerned bodies. This may be due to lack of awareness of their basic rights or due to a lack of concern for safety." Furthermore, customers may not know the relevant bodies that should be approached to complain, as well as the sales regulations and rules.

In order to understand fully the culture of **Saudi Arabia** one needs to understand the extensive influence of religion on society. The majority of the population of Saudi Arabia are Arabs who are devoted followers to the Wahhabi sect of Islam. Islam, which governs every aspect of a Muslim's life, also diffuses every aspect of the Saudi state. As a result, Arabian culture is often described as detail orientated, whereby emphasis is placed on ethics and expected social behaviour such as generosity, respect and solidarity. These are customs and social duties that influence the Saudi Arabian business world and affect the way Arabs handle business dealings (Gorrill, 2004,a).

From a consumer perspective, Saudi Arabia is a multi-racial, affluent society with varying needs and tastes and annual merchandise imports in excess of $25 billion (Azzam, 1992). The majority of the population is young people who are predicted to be well educated and informed on what is available in the marketplace as they enter the work force (Giunipero and Flint, 2001).

Another interesting fact about the Saudi business culture is the concept of face. Dignity and respect are key elements in Saudi Arabian culture and saving face, through the use of compromise, patience and self-control is a means by which to maintain these qualities. Arabian culture employs the concept of face to solve conflicts and avoid embarrassing or discomforting others. In a business context, preventing loss of face is equally important and essential as businesses success in Saudi Arabia (Gorrill, 2004,a).

The **British** are widely known for their politeness and courtesy. This is a key element of British culture and is a fundamental aspect of British communication style. Direct questions often receive vague responses and conversations may be ambiguous and difficult to analyze. Paying attention to tone of voice and facial expression is important because this may be an indication of what is really meant (Gorrill, 2004, b). In British culture open displays of emotion, positive or negative are not common and should be avoided. Table 2.1 (Gorrill, 2004, a, b) illustrates further interesting differences in the business culture between Saudi Arabia and the UK.

Saudi Arabian Business Key Facts	UK Business Key Facts
Appointments should be scheduled in accordance with the five daily prayer times and the religious holidays of Ramadan and Hajj. It is customary to make appointments for times of day rather than precise hour s as the relaxed and hospitable nature of Saudi business culture may cause delays in schedule.	In accordance with British business protocol, punctuality is essential at any business meeting or social event.
There exists a distinct dichotomy between subordinates and managers within Saudi Arabian companies. Those with most authority are expected and accepted to issue complete and specific directives to others.	UK managers generally favour the establishment of good working relationships with their subordinates.
Due to the personal nature of business in Saudi Arabia, family influence and personal connections often take precedence over other governing factors. First names are not used and addressing people with the appropriate titles Doctor, chief, engineer and professor, followed by his or her first name is important.	Teamwork is very important, however there exists a strong feeling of individual accountability for implementation and error. First names are used almost immediately with all colleagues. Exceptions are very senior managers. However, one should always wait to be invited to use first names before doing so oneself.
The customary greeting is "As-salam alaikum," (peace be upon you) to which the reply is "Wa alaikum as-salam," (and upon you be peace). When entering a meeting, general introductions will begin with a handshake. One should greet each individually, making way around the room in an anti-clockwise direction. However, it is generally uncommon for a Muslim man to shake hands with a woman therefore; it is advisable for business women to wait for a man to offer his hand first.	Business meetings in the UK are often structured but not too formal and begin and end with social conversation.

Table2.1. Some Business Culture Differences between Saudi Arabia and the UK (Gorill, 2004, a, b)

2.7.3 CRM Readiness

According to Young (CRMguru.com),

> Sophisticated countries like the United Kingdom tend to pay lip service to CRM mainly because they do the same for customers, and culture plays a massive part in making CRM a reality. Their main business strategy is focused on driving down costs and sharpening their marketing through CRM. However, the emerging economies in Eastern Europe are taking CRM much more seriously, as they see it as a way to compete in world markets. Tesco (the U.K.-based international retailer) is probably the best CRM exponent of CRM in the UK, but it is still quite perfunctory in its implementation.

On the other hand, Curry (CRMguru.com) has travelled all over the globe talking about CRM to small and medium enterprises (SMEs). Countries covered were: Dubai, Saudi Arabia, Mexico, Venezuela, Peru, Ecuador, China, the Netherlands, Belgium and the United States. His insights were:

- SMEs, in general, have little or no background knowledge of CRM as an established discipline. There are exceptions, of course, especially those who have been subjected to the sales pitch of a CRM software vendor.
- SMEs do not measure customer satisfaction, a key element of a CRM strategy. Informal research among the delegates revealed that about 10 percent conducted customer satisfaction surveys.
- SMEs were unclear about the financial consequences of CRM: Is it to get more revenue or cut costs?

- SMEs do not perceive CRM as an IT function. IT specialists were mostly reflecting the mailing list of the sponsor. They did not consider themselves as "in charge" of CRM initiatives but, rather, responsible for getting any CRM tools up and running.

- SMEs need and want more CRM information and training. Time was too short to answer all the questions of the delegates.

The above two opinions were not agreed nor disagreed with by the inadequate and insufficient CRM literature in academic journals.

2.8 Chapter Summary

The purpose of this summary is to bring together the topics covered in this chapter. Customer relationship management is a management concept that is responsible for managing customers' relationships with businesses effectively and profitably. The literature showed a number of different definitions for CRM but the common concepts that were shared upon all definitions are: customer focus (customer satisfaction, customer loyalty and retention), technology, knowledge management, change management and leadership. A comparison between TQM and CRM, as two management disciplines sharing a lot of concepts, was covered as well.

Since it is crucial for organizations to become customer-centric in order to achieve the desired results of CRM initiatives, a CRM road map was covered to outline the path towards becoming customer-centric.

The technology side of CRM was covered in this chapter explaining the key processes that can be driven by technology.

Next, the researcher tried to cover various CRM models that were proposed by researchers in the field, leading to the proposed CRM conceptual model in the current study which was adopted from Buttle's (2004) value chain model.

It was essential that the literature review contains some comparisons between the two countries that the researcher conducted her study in. Hence, a comparison between the two countries covered the country reviews, business cultures and CRM readiness.

CHAPTER THREE

RESEARCH METHODOLGY

The aim of this chapter is to clarify the research strategy relevant to this study, which is the reason behind the success or failure of CRM initiatives in different organizations from the management perspective, with the intention to study organizations in different industries and different countries. The chapter also provides the justification for decisions made during the development of the research design. Refer to figure 3.1, for the outline of the research strategy.

For the exploration of the research questions, the case study methodology was the most suitable tool, which will be analyzed in this chapter with the acknowledgement of different research tools that exist. Since customer relationship management is a contemporary and on-going phenomenon, it must be investigated within its real-life context (Lindgreen, 2001).

Research Strategy

Literature Review

-Theoretical background

-Review of different CRM models

-Proposed CRM model

Case studies

-In-depth exploration of CRM systems in the chosen organizations

-Evaluation of the CRM systems in the chosen organizations against the proposed CRM model

Analysis

-Detailed write-ups for each case study

-In-depth cross-case analysis of qualitative research, findings and verification

-Revising the proposed CRM model

Figure 3.1 *Outline of the Research Strategy*

3.1 Research Context

Past industry estimates, across the United States and Europe, put the CRM adoption figure around 40 percent for companies in the sectors of high technology, aerospace, retailing and utilities (Ebner *et al*. 2002). According to research conducted by the Giga Information Group, companies worldwide spent 3.5 Billion Dollars a year on CRM software (Ebner *et al*. 2002). Moreover, this cost does not include the additional cost related to implementation, integration and training. Industry analysts confirm that a highly complex CRM installation can cost more than 100 Million Dollars and take more than three years to complete (Ebner *et al*. 2002). Consistent reports of high costs and low success rates of CRM systems in the business press make it a critical context to examine. The research context for this study, therefore, focuses on organizations in the Financial, Automotive and Airline industries, based in the UK and Saudi Arabia. Definition of CRM technology is a complex issue and could potentially involve all kinds of information technologies (ranging from a spreadsheet used for data mining to branded CRM application software). Therefore, for the purpose of this study, CRM technology was defined as all ranges of information technology that enables management of customer relationships (not only expensive branded software). For example the National Commercial Bank in Saudi Arabia had a CRM system that was a branded product by SalesLogix, whereas the Ford Motor Company in the UK had a CRM tool within its database system.

This approach helped minimize the error of exclusion (i.e., ignoring organizations that are using different levels of information technologies and adopting CRM concepts). It was important in this study to minimize the error of exclusion because the key construct

was adoption and not assimilation. Since the key question pertained to how and why do CRM initiatives succeed or fail in different organizations, this approach to sample construction proved effective.

3.2 Research Objectives

CRM, as an emerging discipline, is in great need of theoretical assistance (Gummesson, 2002). Guiding theories and models are in short supply in the field, probably due to the fact that it is a new area for research and because of its interchange with IT and information systems, which have been rapidly developing.

The central research question for this study is: Why and how do CRM initiatives succeed or fail? Research in this area will contribute to building thriving customer relationships and long-term corporate survival. In addition, critical success factors for CRM initiatives are to be drawn from the research findings.

The aim is to explore multiple case studies in both Saudi Arabia and the UK. The scope of this research was controlled by the level of cooperation provided by the organizations included as case studies and hence resulted in different sizes of case studies.

3.3 CRM Conceptual Model and Framework

The general aim of any CRM strategy is to develop more profitable relationships with customers. This section presents a model that provides a holistic view of the CRM

landscape. The model represents two main sequential phases of CRM strategy: analysis and implementation.

Data and segmentation schemes and managing customer portfolios are primarily analytical activities. Data and segmentation schemes involve getting to understand customers and their requirements by using the data to put them into categories. Managing customer portfolios involves using customer and market data to decide which customers to serve. Managing the customer lifecycle is about implementing CRM by acquiring and retaining customers (this includes continuous evaluation of the process).This model was adopted from the CRM value chain model presented by Francis Buttle (2004) and modified to the one displayed in figure 3.2.

In the model there are five supporting conditions that are essential for a successful CRM initiative or adoption:

- Quality of service

- Senior management support and leadership

- Technology

- People

- Knowledge management
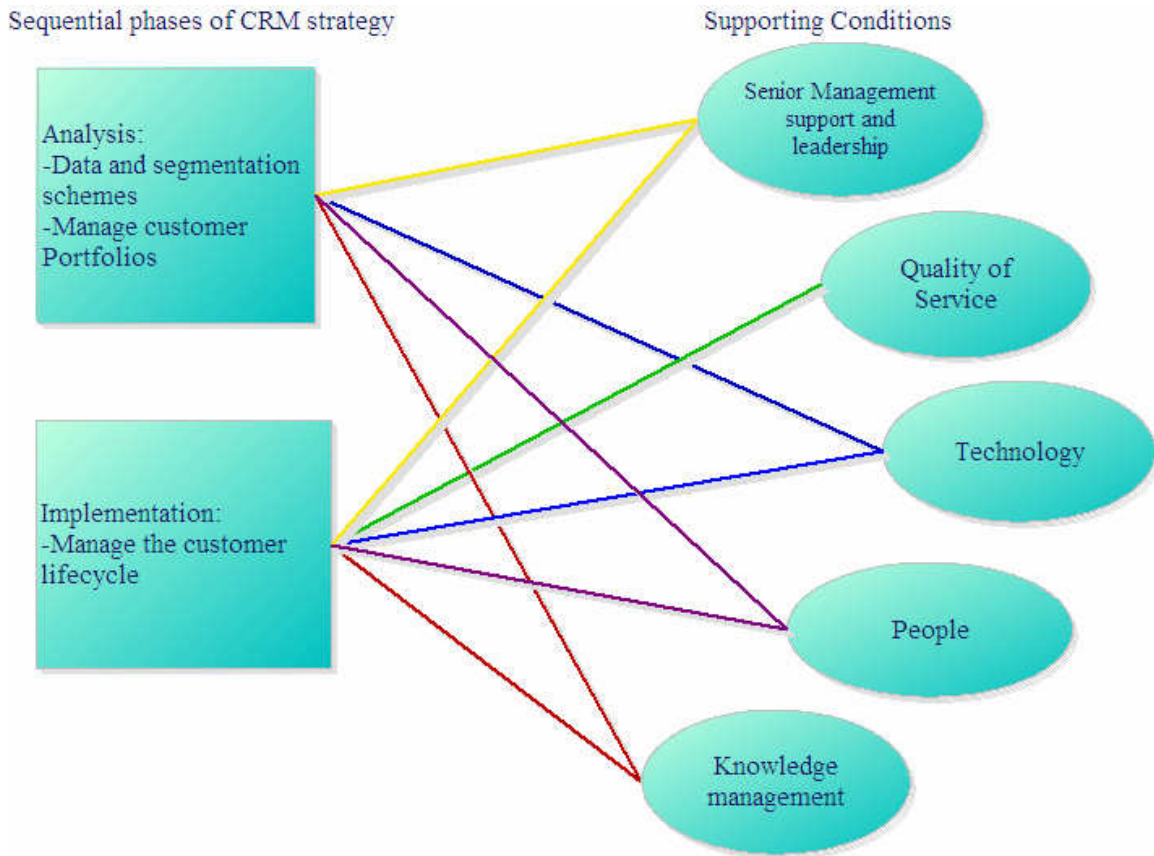
Figure 3.2 CRM Conceptual Model and Framework

According to the above model the researcher built her questions that needed to be

answered during the interviews (refer to appendix A for the full set of questions used in

the current study). The questions covered every area in the model and the data collected

was very detailed during the first stages when the first interviews were conducted. After

the first interviews were over the researcher decided to cut down the number of questions

and narrow down the scope of the data to be collected so that things would not get out of

hand and to obtain more reliable results when analyzing the data. As an example of

questions covering one area of the model, senior management support and leadership questions were as follows:

- Is senior management actively involved in the CRM initiative?

- How can you describe the culture of your organization?

- Do senior managers accept and discuss ideas offered from staff about improving the system?

- Does the organization encourage communication between different levels about improving the performance of the system?

- Does your organization feed performance measurements to managers in an effective way?

3.4 Research Method

Research methods can be classified in various ways, however one of the most common distinctions is between qualitative and quantitative research methods. The Wikipedia encyclopedia defines quantitative research as "the systematic scientific investigation of quantitative properties and phenomena and their relationships". The objective of quantitative research is to apply mathematical models to natural phenomena and use measurement that provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships (Wikipedia online dictionary).

On the other hand, qualitative research methods are designed to help researchers understand people and the social contexts within which they live. Kaplan and Maxwell (1994) argue that the goal of understanding a phenomenon from the point of view of the participants is largely lost when textual data are quantified. Since one of the major reasons for doing qualitative research is to become more experienced with the phenomenon under study and to investigate complex and sensitive issues, therefore the researcher decided to adopt a qualitative method to help in understanding and exploring CRM initiatives in their real-life context.

3.5 Research Process 'Onion'

In order to clarify the way the researcher decided to choose from different approaches to research, the researcher used the research process 'onion' produced by Saunders *et al.* (2003). With reference to figure 3.3, the first layer raises the question of the research philosophy. The second layer considers the subject of the research approach. The third layer examines the research strategy, and the fourth layer refers to the time allocated to the research. Finally, the fifth layer is about the data collection methods used.

The research process 'onion'
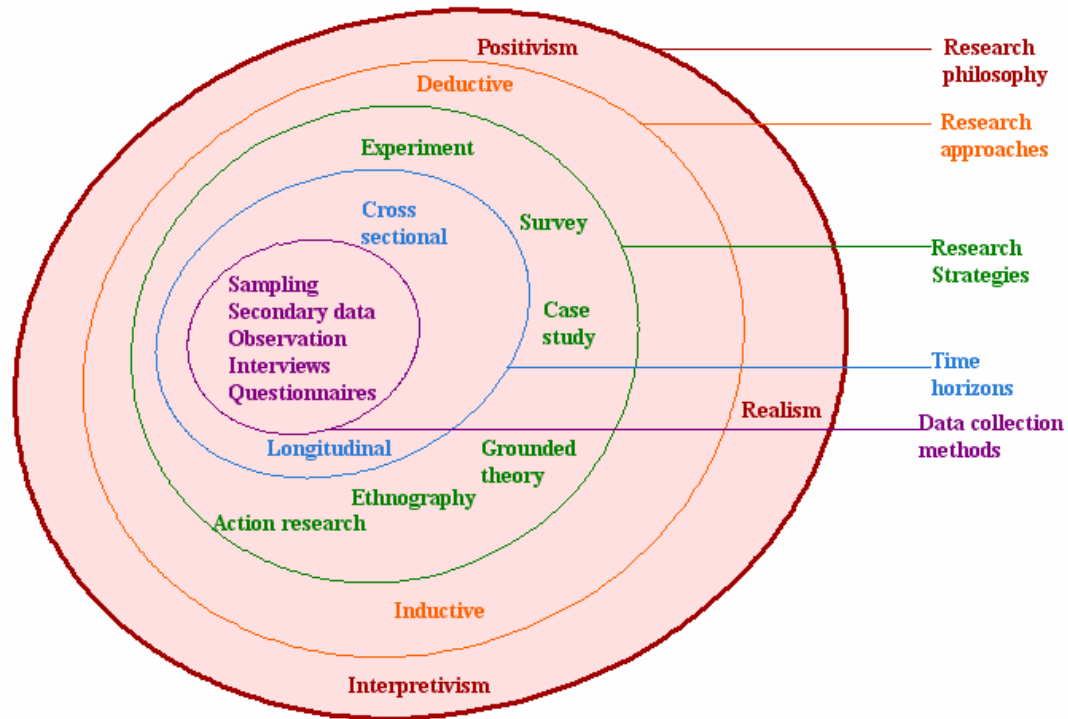
Figure 3.3 The research process 'onion'
©Mark Saunders, Philip Lewis and Adrian Thornhill (2003)

The three views about the research process that dominate the literature are: positivism, realism and interpretivism (Saunders *et al*., 2003). The basic principle of positivism is the assumption that 'the researcher is independent of and neither affects nor is affected by the subject of the research' (Remenyi *et al*., 1998, p.33). Positivism emphasises a highly structured methodology to facilitate replication and quantifiable observations which lead to statistical analysis (Gill and Johnson, 1997). Positivism is characterized mainly by an insistence that science can only deal with observable entities known directly to experience. The positivist aims to construct general theories which express relationships

between phenomena. Observation and experiment will then show whether the phenomena do or do not fit the theory (McClelland *et al*., 1999).

Realism, on the other hand, is based on 'the belief that a reality exists that is independent of human thoughts and beliefs' (Saunders *et al*., 2003, p. 84). This translates in the management and business world as the existence of social forces which influence people without them knowing that. These forces affect the way people perceive their world. Realism recognises the importance of understanding these forces and their implications on human acts and behaviours (Saunders *et al*., 2003).

Interpretivism is about discovering the details of the situation to understand the reality and to explore the subjective meanings motivating people's actions (Remenyi *et al*., 1998). McClelland *et al*. in their online glossary of qualitative research methods (1999) defined interpretivism as:

> It is this fundamental difference that underpins the approach of researchers in the interpretive tradition and which leads them to use qualitative methodologies and methods. To enable them to enter the everyday social world, (a world where social reality is the product of the way in which individuals negotiate and construct meanings for actions, events and situations) to better understand, describe, make sense of, and develop into theories which are viewed as the socially constructed meanings employed by people in day to day life (no page).

After the above clarification of the three different research philosophies it is important to note that 'the practical reality is that research rarely falls neatly into only one

philosophical domain as suggested in the onion' (Saunders *et al.*, 2003, p. 85). Regarding

the current study, the philosophical domain is a mixture between positivism and

iterpretivism since the main idea behind this research is to explore CRM in its real-life

context and be able to understand and describe the reasons behind the success or failure

of CRM in different organizations.

As for the second layer, logically there are two broad methods of reasoning known as the

deductive and inductive approaches. The deductive approach works from the more

general to the more specific. As shown in figure 3.4, a research study might begin with a

theory about the topic of interest, then narrow that down into more specific hypotheses

that can be tested, narrowing down even further by collecting observations to address the

hypotheses. This ultimately leads to testing the hypotheses with specific data to confirm

or not confirm the original theories (Trochim, 1998-2000).

Deductive Approach
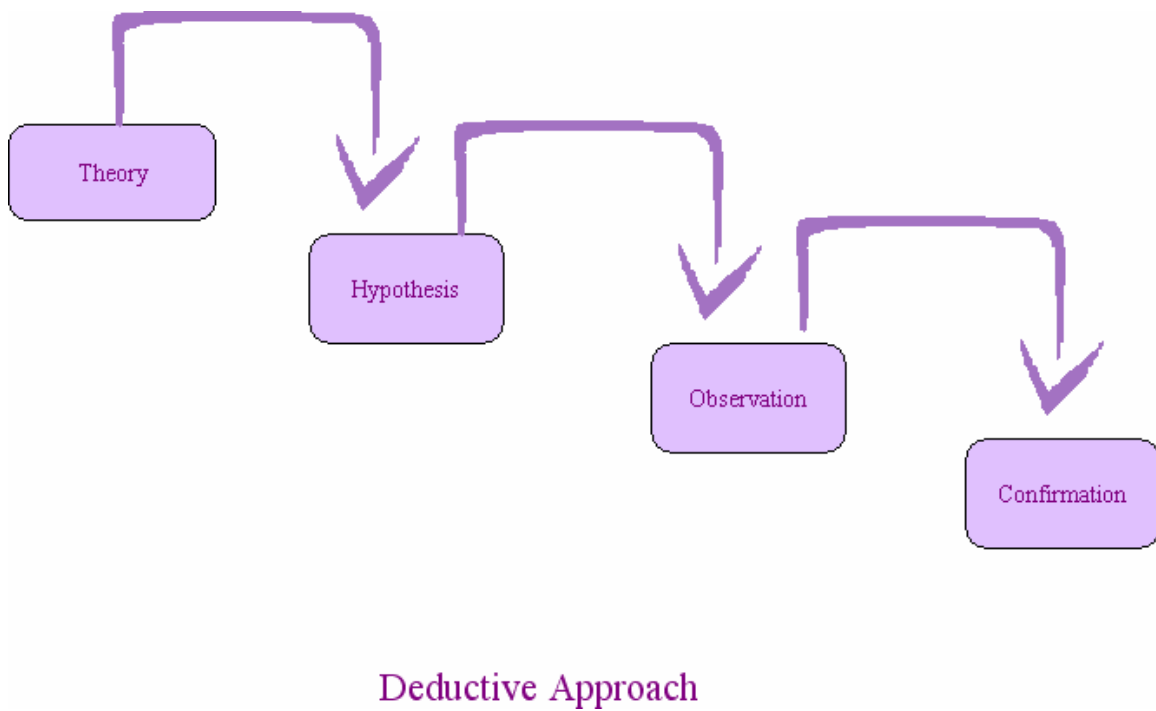
Figure 3.4 The Deductive Approach to Research. (Trochim, 1998-2000).

The inductive approach works the other way, moving from specific observations to broader generalizations and theories. As in figure 3.5, inductive reasoning begins with specific observations and measures, detect patterns and regularities, formulates some tentative hypotheses that can be explored and finally ends up developing general conclusions or theories (Trochim, 1998-2000).
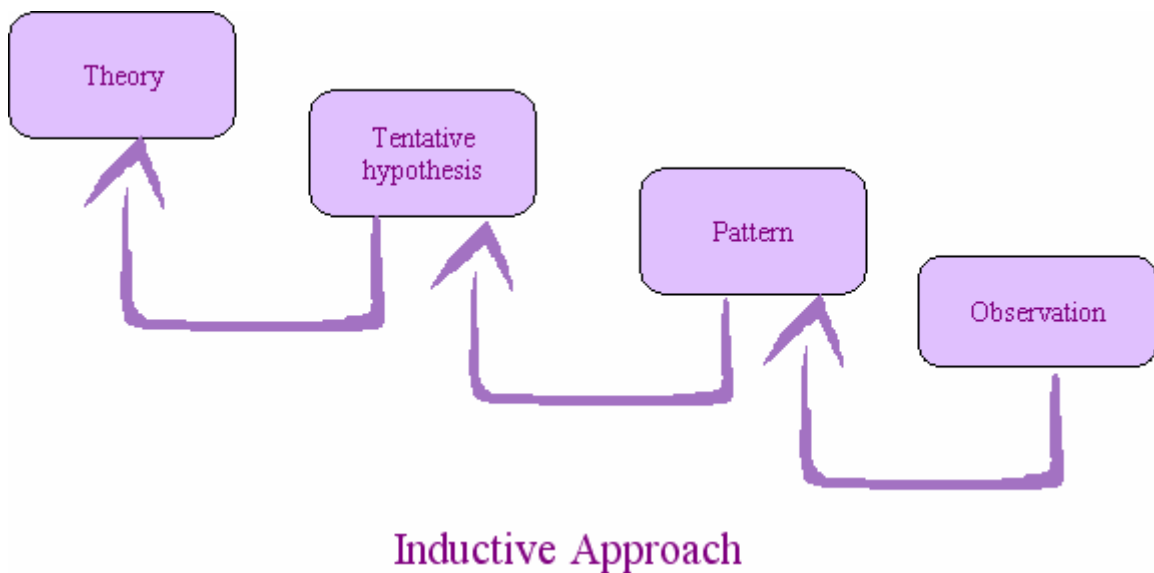
Figure 3.5 The Inductive Approach to Research
Trochim, 1998-2000.

Since inductive reasoning is more open-ended and exploratory, especially at the beginning, the researcher found that this would be the appropriate way to conduct her research. The study conducted did not have propositions since some studies have a legitimate reason for not having any propositions. This is the condition in which a topic is the subject of "exploration" (Yin, 1984).

Reaching the third layer of the 'onion', the researcher had many options as to how to operationalise her research strategy; experiment, survey, case study, grounded theory, ethnography and action research.

Experiment, is a classical form of research that is more relevant to the natural sciences area but is still used in social sciences, especially psychology. It involves a hypothesis and selection of samples. Theses samples are to be tested and results may change variables, leading to more tests being conducted (Saunders *et al*., 2003). The researcher eliminated this option since it does not fit the research questions and the exploratory nature of the study.

Survey, is the method of gathering data from respondents thought to be representative of some population, using an instrument composed of closed structure or open-ended questions (Garson, 1997). The survey strategy is usually associated with the deductive approach. It is widely used in management and business research. Critics of survey research methodology say that it forces the respondent to answer within a structured frame and opinions. Another issue is that the survey is limited to a number of questions to be asked so that the respondent won't get bored by a lengthy survey (Saunders *et al*., 2003). Due to the limitation in the form and the number of questions in this strategy the researcher could not consider such an option since she wanted to explore and probe questions and give the opportunity for the respondents/interviewees to add and give rich information (every little bit of additional information helped).

Action research, is a multi-stage type of research, in which a problem is researched, changes are made, the problem is researched again, more changes are made, and so on until the problem is solved (Garson, 1997). This kind of research is lengthy and costly at the same time. Due to the limitations of time and cost the reseacher did not consider such an option for conducting her study.

Ethnography, comes from the discipline of social and cultural anthropology where an ethnographer is required to spend a significant amount of time in the field. Ethnographers immerse themselves in the lives of the people they study (Lewis 1985, p. 380) and seek to place the phenomena studied in their social and cultural context. Again, this is very time consuming and, due to this limitation, the researcher could not consider this option.

Grounded theory, in which the researcher attempts to drive a general, abstract theory of a process, action or iteraction grounded in the views of participants in a study. This process involves many stages of data collection and the refinement of categories of information and interrelationship of categories of information (Creswell, 2003;p. 14). Grounded theory is about developing theory that is grounded in data gathered and analyzed systematically. The major characteristic of grounded theory is the continuous interplay between data collection and data analysis (Myers, 1997). This strategy is not suitable for the current study since it is time consuming as data need to be gathered and analysed many times during the limited timeframe given to the researcher, hence, this was not a suitable choice.

Case study, is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2002). Since the case study is an ideal methodology when a holistic, in-depth investigation is needed (Feagin *et al*, 1991) and when a "how" or "why" question is being asked about a contemporary set of events, over which the investigator has little or no control (Yin, 1984), the researcher decided that this is the most suitable way to investigate CRM in the real-life context of different organizations. The next section explains case studies and their usage in research in more detail.

3.6 Case study research:

There are many definitions of the case study. Bromley defined it as a "systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest" (1990, p.302). Yin (2002, p.4) wrote that "The case study is the method of choice when the phenomenon under study is not readily distinguishable from its context. Such a phenomenon may be a project or a program in an evaluation study" The use of case studies is widespread in management research. Tellis (1997) emphasized that the case study is not sampling research and that the unit of analysis is a critical factor. The unit of analysis defines what the case is. This could be groups, organizations or countries (Yin, 1994). For the purpose of this research, case study organizations were used as units of analysis.

According to Yin (1994) the components of case study design are:

1. a study's questions;

2. its propositions, if any;

3. its unit(s) of analysis;

4. the logic linking the data to the propositions; and

5. the criteria for interpreting the findings (Yin, 1994, p. 20).

In the current study there are several 'what' questions. This type of research question justifies an exploratory study. Examples of such questions used in the study include:

1. What are the steps you went through to start the project?

2. What were the problems you faced when starting/implementing the system?

3. What were the benefits achieved from adopting CRM concepts?

4. What ideas do you have for improving in the future?

5. What are the evaluation matrices you are using to assess success?

6. What information do you need in your database so that you can develop your CRM strategy?

7. What do you do to acquire new customers?

8. What do you do to retain existing customers?

9. What do you do with customer complaints?

10. Does the organization encourage the communication between different levels about improving the performance of the system?

11. Do senior managers accept and discuss ideas offered from staff about improving the system?

12. What are the challenges in managing your business network?

The existence of several 'how' questions in the interview made the study explanatory as well, which is not uncommon (Yin, 1994). Examples of such questions include:

1. How did you know that you needed improvement in the way you are dealing with your customers?

2. How do you avoid the problem of low-tier customers resenting not being offered high-tier service?

3. How do you develop value for customers?

4. How is your internet presence? Are you satisfied with the standards you are offering online?

5. How can you describe the culture of your organization?

6. How would you describe the data environment?

7. How do you get to know your customers' expectations about your product or service?

8. How do you know if your customers are satisfied?

9. How does the employee deal with the CRM system?

The study conducted did not have any propositions since some studies have a legitimate reason for not having any propositions. This is the condition in which a topic is the subject of "exploration" (Yin, 1984). The units of analysis are the case studies, as mentioned earlier.

As for the criteria for interpreting the findings Lofland [(1974), as cited in Creswell (2003)] suggests that, although data collection and analysis strategies are similar across qualitative methods, the research findings can be reported in a diversity of ways (i.e. official reports, numerical statistics, graphs and charts). In the current study the research findings are recorded in a narrative text form, where the findings of each case study are thoroughly described and minor details mentioned for academic purposes.

Case studies can involve single or multiple-case designs, where a multiple design must follow a replication rather than sampling logic (Tellis, 1997). Generalization of results, from either single or multiple designs, is made to theory and not to populations (Yin, 1994). Multiple cases strengthen the results by replicating the pattern-matching, thus increasing confidence in the robustness of the theory (Tellis, 1997). A total of 8 organizations were selected for this study and the level of information gathered from each unit of analysis varies depending on the level of cooperation the researcher received. This explains having different sizes of case studies in this research.

Back to the research onion and the fourth layer (time horizons), the researcher had to choose between cross sectional and longitudinal research. Cross-sectional research involves the measurement of all variable(s) for all cases within a narrow time span so that the measurements may be viewed as contemporaneous (Baltes, Reese, Nesslroade, 1988; Creswell, 1994). The advantage of cross-sectional research is that it is more economical in time and cost than other designs. On the other hand, longitudinal research can be

defined simply as one or more organizations studied at several points in time. For the purpose of the current study and because time and cost are crucial factors, a cross sectional design was adopted where data was collected at only one point in time, comparing different organizations in different industries and cultures.

Reaching the fifth layer of the research onion "data collection methods", the researcher had many choices, such as: sampling, secondary data, observations, interviews and questionnaires. McNamara (1999) produced the following table which provides an overview of the basic methods to collect data, with the advantages and challenges of each method.

Method	Overall Purpose	Advantages	Challenges
questionnaires, surveys, checklists	when need to quickly and/or easily get lots of information from people in a non threatening way	-can complete anonymously -inexpensive to administer -easy to compare and analyze -administer to many people -can get lots of data -many sample questionnaires already exist	-might not get careful feedback -wording can bias client's responses -are impersonal -in surveys, may need sampling expert - doesn't get full story
interviews	when want to fully understand someone's impressions or experiences, or learn more about their answers to questionnaires	-get full range and depth of information -develops relationship with client -can be flexible with client	-can take much time -can be hard to analyze and compare -can be costly -interviewer can bias client's responses
documentation review	when want impression of how program operates without interrupting the program; is from review of applications, finances, memos, minutes, etc.	-get comprehensive and historical information -doesn't interrupt program or client's routine in program -information already exists -few biases about information	-often takes much time -info may be incomplete -need to be quite clear about what looking for -not flexible means to get data; data restricted to what already exists
observation	to gather accurate information about how a program actually operates, particularly about processes	-view operations of a program as they are actually occurring -can adapt to events as they occur	-can be difficult to interpret seen behaviors -can be complex to categorize observations -can influence behaviors of program participants -can be expensive
focus groups	explore a topic in depth through group discussion, e.g., about reactions to an experience or suggestion, understanding common complaints, etc.; useful in evaluation and marketing	-quickly and reliably get common impressions -can be efficient way to get much range and depth of information in short time - can convey key information about programs	-can be hard to analyze responses -need good facilitator for safety and closure -difficult to schedule 6-8 people together

Basic Methods to Collect Data (McNamara, 1999)

Table 3.1(online resource, no page)

With reference to the current study, the same data collection method was used in all cases, even though there are different sizes of case studies. The in-depth interview with open-ended questions is the main source of information in this study. An open-ended question is designed to encourage a full, meaningful answer using the subject's own knowledge and/or feelings. It is the opposite of a closed-ended question, which encourages a short or single-word answer. Open-ended questions also tend to be more

objective and less leading than closed-ended questions (mediacollege.com). The interviews were carried out at the interviewee's place and each interview took from one to three hours. All interviews were recorded, which aided the reliability of the data collection process. The structure of the open-ended questions gave the researcher the ability to probe and question to obtain the maximum depth on the subject and proved useful for both parties in the interview.

The interviews were not the only source of data in this study. Since the interviews took place in the interviewee's place of work, this gave the researcher the opportunity to directly observe the CRM environment and gather data, public documents (annual reports, descriptive company and marketing literature) and company reports. The researcher had a chance to participate in CRM team meetings in one of the organizations studied, which proved to be useful for the research conducted.

Figure 3.6 is a replication of the research process onion but with the specific options which the researcher decided to undertake in this study.

The research process 'onion'

Research philosophy
Research approaches
Research Strategies
Time horizons
Data collection methods

Observation
Secondary data
Interviews

Cross sectional

Case study

Inductive

Positivism

Interpretivism
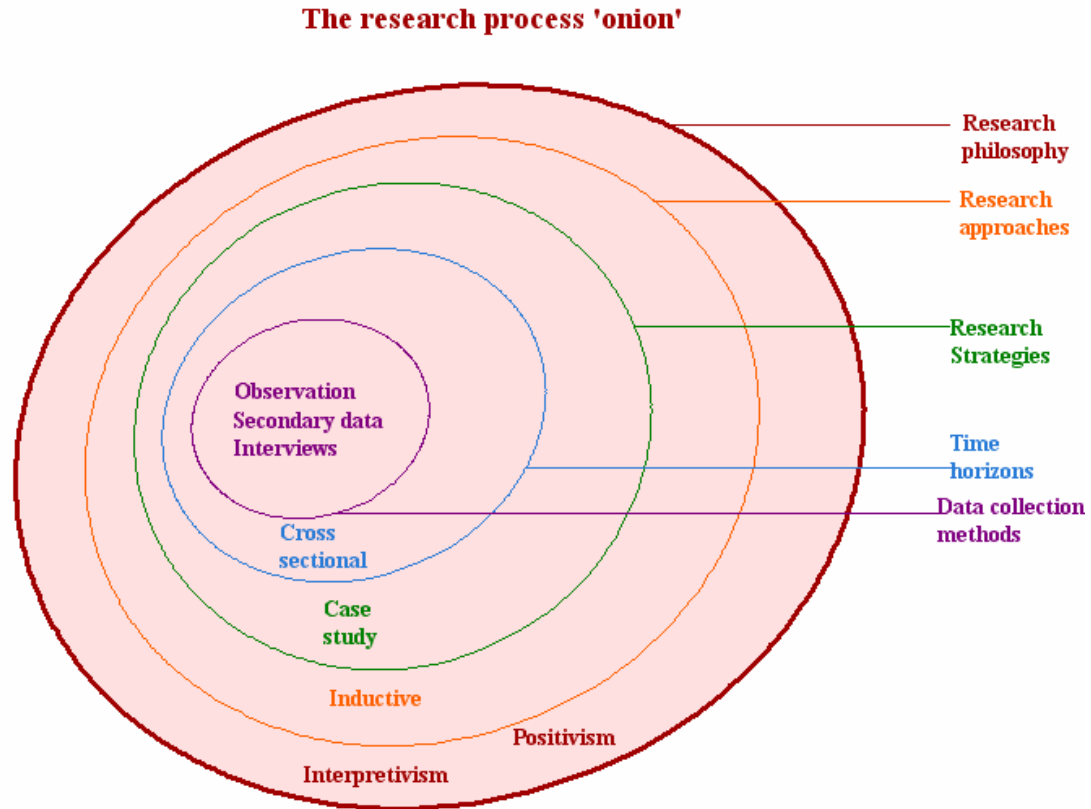
Figure 3.6 The current study's research 'Onion'

3.7 Triangulation

Triangulation in research refers to the combination of two or more theories, data sources, methods or investigators in one study of a single phenomenon to converge on a single construct. Hilton (2005) produced a very detailed list of types of triangulation as follows:

- Investigator triangulation: a research team with shared interest in topic and diverse perspectives and areas of expertise regarding the topic.

- Data triangulation: multiple data sources with similar foci to obtain diverse views through a range of data about the topic.

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- Time: collect data at different points in time.

- Space: collect data at different sites.

- Person: collect data from more than one level of persons: individuals, groups or collectives.

- Theory triangulation: propositions derived from competing theories — typically occurring at the conclusion of the study.

- Methods triangulation: more than one research method or data collection technique because each tackles a different dimension of the problem.

- Unit of analysis triangulation: relates to the dimension of analysis (e.g. individual behaviours and interactions between individuals).

- Analysis triangulation: more than one strategy to analyse the same data set for validation (Hilton, 2005, online, no page).

In an attempt to increase the reliability and validity of the data collected, the researcher used data, space and person triangulation. Data triangulation was used since there were three types of data collecting methods used in this study, as mentioned earlier; interviews, secondary data and observation. Space triangulation was also used because the researcher chose to do the case studies in different countries and cultures and different sectors and industries. Person triangulation was used as well since the researcher conducted the interviews with different levels of managers and employees within each organization. Using triangulation provides confirmation and completeness. Triangulation can 'capture a more complete, holistic and contextual portrayal and reveal the varied dimensions of the given phenomenon' (Hilton, 2005, online).

3.8 What happened in the field?

The researcher decided to include this section so that she could explain the difficulties and obstacles she had to face during her data collection for this study. Managing customer relationships is a critical and sensitive issue for organizations and that is why it was difficult for the researcher to gain approval for accessing organizations. Companies felt that they might be threatened by having an 'intruder' or an outsider coming into the company and judging their ability to serve and retain their customers. The researcher tried to assure companies that this study was only for academic purposes and that the data she wanted is not confidential data. The researcher noticed that this fear was the same in Saudi Arabian and British companies. Even when the company is considered to be a 'best practice' example in customer service, they still don't encourage being analyzed. The one thing that helped the researcher gain access to the organizations based in Saudi Arabia is the personal contacts she had with top managers of the chosen organizations. After access was granted to the researcher she managed to get the data she was looking for but still she felt that some of the interviewees were very cautious about supplying any confidential data that might put him/her in trouble with higher management. On the other hand, some top managers who were interviewed were very relaxed and happy to share the data within the scope of author's research. Some British companies replied officially (an official letter or an official email) that they are not allowed to share any data or information with students anymore and that this was a new procedure undertaken by the management of the company. The researcher tried to approach 16 different organizations, well known for their excellent customer service out of which she managed to include 8 organizations.

Approaching and asking for access was effected via different channels: Email, face-to-face (in-store), official letters and telephone. Although the author faced these obstacles, she still managed to gain access to 8 different organizations and she managed to collect a huge amount of relevant data. By mentioning these difficulties the researcher hopes that other researchers needing access to collect data could learn a lesson from her and look for people they have direct personal acquaintance with inside these management 'silos'! Furthermore, these difficulties explain the long period of time that the researcher had to spend collecting the data relevant to the current study.

3.9 Data Analysis Plan

The author followed certain steps to conduct the data analysis for this study. Introduced by Miles and Huberman (1994), there are three steps in data analysis: Data Reduction, Data Display and Conclusion Drawing and Verification.

1. Data Reduction: data reduction refers to the process of selecting, focusing, simplifying, abstracting and transforming the data that appear in written-up field notes or transcriptions. The researcher decides… which conceptual framework, which cases, which research questions and which data collection approaches to choose… (writing summaries, coding, teasing out themes, making clusters, making partitions, …) (Miles and Huberman, 1994, p.10).

2. Data Display: data displays…include many kinds of matrices, graphs, charts and networks. All are designated to assemble organized information into immediately accessible, compact form so that the analyst can see what things mean (Miles and Huberman, 1994, p.11).

3. Conclusion Drawing and Verification: the qualitative analyst is beginning to decide what things mean- is noting regularities, patterns, explanations, possible configurations, causal flows and propositions…final conclusions may not appear until data collection is over, depending on the size of the corpus of filed notes; the coding, storage, and the retrieval methods used, the sophistication of the researcher; and the demands of the finding agency (Mile and Huberman, 1994, p.11).

Another important process after conclusions are made is to verify them. According to Miles and Huberman (1994. p.11) "The meanings emerging from the data have to be tested for their plausibility, their sturdiness, and their "conformability"- that is their validity."

3.10 Chapter Summary

This chapter illustrated the research methodology adopted by the researcher to conduct the current study. The case study methodology was the most suitable method to conduct such a qualitative and exploratory study. The research objective to explore CRM initiatives in different organizations and the nature of the research questions for this study led to the chosen methodology. The researcher tried to explain in this chapter the reasons behind every choice that was made by using the research onion described.

CHAPTER FOUR

ANALYSIS AND RESULTS-PART ONE

FORD OF BRITAIN

4.1 Introduction

To begin with, the researcher would like to record and also clarify that, due to certain restrictions faced during data collection and limitations placed by some of the organizations approached by the researcher for the purpose of her research, the results therefore, differ in size but not in content. To live with and bypass such restrictions and limitations the researcher accessed differently structured and varying sized organizations, as follows:

5. Ford Motor Company, UK was selected to be the chosen central study case. This large corporate entity not only manufactures the products it sells but also offers after sale services to its customers in the United Kingdom, who run into millions.

6. The researcher's next choice was banks; three major international, regional and national banks:

   Royal Bank of Scotland (RBS), National Commercial Bank of Saudi Arabia (NCB) and Al Rajhi Bank, also of Saudi Arabia, all of whom offer and manage the full gamut of banking, private banking and investment portfolio services, once again to millions of their customers, across continents. The difference between Ford and these banks is that, whereas Ford sells and services its own products, the banks service the cash assets of their customers, not the banks', for and on behalf of their customers.

7. Next came the Saudi Arabian Airline and Standard Life (SL), UK, (Insurance, Re-Insurance) which again were major corporate organizations offering dissimilar customer services, both enjoying trans-continental coverage.

8. Finally, the researcher collected data from two small family businesses in

Saudi Arabia, where family businesses are still the rule, not the exception: Al Bahrawi Trading Company and Noortech Technologies.

According to the above, the researcher decided to organize the write-ups to be put in separate chapters. The central case study will be put in this chapter followed by the three banks in a separate chapter. Next the Saudi airline and Standard life will be put in a separate chapter followed by Al Bahrawi and Noortech in a separate chapter. The reason of dividing the cases in this way is to help in clarifying the issues related to the organization's CRM initiatives.

Table 4.1 lists the above organizations with their sizes and the countries where the data collection was carried out. Hence, for the purpose of this research the researcher took Ford as her central case study (since she was able to stay at Ford Customer Service Department in Essex for two weeks and was allowed to observe and participate in meetings and collect relevant data for the research conducted). The researcher took the other organizations as work studies which have proven to be relevant and useful to her research objectives.

Organisation	Industry	Size	Country
Ford Motor Co.	Automotive	Large	UK
National Commercial Bank	Financial Services	Large	SA
Al Rajhi Islamic Bank	Financial Services	Large	SA
Royal Bank of Scotland	Financial Services	Large	UK
StandardLife Insurance company	Financial Services	Large	UK
Saudi Arabian Airline	Travel	Large	SA
Bahrawi Trading Co.	Retail	Medium/Family business	SA
Noortech Technologies	Technology	Small/Family Business	SA

Table4.1. Comparative Table of Study Cases.

4.2 Qualitative Cross-case Analysis

The research questions and the conceptual model elements are the keys to the performing of the data analysis. The researcher would like to list the research questions that this study is trying to answer in order to help the reader understand how the analysis was performed. The central research question of this study is: How and why do CRM initiatives succeed or fail? In order to answer this, the researcher decided to formulate the following questions to answer the central research question:

RQ1: What are the critical success factors of CRM initiatives?

RQ2: What are the common difficulties when adopting a CRM initiative?

RQ3: What does CRM mean for different organizations?

RQ4: Is CRM the right solution for every organization?

All formal research interviews were audio-taped with the interviewees' permission. Interviews were conducted in Arabic in Saudi Arabia and in English in the UK. Interviewees answered the questions put to them by the researcher, one at a time with their expressions and attitudes being carefully observed and documented. One interesting finding was that, when interviewees could not come up with reasonable answers to the researcher's questions but wanted to avoid being embarrassed, they would answer with whatever came to their minds, that is, irrelevant answers. The interviewer had to handle such occurrences tactfully in order not to interrupt their interviews. Simultaneously, the interviewer needed to make sure that she understood what the interviewees were in fact trying to convey. Hence the data collection could be supported by a good verification process. The next step for the researcher was to translate the Arabic audio-tapes into English.

The analysis of data collected from all the organizations was executed through the same common procedure; the amount of data provided by each organization accounting for the few differences appearing in the comparative analysis.

At this juncture it is important for the researcher to clarify her reasons for accessing organizations from different countries and with different business activities. Conducting the research in this manner was expected to provide generalized results which could then be applied to different industries in different countries, which it did. The researcher chose to include companies in Saudi Arabia because CRM is still, in most cases, an unknown

and untried concept there. Another personal and practical reason for accessing companies in the researcher's domicile was that she would be able to apply and test her findings once back in Saudi Arabia.

According to Creswell (1998, p.63), when using a multiple case study design, the usual formula is to "first provide a detailed description of each case and themes within the case, called a within-case analysis, followed by a thematic analysis across the cases, called a cross-case analysis, as well as assertions or an interpretation of the meaning of the case". The analysis of the data gathered from the central case study and the remaining seven case organizations required preparation of detailed write-ups for each of the cases to allow individual familiarizing, case by case. By using this technique, unique patterns emerged from each case which had to be taken into account before applying the general pattern across the cases. This is what Yin (1994) referred to when mentioning the three techniques used in case study analysis, which are described in table 4.2.

Analytic Technique	Description
Pattern-Matching	This technique compares an empirically based pattern with a predicted one. If the patterns match, the internal reliability of the study is enhanced. The actual comparison between the predicted and actual pattern might not have any quantitative criteria. The discretion of the researcher is therefore required for interpretation.
Explanation-Building	Considered as a form of pattern matching, in which the analysis of the case study is carried out by building an explanation of the case. This implies that it is most useful in explanatory case studies, but it is possible to use it for exploratory cases as well as part of a hypothesis-generating process. It is an iterative process that begins with a theoretical statement, refines it and revises the proposition, repeating this process from the beginning. A major limitation is a loss of focus.
Time-Series Analysis	A well-known technique in experimental and quasi-experimental analysis. It is possible that a single dependent or independent variable could make this simpler than pattern-matching, but sometimes there are multiple changes in a variable, making starting and ending points unclear.

Different approaches to case study analysis (Yin, 1994)

Table4.2. Different Approaches to Case Study Analysis (Yin, 1994)

Furthermore, the researcher used the conceptual CRM model identified in the research literature to evaluate the level of CRM maturity at the organizations studied prior to testing model validity. After this process, the researcher concluded by altering the CRM model based on the findings.

4.3 Case Study One (Central Case Study): Ford of Britain Motor Company

4.3.1 Interviewees:

1. Mechanical Service Marketing Manager (Ford Customer Service Division)

2. CRM specialist (Ford Financial of Britain)

3. 2 FCSD Project Managers

4. FCSD Service Quality Manager

5. Customer Viewpoint Project Manager

6. REACT Consultant

7. Service Marketing Manager

8. CUPID CRM Data Manager.

9. A dealership's call centre manager

Note: The researcher spent a considerable time in FCSD (Ford Customer Service Division) in Ford of Britain HQ located in Essex to collect data. FCSD is involved in the marketing, sales and service activities which assist the thousands of drivers who buy and drive new and used Ford vehicles every year. The researcher was given an office and had the chance to meet people and chat with them formally and informally. Furthermore the researcher had the chance to attend a CRM meeting which proved to be helpful for the purpose of the research.

4.3.2 Background

Ford of Britain Limited was the manufacturing and sales arm of the Ford Motor Company for the United Kingdom and originally also Ireland and was founded in 1904 with headquarters in Essex. The company is selling and manufacturing cars and commercial vehicles in the United Kingdom and other countries. Ford of Europe was formed in 1967 and Ford of Britain became part of the new group (Corporate guide, 2005).

The Ford Motor Company in the UK has around 14,200 employees at 12 different locations and it has been the UK market leader for 28 consecutive years. There are 714 Ford dealerships in the UK. Of these, 145 are Ford main dealers, a further 213 are branch dealers and 217 are retail dealers. The Premier Automotive Group (PAG) is comprised of Ford Motor Company's premium European-based brands – Aston Martin, Jaguar, Land Rover and Volvo. All Aston Martin, Jaguar and Land Rover models are designed, engineered and manufactured in the United Kingdom (corporate guide, 2005).

4.3.3 Business Strategies

The company had a big job reshuffle in jobs in 2005 and they distributed many new managers all around the company to renew the blood of the company. After this reshuffle the focal point of the new management became the viewpoint of the customer and "everybody now is wearing a magnifying glass to look at the customer's viewpoint" (customer viewpoint project manager)

Ford's quality statement says: "We will promote the improvement of quality performance in our companies in order to achieve increasing customer satisfaction. Quality of products and services is the company's number one priority." (Ford Annual Report, 2006)

There are two main business sectors within Ford Europe and the Premier Automotive Group: Automotive and Financial Services, which are described in table 4.3.

Business Sector	Description
Automotive	Primarily includes the sale of Ford-brand vehicles and related service parts in Europe and Turkey and the sale of Premier Automotive Group ("PAG") brand vehicles (i.e., Volvo, Jaguar, Land Rover and Aston Martin) and related service parts throughout the world (including North and South America, Asia Pacific and Africa); in each case, together with the associated costs to design, develop, manufacture and service these vehicles and parts.
Financial Services	Primarily includes vehicle-related financing, leasing, and insurance.

Table4.3. Main business sectors for Ford Europe and Premier Automotive Group (Ford Annual Report, 2006)

On October 1, 2002, the Commission of the European Union adopted a new regulation that changed the way motor vehicles are sold and repaired throughout the European Community (the "Block Exemption Regulation"). Under the Block Exemption Regulation, manufacturers had the choice to either operate an "exclusive" distribution system or a "selective" distribution system. Exclusive means exclusive dealer sales

territories, but with the possibility of sales to any reseller (e.g., internet agencies and other resellers not authorized by the manufacturer), who in turn could sell to end customers both within and outside the dealer's exclusive sales territory.

On the other hand a "selective" distribution system, which Ford chose to adopt, allows the company to restrict the dealer's ability to sell Ford vehicles to unauthorized resellers. Ford is also entitled under the "selective" system to determine the number of dealers but not their location. Under either system, the new rules make it easier for a dealer to display and sell multiple brands in one store without the need to maintain separate facilities (Ford Annual Report, 2006).

4.3.4 Data and Segmentation Schemes

CUPID

The main database of Ford of Europe is called CUPID. Every single datum about a customer or a vehicle is fed into CUPID. CUPID is linked to all different channels of interaction with the customers; it is linked with the call centre, the online website and different dealerships. CUPID is basically fed via VISTA which is a system that feeds the CUPID with data every day on a regular basis from all dealers around Europe. CUPID is 12 years old and it holds around 25 million customers' details.

CUPID is also linked to all other parts and systems in the company and has tools that are used for direct and event marketing. On the other hand the researcher was told by

interviewees in another department that CUPID is merely a database and that it does not do any other job!

A customer profile in CUPID has three main areas: the customer, the vehicle and the relationship between the customer and the vehicle. According to these sections the following can be done: if for example a car comes in for service and the record of the car from its registration number is retrieved, and the car's owner is not the same as in their records then this is changed. The old owner's name is deleted and the new customer's details added, which are then assigned to this car. This data is also changed in the main system.

CUPID (with its tools) has the ability to undertake marketing campaigns and market analysis according to requirements. These campaigns are conducted for Europe-wide, rather than for a certain dealer or the UK alone. These are called central campaigns. Ford has 8 CRM markets around Europe. Since some of the small markets don't have the budget to employ these tools for use by themselves, they hire Ford people to do the job for them and this is less expensive.

Until 2006 CUPID did not record anonymous customers' email addresses for online customers. Only in the year 2006 did e-marketing make provision for customers navigating the website and requesting to be contacted about this car or that offer. They give a name and an email address, which are automatically fed into CUPID, where they are considered anonymous online customers wishing to be contacted by e-mail alone. In reality, however, the online customer list is matched with the other list of full contact

customers; if a match is formed, the two entries are merged, with the resulting match being the e-mail address. Other than such occasions, the list of online customers remains anonymous with contact via email only.

Data cleansing is carried out every day within CUPID. An address verification system takes all the address details in all the records in CUPID and tests these addresses; if the address is correct, it passes but if it is not a correction is made, leaving the old record as well without erasing or merging it. If it is not a valid address at all, then it nonetheless stays in CUPID but it raises a flag to devote that this is an invalid address. The system also does other smart things. Merge management eliminates duplication in customer records. This is called matching and sweeping and data cleansing and is carried out every day. The matching is dependent upon the name address and vehicle registration number. This process is undertaken to maintain data quality and to eliminate incorrect data from the system.

EXCHANGE

CUPID has a tool called EXCHANGE which is a mirror of CUPID. EXCHANGE is an analytical database that can divide the customer database according to the desired segmentations and marketing campaigns. For example if the company wants to target women between 30 and 40 who own a Fiesta or any other model, it can be achieved through this tool which is connected to CUPID.

The way EXCHANGE works is that it receives everyday a copy of the data in CUPID and works on this data, after which the data is fed back into CUPID and only then is the

data changed in CUPID according to any changes made to the data in EXCHANGE. This is called data cleansing and is done every day to make sure that the data is at its most valuable and updated.

Focalpoint

Focalpoint is another tool used in marketing and in contacting the customer at different points of the customer lifecycle. A package is sent out consecutively during the first three years of ownership of the car. Focalpoint can also calculate the number of leads in dealerships and can arrange for test drives. This tool is basically used by the dealers and FCSD. Certain triggers are used, such as an MOT and the last 120 days of a financing contract, to contact the customer and create leads.

When the researcher asked about the duplication of marketing campaigns carried out by different departments and sectors of the company when the same customer is targeted with for the same offers or services, the CUPID CRM Data Manager said: "potentially yes but the thing is that we are more likely to advertise for something that is not the same as what FCSD advertise and so the customer will not get the same mail twice with the same content in it".

The sales and marketing division is cautious not to bother customers who don't want to be contacted or mailed. This is clear because when the first welcome package is sent to a customer and the first survey is returned by the customer about the level of satisfaction experienced during the process of first buying the car from a dealer there is a box that says "keep me informed of offers and deals and news" and if the customer does not tick that box then that customer is not contacted and his profile is kept in the suppression list.

The only time when the company contacts a customer who is on the suppression list is when a safety issue about the vehicle is discovered, only then is the customer contacted and told what to do.

Ineffective Data Use:

Customers are becoming more demanding and when they provide data to the company they expect something tailored to them in return. There is no cross departmental use of data. There are too many different questionnaires and the data is not really used. "The data is rich but the information is poor", said the Customer Viewpoint Project Manager. The GCI (Global Consumer Insights), Ford's marketing research group, provides a huge amount of good information that needs to be smartly used by different divisions and departments in Ford. But, in reality, the information that is coming through is not really picked up and used.

Project 50

Project 50 was developed in 2006 and the main idea of this project was to increase Ford's service penetration into the market. Ford's service penetration is only 38 % at the present time and the aim is to reach 50% by the year 2010. FCSD is working on this project with dealers to reach the target of 50% of service penetration.

The segmentation of the market depending on the number of years of ownership of the vehicle is broadly as follows: 0 to 5 years and 5 to 10 years. During the first five years Ford has developed strong loyalty packages that aim to retain the customer and

encourage the customer to return to the network of Ford's services. FCSD is trying to study the market more efficiently and provide really good marketing strategies and packages that enhance the customer retention process and try not to lose them after the 3rd year of ownership. They are trying to concentrate on customers who buy old cars or customers who have owned old cars for a long time, targeting them by providing good deals on warranties and MOT's and AA services and car services and road side assistance (where you get someone to pick up the car for you anywhere in the UK when it has broken down).

Most Ford customers do not prefer to have their cars serviced at a dealership because either they believe it is very costly and the car is old or it is not worth the extra money spent on the service of the car when it could be done in a local garage for much less cost. Ford thinks that this is not the case at all and that they are providing excellent service and the price is good for the service they provide. "No one will treat the Ford like Ford", said the service marketing manager. Ford believes that if a customer wants quality in service then Ford is the place to go to.

Another thing about the local garages and the Ford dealer's service is that the technician will probably charge 45 pounds per hour for the work to be done and in garages they might charge 30 pounds or less per hour. But the reality is that the Ford technician is well trained and has the best technology to do the job quickly while in local garages the technician may not be trained as well and may not be familiar with the Ford he is dealing with and so takes maybe 3 hours to work on it, while the Ford technician may take only

one hour to do the job. If customers calculate cost in this way then they will know that it is not cheaper to deal with independent garages.

4.3.5 Difficulties and Obstacles

It was very clear to the researcher that employees in different departments seem to have totally different opinions about the data warehouse (CUPID) they are using. Some employees mentioned that CUPID is said to have hundreds of thousands of bad data that is not used and is misleading at the same time and that there isn't the money to do the job of data cleansing regularly. On the other hand, other employees mentioned that they were on top of it and that data cleansing is done regularly with duplicated contacts being deleted!

Another problem that Ford is facing is that some dealers are not careful when entering data into the system. Employees make spelling mistakes and sometimes they do not even put a reference as to whether the customer is male or female. This causes problems when assigning letters to customers in marketing campaigns. Feeding good data into a system leads to retrieving good data from the system.

Another issue that was raised by one of the interviewees is that a person in a certain job works very hard to make a good impression and to gain promotion and then when he is promoted or leaves the job for another one, another person comes in and does not receive good feedback from the previous person. The new person in the job now has to struggle for months to grasp exactly what is going on and he undertakes the same procedures and

efforts as the previous person. All this is a waste of time, money and effort that could have been avoided with better cooperation.

E-Marketing

Because of different legislation about contacting customers via email and SMS and that Ford have to have permission from the customer to do so, e-marketing has been a bit slow in action. The problem is that when the system has a record for example that has been passed via VISTA to CUPID with the email address for a customer and the permission flag is not set to "on" and the customer at the same time is not in the suppression list then Ford cannot contact him or her unless by chance he or she goes online, puts in the email address and sets the permission to "on" then the "on flag" is entered on her or his record and only then can Ford contact this person via email.

It is not only a question of having the email address of a customer, permission is also required. Customers can set preferences as well; for example, if the permission is only for news or offers about the KA model then Ford can't send anything on other models. A customer can always set the preferences on and off.

4.3.6 Managing Customer Portfolios

The customer profile contains the normal information about customer name, age, gender, financial status, address and so on. One of the tools FCSD is using to retain customers and fulfill their expectations is CVP (customer viewpoint)

Customer Viewpoint

Ford GCI (Global Consumer Insight) designed the Customer Viewpoint Program (CVP). The main focus of the program is to continuously measure the true voice of the customer (VOC) for increased ROI (return on investment). CVP has been designed to provide a user-friendly tool to both management and the dealer network. Customer Viewpoint is based on fulfilling specific "customer expectations."

Most importantly, the customer expectations illustrate, for all the dealerships, what their customers expect from them. This tool emphasizes the most important service processes to the customer which lead to loyalty and satisfaction. What makes this tool a powerful one is that the expectations are written and driven by the customers themselves.

The main channel of contacting customers in Ford is through mailing. Welcome packs and surveys about satisfaction and service are sent to customers. When a customer buys a car that customer's data is entered into CUPID and from that database a mailing list is drawn up for all the customers who have had their car for 12 months and the company who carries out the mailing collects the names and the data and produces a survey for all those customers and sends it to them. The customers also can go online and fill in the surveys and send them electronically. Besides that, there is a section where they write up the notes, which the dealers can view and read what the customers have written about them.

The percentages of feedback gained from the surveys are quite good and some advantages can be measured. The number of returned surveys is higher when the survey is about the purchase of a new car since the customer is excited with the new car and

willing to fill in the survey and send it back. On the other hand, when the survey is about the service, people tend to be not so keen to fill it in and send it. However, a good percentage is still returned with useful feedback and complaints that can be solved.

Customer satisfaction

The means of measuring customer satisfaction are based on the customer satisfaction surveys. When a car is sold, the customer receives a questionnaire assessing the experience of the sale. Then Ford sends a questionnaire about satisfaction with the first repair or service and another survey after three years of owning the car. Ford sends out thousands of satisfaction questionnaires, with a consequent massive cost for this mailing.

The questionnaire is a personalized one and has the picture of the car purchased. There is a high sample of these questionnaires returned and Ford uses it to measure the completely satisfied customers by a key question in the questionnaire that indicates the number of completely satisfied customers. Ford pays a bonus to dealers that are at the top satisfies of customers. This encourages dealers to keep up their good work and to ask customers to fill in the surveys and send them.

Some dealers try to influence these surveys. When a customer comes in for a service, for example, they tell the customer that they have a survey and that it is very important for them to write "completely satisfied" even occasionally completing the survey on behalf of the customer. But if dealers do this online, FCSD can track it and will know that this data is from the same dealer and from the same machine.

GCI (Ford's marketing and research group) has a website that is available for all Ford's departments and divisions. The site is full of powerful and useful information that is not very well used and picked up by FCSD. GCI is responsible for conducting customer segmentations, researching the needs and expectations of customers and writing all different reports and presentations about issues regarding Ford and its customers. Fortunes are spent in the research area but the results are not used very well and the work is being duplicated.

Ford of Britain hired a company to provide customized outsourcing solutions to the automotive and related industries. The company summarized the major customer contact points through the ownership lifecycle from pre-purchase to resale. The five main areas of contact are:

1. Sales and Marketing

2. Customer Service Division

3. Ford Credit

4. Global Customer Insight (GCI)

5. Dealers/ Event Driven

The company has drawn a communication roadmap and has allocated a job for each of the five different areas mentioned above. Ford of Britain Sales and Marketing sends a sales viewpoint, a welcome pack and a magazine at different points of the lifecycle of ownership, which is 48 months. Ford of Britain customer service division sends a service pack, service reminder and a service viewpoint at different points. Ford Financial sends an insurance re-solicitation at different points. Global Customer insight sends out quality

surveys at different points. Dealers who use REACT (and not all of them do use it)

contact the customers at different points.

One of the biggest problems Ford is facing is that the customer sees multiple contacts that

are not coordinated and not necessarily relevant. Figure 4.1 shows the different faces of

Ford that the customer contacts and deals with.

The different faces of Ford that the customer deals with
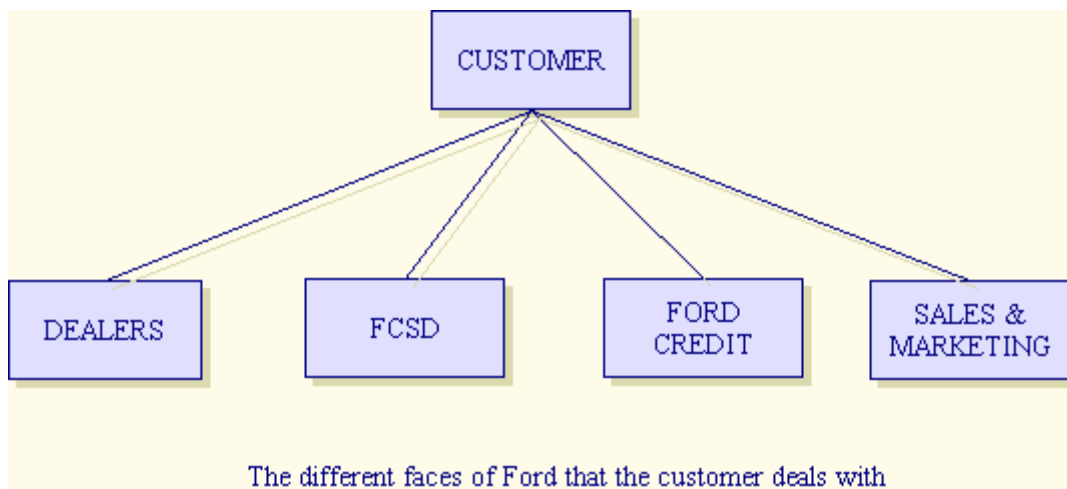
Figure4.1 The different faces of Ford

The customer sees multiple faces of Ford but there is poor alignment between Ford and

the dealers. There is also duplication of effort that leads to wasted funds. The duplication

of effort is due to a lack of communication and coordination between different

departments. An example of this duplication is the use of similar tools such as REACT

and EXCHANGE to accomplish the same goals.

REACT

The REACT system or tool is used by the dealers and is provided by FORD FCSD who charges them for the use of this tool. The data used by REACT is not fed from CUPID but from the dealers' database.

REACT is a customer contact program. It is a dealer marketing tool with 2 key elements:

- Local market analysis reports issued monthly
- A flexible customer mailing tool

The way the tool works is that it takes invoice data from the dealer's DMS (data management system) about the customer. The system also receives external information about the maintenance and repair work done on Ford vehicles.

The data that is fed to REACT is not always good data and it depends on the integrity of the DMS system of the dealer.

It is the dealer's choice to use such a system and Ford are trying to market it to all dealers, inviting them to use it for their marketing campaigns. Some of the features and benefits of the tool:

- It is a source of local market data to measure performance and help dealers target activities
- It is an easy to use method to contact current customers for: service/MOT reminders, dealer's own campaign, national campaigns and those customers who did not respond to the first letter(lapsed customers)
- To measure the effectiveness of the marketing campaigns
- To provide a route to submit data about the dealer's customers to Ford.

- Ford IT can cleanse the data and information in REACT(which dealers are not able to do)

The analysis carried out on the data collected from dealers is done by Ford and reports are written to dealers to benefit from the analysis. The dealers are effectively outsourcing this service from Ford.

This tool is useful for the dealer because:

- The system allows dealers to recognize marketing opportunities within the direct area of relevance (DAR) and create a direct marketing campaign to help increase market penetration.

- It gives a true event driven marketing tool. Since it calculates the mileage if 2 or more invoices are raised within 11 months of the last invoice, REACT will create a reminder based on estimated mileage, giving a greater chance of contacting the customer before the next service appointment.

- Direct mailing is done by REACT and it gives the chance for dealers to put their own logos on the back of the mailings.

The tool does not use email or SMS yet but Ford is working on its inclusion in the near future. The problem is that the data is totally dependent upon the invoices issued for customers and that this data comes from the dealers' database and that most dealer's e-mails are not included.

The tool is easy to access and use by the dealers. First the dealer has to log on to the Ford dealer portal and then they have an icon that says REACT; when logging onto the REACT system the directions to use the system are easy and the main menu has many

services and options, such as: analysis (reports), setting targets, planning, implementation (letters), monitoring (metrics) and administration (report setup and customer suppression).

REACT can carry out routine mailings that are sent out on behalf of the dealer with dealer personalized headings and signatures for service and MOT reminders. The system also sends mailing if a customer does not respond; a lapsed letter can be sent 2 months later. Some additional features are also provided by the system called the ProSmile. Promotional offers from ProSmile can automatically be printed on the back of a letter; dealers can then use their own PDF and develop their own targeted campaigns and letters.

This tool was available 10 years ago but the dealers were not using it properly and were not gaining any real advantage from it. Hence Ford decided to buy the tool and customize it, then asking dealers to rent it and use it. According to Ford the system was officially launched in February 2006 and they are trying to convince dealers to use it. It costs 95 pounds per month for a dealer to fully use the tool plus the costs of the mailings. The dealers have the support of Ford consultants and they gain many benefits from using the tool.

REACT and CUPID

Sales and Marketing are responsible for CUPID and FCSD are responsible for REACT. REACT receives its data directly from the DMS of the dealers not from CUPID. Management in Sales and Marketing are making efforts to build the interface necessary

for REACT to interface with CUPID and they were expecting that REACT would do the same but the people responsible for REACT (who are FCSD) are not the same department or management and did not build the interface linkage on their side and so the tool and the database could not be linked. FSCD did not have the budget for doing their part of the job in implementing the interface for the linkage between REACT and CUPID. This is one of the difficulties of having different management in the company responsible for the same tools doing the same job but with different names. This has also cost the company a lot of money and wasted a great deal of effort.

4.3.7 Evaluation of the System

Quality

Ford wanted to differentiate itself from other providers and in response they issued the RAC service workshop quality program. It basically gave every authorized repairer a choice of two options. A RAC engineer visits the dealership ten times a year, takes two vehicles that were serviced and they do a quality check on them. This costs a thousand pounds a year. The other option is that the RAC performs a physical mystery shop recorded with a hidden camera; a car is presented with seven faults and if theses seven faults are not discovered the dealer has to pay 1500 pounds for one shop and they have three such mystery shops. The vast majority went with the first option. This action was highly successful and progress is being made in the field of car service with these authorized dealers. The customer is not aware of this action and program. What FCSD wants to do this year is to try to market this to the customer so that the customer knows

what Ford is doing for the benefit of the customer, about the ease of repair and about the quality that Ford expects at all times from all its different repairers.

A 5 step counseling process is undertaken for the workshops that are not performing well car repairs. This is undertaken for the very bad dealers over a 2 year period. Each step takes six months. Step one entails a dealer receiving a letter indicating the start of the process and the need to develop an action plan with their business manager and a Ford representative. Then the dealer is measured by Ford; if their performance is good they pass, if not they enter the physical mystery shop; if they fail they reach the third level where Ford sends another letter stating that the dealer has to receive a consultancy service which will cost the dealer £2000. The fourth step is to do another mystery shop and if the dealer fails they go to step 5 at which point the dealer is dismissed and their license revoked. Such dealers will not continue to be Ford dealers.

The researcher was given some tapes of mystery shops recorded in different dealerships. The tapes were recorded with a hidden camera where the dealer did not know that he was being taped (the process is that a car with 7 faults comes into the dealer's shop and if the technician noticed all 7 then they pass if not they fail). After the mystery shop a report is produced and given to the dealer to see what they have done. The silly thing about this procedure is that the seven faults are always the same. So the dealers already know what the faults are and they can look for these faults every time a customer is in for a service; so they will pass this test even if they were not good enough!!

4.3.8 Internet Presence

Corporate management (in the USA) commissioned a website devoted solely to nurturing a customer-focused environment at Ford. The website was designed to be a user-friendly library of practical information about Customer Relationship Management (CRM) explained in clear, concise business language that any Ford manager or executive anywhere in the world could readily understand. The website is rich in case studies, whitepapers, CRM glossary of terms, ROI calculators and measurements tools. This site has made it easy for Ford managers to share ideas and review the progress of customer-focused processes. Furthermore, it has helped anyone at Ford who might be interested in learning about CRM and its concepts. (cumuluspartners.com)

With respect to the viewpoint tool which is used by FCSD, after surveys are returned from customers they are scanned and put online for dealers to read. Some dealers are keen to read the comments of their customers in order to positively change any processes that may be annoying customers. Other dealers don't read the surveys and FCSD knows if the surveys were read or not through flags that are put on (not read) and off (read). The problem is with dealers who open the surveys and don't read the comments! The viewpoint project manager assured the researcher that the amount of information and useful data provided to dealers is much more than in any other motor company as far as they know but "whether the dealers are using this information and knowledge that is another issue".

The GCI website is accessible by all dealers. It is an excellent website with all problems and solutions driven by customers' complaints. There are recommendations and solutions for dealers who are facing problems with the FCSD Service Quality program mentioned earlier (the 5 step counseling process). It is a user-friendly site with best practice suggestions for dealers to read and learn from. The site has a wealth of information but are dealers using it?

The Ford website that customers can access and use is the one at www.ford.co.uk. Customers can build their own vehicle by choosing the model, colour and many other features. The site provides a very nice tool to give customers quotes for car financing. Although it is a fantastic tool for customers to calculate how to finance the car and how much it will cost monthly, it might alienate well customers since of all these different options none may suite them. On the other hand, if the customer is helped in a dealership the representative or salesman can convince the customer of the different options that he can arrange for this customer to buy a Ford. Another problem is that a customer can think a lot about the online offers, can go and visit many other car dealers online and get other offers, which lead to losing the customer who ends up not buying a Ford.

4.3.9 Future Plans

From the Ford point of view they are keen to get better and they are trying to improve the processes they already have. Ford is trying to go with the voice of the customer. The vision that Ford is trying to achieve (figure 4.2) is for the customer to have one face of

Ford rather than the multiple confusing faces between which the ordinary customer won't know the difference.
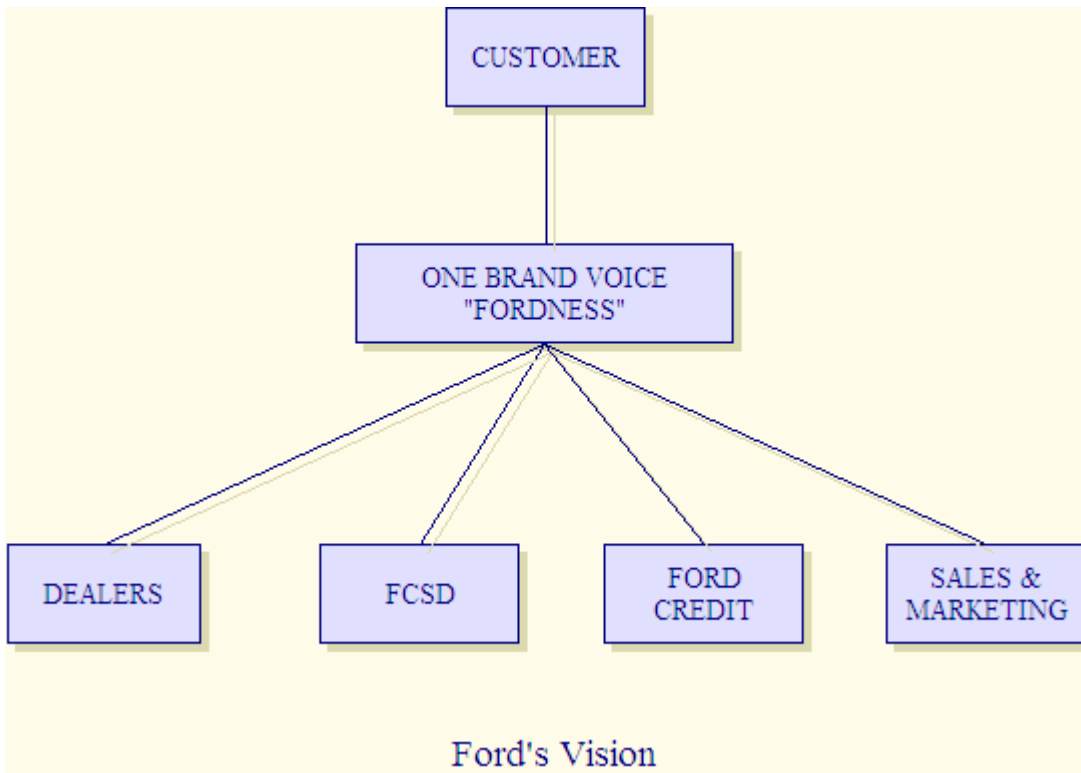
Figure 4.2 Ford's vision

4.3.10 From the Dealer's Side

"The automotive market and industry in the UK is not a dynamic industry that's for sure", said the dealership's call centre manager. During the late 90's and the beginning of the 2000s businesses were concerned about CRM and about knowing what the customers want and being there at the right time and at the right price.

There are a large number of dealerships in the UK from London to Dundee. One of the biggest sites in Edinburgh had lots of customers and was busy all the time. This lead the

management decide to keep this site operational 22 hours a day and 7 days a week. The site started to work 22/7 with two shifts of technicians; the first shift leaves at 5 pm and the second starts at 5 pm and leaves at 5 am. They close only from 5 till 7 am. By implementing this timetable this dealership has built up their customer base, customers have been very happy with the service and the return on the investment has been high. "there was a 40 percent increase in the profit which made the management very happy with the decision they made", said the call centre manager.

The dealership at this site has offered a very handy service for their customers who can bring their car at 5 pm when they finish work, leave it overnight with the technicians to repair it and then when the customer comes back at 7 am in the morning before work he can pick up his car, which is ready for him. This kind of service was very appealing to commercial car customers who cannot work without their vehicle and so they can leave it overnight, have the work done and go to work as usual with no delays. From this service Ford have found that they have migrated existing day time customers to night time and have won a huge number of new customers as well. As this idea was very successful Ford decided to seek more ideas. At that time the concern was not to gain more customers but to maintain contact with existing customers, retain them and satisfy them all the time.

One of the problems in contacting customers was that the manufacturer and the dealers were going in opposite directions. The manufacturer is seeking less contact with the customer in providing long intervals between services and making these intervals longer, which appeals to the buyer who is happy that he is not going to spend too much on the servicing of the car. On the other hand dealers are seeking more contact with the

customer because this is what CRM is all about and they are trying to retain continuous contact with their customers and service them more. These are the two opposite directions that create a conflict. The ultimate concern for the management of this dealership was that they wanted to be a customer-driven business. "We are here to provide a service, so tell me what you want and we will do it for you", said the call centre manager.

Manufacturers make contact with the customer less frequent (they have gone from 6 months to 12months and even to 18 months) because technically they can do this. For example: the technology of oil that was used 10 years ago could not last for more than 12 months and people used to break down at that interval. Now the technology of oil is very advanced and improved so it can last for three years with no problem at all. Another issue is that fleet customers who buy a huge number of cars for business don't want to have the cars serviced every 12 months and they wish to reduce running costs as much as they can. So what manufacturers do is to advertise cars with cheap running costs over a 4 year interval. Although this is good for selling the product, it is not good for the after sales market because dealers provide the after sales service and this therefore affects them negatively.

Therefore the management of this dealership decided that the only service they needed was a contact centre so that they could proactively interact with customers. They contact their customers to remind them of the MOT service and book them in for this service when they call them or at the convenience of the customer. They do what is called a

visual health check for the car whenever the car is serviced at the dealership. The visual health check involves a sheet of paper that is coloured green, amber and red and it checks the five core areas of safety in the car, which are: brakes, steering, engine, suspension and tires. This visual health check (which is free of charge) is done on every car serviced, after which the notes are placed in the appropriate colour area. Green means it is OK, amber means the car needs to be checked in the near future or fixed now and red means that the car is in a crucial condition and that it has to be serviced immediately. There is an electronic system that diarises all this information in all the dealerships all over Scotland and this system automatically recognizes when an amber customer needs to fix what was wrong and sends him a reminder or a phone call via the call centre.

This information feeds into the call centre where employees call customers who have a car in the amber area, for example, and remind them to fix the problem in the car. 27 garages feed into the call centre (where the researcher did her interview with the manager). These sites are not all Ford specific. The dealership chosen for this study deals with six different car makes: Ford, Vauxhall, Mercedes Benz, Renault, Land Rover and Jaguar. This call centre is for Scotland alone. It has an ACD (automatic calling distribution unit) that helps distribute the calls coming into the call centre. For example, if a customer calls the Dundee dealership number, the call is automatically diverted to this call centre and the employee answers the call knowing that it is a call to the branch in Dundee. This makes the customer think that he is actually calling the Dundee site whereas he is calling the call centre in Edinburgh. When a customer calls the call centre and the employee answers, he asks for the customer's name and the car registration

number and pulls out the record of that customer to obtain all the information he might need to have a successful conversation. When the employee is making a call to a customer the screen has a dialogue that helps the employee to make his contact with the customer a successful one. This helps in leading the conversation and not leaving the employee alone with no support as to the direction of the conversation.

Technology

In the year 2000 two of the senior managers went to different countries in Europe and the USA to look for appropriate software for the call centre that does what they want. After this trip they decided to build the software in-house since they did not find suitable software tailored to their needs. The company engaged an IT consultant who was able to understand what management wanted and what were the requirements for the call centre. The consultant was smart enough to do the programming with the requirements that were given to him from the interviewees so that a pilot screen could be set up after 10 weeks of work and programming. During the next two years they have developed a full in-bound booking system and an out-bound proactive customer contact system. The vehicle health check system was then built along with a suite of management reports from which everything could be managed and evaluated. The system conducts a lot of analysis and generates different kinds of reports that are used by management to support decision making and marketing campaigns. The call centre carries out the analysis using the system and then sends reports to the management of different dealers, telling them, for example, how many calls were inbound, how many outbound, how many of those were complaints and how many were for MOT and so on. In addition, they also tell

management how much time it took to answer the calls, indicating the level of the service performance.

Books and manuals of all the cars have been compiled with the required information about the car that many customers do not even know. For example: in Ford and Mercedes Benz cars the brake oil has to be changed every two years (written in the manuals) but no one knows about that information. Since they have put this kind of information about the cars in the system, it pops up automatically for the employee on the screen when a caller calls for anything and his record will be in front of the employee with a flag demonstrating what has to be done for this customer. Scripts have been drawn up that provide all the explanations for the customer about the service on offer.

The diaries and booking calendars are all controlled via this call centre so that no overbooking or under booking is faced by any of the sites. In this way work is controlled, connected and automated via the system. A customer can make a booking through: call centre, website and dealership. Whichever the choice the customer uses the booking diary would be uploaded in real time. People however rarely use the web to make bookings, rather they use the web when they are looking to buy a new car and doing the search for the best deals.

The system is fully integrated with all the systems and data bases of the different dealerships and when a customer calls in and gives the registration number of the car, this number automatically tells the system which dealership it is and pulls out the file or

record of this customer and so that all the information is in front of the employee in the call centre. If any bookings are made during this phone call or any information about the contact details are changed, this gets back to the record in the dealership and is cleaned and the old information is replaced with the new. All this is done in real time.

The way the system achieves data cleansing is through a connection with the electoral roll (which is a huge database where all the people living in UK are registered); the data warehouse runs through the electoral roll system finding out obsolete records and deleting them or finding out if a customer is no longer at the address first provided when the car was bought or serviced. The data is then taken and run through the British Telecom system, the main telecom providers in the UK, and the numbers are checked or changed as required. All these procedures are carried out to clean up the data as much as possible. After the cleansing process the data is used.

What happens when a car is sold or the owner dies?

If a customer is called and that customer is dead or has sold the car they follow a process of "detach". The customer is detached from the vehicle and a record of the vehicle alone is kept, which stays in the database. This also happens when a car is sold. If the car was bought by someone else and this new customer calls in for a service the car registration number is taken and the system automatically pulls out the record of the car; all the data from the new customer and owner is then taken and attached with this car, creating a new record for the new customer and owner. This is useful since the data of the vehicle is all together in the new record detailing what services and fixes the car has had.

In 2000 the call centre was up and running and kept growing; the customers were happy with it and more sites were interested in this service, finding benefits of using this service quickly. In the past customers were not very welcome when they called up for a service or a complaint either because employees on sites were very busy doing many different things at the same time or they were rude enough to make the customer go away. Now with this service running customers have felt the difference, the people in the call centre are working only to care for the customer and nothing else. "It is the job of these people to make life easy for customers and satisfy them as much as they can", said the call centre manager.

To do the job well a great deal of training is provided to the people who are actually talking to the customers; the training is different for inbound calls and outbound calls. Training is done on how to use the system and basic knowledge of the cars. The voice of the employee calling or receiving the call is very important. The majority of people would judge whether or not they like this person in the first 12 seconds. So there are 12 seconds to buy a customer, make an impact, buy their trust, after which the customer can be taken through other details, with opportunities to cross-sell and up-sell because that customer likes the person he is talking to. Employees are taught how to talk to customers and in which tone so that the employee can win over the customer quickly and lead him/her through the call.

Customer satisfaction

Satisfaction measurement is available on the system as well. A phone call to customers who have had a service scheduled via the outbound team and satisfaction questions are asked. There used to be 7 questions but the customer got bored and did not want to answer all the questions so one question alone is now asked: were you completely satisfied with the level of service you had on the day? If the customer says 'yes' then a notice is put to send a satisfaction survey to the customer; the customer is told about the survey and politely asked to fill it and send it back. If the customer says 'no' then another script is shown to the employee who asks why the customer was not satisfied and what they can do to serve better. The employee has different buttons to choose representing the reasons why the customer might be dissatisfied; car not washed or not in time or the parking was not good and so on. At the same time employees have a space for writing up other reasons if they feel they have to write them up. If the case highlights serious inadequacies then the employee apologizes to the customer and a large red button at the end of the screen says: "red hot manager email". The employee then sends this particular case to that email so that something can be done quickly to recover these terrible mistakes at that site. This email is sent to the service manager and the general manager as well; they deal with it properly and they call that customer and try to make it up to him.

This procedure feeds back in the reports prepared and sent to the different sites with the number of satisfied and dissatisfied customers and the reasons they were not satisfied. This helps the site to know what are their weaknesses and the strengths so as to try to improve all the time. In the researcher's opinion this procedure is much better than the

procedure of sending a customer satisfaction survey to customers via mail and waiting for responses, analyzing the results and sending them out to the sites like FCSD is doing (slow results and slow responses).

Future plans

What this dealership is looking for is software that uses the post code to segment customers and tell where the highly profitable customers are. They visualize it as a map underneath the main screen showing all the areas that are covered by their local market and these maps would show where they have customers and where they need to target new customers in different areas. They want something that helps target people who they know would come to dealers to get a service and not to any garage.

Service quality

There is a quality inspection program in the shops where someone from the management level who has a technical background would go and inspect 10% of the cars that were in that day and make sure that everything was done properly when the cars were serviced or fixed. All this would be reported and the service managers would plot this on paper and analyze if there are certain patterns or clear weaknesses in some areas to be fixed that and dealt with. This is a good procedure that spots reasons behind the low level of service quality; it sometimes is a question that machinery is broken or that a technician had a problem and his work was not up to standard; these problems can be fixed and known through this kind of inspection of the quality of the service.

Complaints

If any complaints are received via calls or mail or email then they can be dealt with. If the employee could not solve the problem it is escalated to the manager of the call centre or, if not, to the managers of the sites and they deal with it; this is done until the problem is solved and the case is closed. All this is documented and written in the records.

Difficulties and obstacles

Change was the biggest obstacle faced when the call centre was implemented. In was not until the late 90's that management realized that the way they dealt with the customer and the way they handed in the car or carried out a service had not changed at all over all those years and they realized that this had to be changed and the business had to be customer-driven. "Technology, cars, manufacturers and customers' expectations have changed but the service has not", said the call centre manager. When this software was first introduced and this new way of delivering the service in the market, people did not like it. The call centre manger had to sit with all the sites' managers and try to convince them about this new process to serve customers and telling them that they needed to adapt and accommodate with the changing. Site managers used to say that they were happy with their methods of the last 30 years that they didn't need to go through all that hassle. After the first few sites bought into the system the others heard about the service, how good it was, how sites were happy with the level of customer satisfaction and how it affected business positively with their profit going up and so they all joined in.

There are 12 employees on the inbound team and they work three shifts including working on Sundays; the shifts are weekly shifts. In the outbound team there are 11 employees. The two teams are different with different skills and ways of speaking to the customer.

The software measures everything and they know at the end of the day how much profit they have made. They do all kinds of statistics about the calls, whether for a booking or an MOT, for example. The software is very detailed and is used for analyzing data and marketing purposes. The researcher had the chance to browse through the software with the call centre manager where he showed her how the software is used and how the reports are compiled.

4.3.11 Conclusion

The researcher would like to conclude with some points about the company studied.

- Ford of Britain is a huge company (part of Ford of Europe) and it can be divided into the main company with its different departments and divisions and the dealers which are owned by different people all around the country. The problem with the main company is that every department owns a part of the customer, not the whole customer. This leads to some confusion when contacting the customers. There are many different channels that the customer deals with and the customer then is confused and does not know if it is FCSD or Ford credit or the dealer! Ford does not have a single image for the company when contacting the customer.

- One big problem with Ford is that they are duplicating work and they are duplicating projects that do the same work and achieve the same results; they are spending fortunes on expensive software tools with no coordination between different departments and management. Different departments suggest ideas of doing business in a customer- centric way. These departments with different management obtain permission from senior management to implement such tools and somehow senior management does not notice that this work has been done before or is being done by another department; they therefore approve that project, realizing later that this had been done before and that they have lost money from duplicated efforts. They need to have appropriate coordination between all departments and divisions so that they do not lose this money and waste effort in this way.

- The management in FCSD is interested in implementing CRM concepts but the problem is that senior management only give orders of what they want done without getting into the details of how it is to be done. So when it comes down to the level where people in FCSD are going to implement the idea, it comes down to personal efforts. The CRM team in FCSD consists of five members only and each one has his/her own job to work on and so they are not dedicated to the CRM project alone, which makes it a second or last priority for these people. This division needs to give more priority to such effort and have people dedicated to CRM team alone to do the job well.

- The researcher raises two issues about the use of CUPID. Some say that CUPID is mainly a database and is not used to perform CRM activities and others say that it has a huge capability for CRM activities and that it is used as a CRM tool.

- Another point that was triggered by the customer viewpoint manager is being polite when serving the customer in the dealerships. Face to face contact is absolutely crucial and leaves an excellent impression on customers, with such satisfied customers subsequently spreading the word and bringing other customers (word of mouth). The researcher did mention in her literature review that carrying out rigid tests for employees before employing them, testing how polite they are and how they deal with people, is very important for the good of the organization.

CHAPTER FIVE

ANALYSIS AND RESULTS-PART TWO

BANKS

5.1 Introduction

This chapter reports the write-ups of the three banks in the current study: the National Commercial Bank (NCB) in Saudi Arabia, Al-Rajhi bank in Saudi Arabia and the Royal Bank of Scotland in the UK.

5.2 Case Study Two: The National Commercial Bank in Saudi Arabia

5.2.1 Persons Interviewed

1. Head of Private Banking, Western Region, Saudi Arabia.

2. Project Manager, Private Banking

3. Customer Relations Manager, Private Banking

5.2.2 Background

The National Commercial Bank is the pioneer commercial bank in Saudi Arabia, licensed in 1953 by a Royal Decree issued by King Abdulaziz Bin Abdul Rahman Al Saud, the founder of the Kingdom, thereby, converting it from a multiple proprietorship into a proper bank, the National Commercial Bank (NCB).

NCB's initial paid-up capital was just SAR 30 million (US$ 8 million). On July 01 1997, it was further reconstituted as a Joint Stock Company. In 1999, the Government through the Ministry of Finance's Public Investment Fund (PIF) acquired a majority holding in this Bank.

As a result of the changes made in the Bank's ownership in 1999, a new Board of Directors was formed. This marked a clear separation between the ownership and the

management of the Bank. Since then, NCB has recorded positive changes in the quality of customer service, product offerings and financial performance indicators

Some financial indicators include:

- The NCB is the largest Bank in terms of capital, both in Saudi Arabia and the Middle East. The Bank's paid-up capital now stands at SR 6,000 million (US$ 1,600 million).

- Total assets at year end 2004 totaled SR 130,414 billion (US$ 34,777 billion)

- Net profit for fiscal year 2004 totaled SR 3,531 million (US$ 942 million)

- Shareholders' equity at year end 2004 totaled SR 13,774 million (US$ 3,673 million)

- Return on average shareholder equity for fiscal year 2004 amounted to 29.3%.

- Earning per share for fiscal year 2004 amounted to SR 29.4 (US$ 7.8), compared to SR25.1 earning per share for fiscal year 2003.

Some key facts:

- At year end 2004, the Bank operated 248 branches throughout the Kingdom, including 161 branches dedicated exclusively to Islamic Banking services.

- By year end 2004, the Bank's customers surpassed one million clients.

- At year end 2004, the Bank employed 4,424 people of whom 84.2% were Saudis.

- The Bank operates the largest dealing room in foreign exchange and money market in the Middle East.

- The Bank operates 2 international branches in Beirut and Bahrain, and 4 representative offices in London, Seoul, Tokyo, and Singapore (NCB website, 2005).

About Private Banking:

Private banking is one of the departments of the NCB and it provides personalized services. Private banking appoints a Relationship Manager who personally manages a particular customer's account. The customer's relationship manager is always available to assist him/her any time and anywhere. The customer and his/her relationship manager establish a one-to-one relationship built on confidentiality and trust. This department has been built exclusively for the highly profitable customers (NCB website, 2005). Private banking is a small department of a 100 high level and dedicated officers from amongst NCB's total of 4500 officers.

5.2.3 Business Strategies

The bank decided to apply re-engineering processes to the bank as a whole. This process took place in the year 1998 and took them two years to fully establish the processes for the cultural change. This re-engineering process was not only for business strategies, it was a huge cultural change for the bank as a whole. The strategy set and now in use is a strategy that has a four dimension focus:

1- Financial

2- Internal

3- Customers

4- General public

Using these four focal parameters they developed their balance score card. When the bank went through the evaluation of the four parameters they agreed that the customer

parameter can not be measured properly with what was available in the bank at that time. The management decided to use the Private Banking department to be the pilot case for implementing a system that would accelerate and make available customer intimacy. The bank chose Private Banking because it has fewer customers and their data and contacts are manageable. Although the number of clients is not great, these clients are the most profitable to the bank. The management was asked the question: What are other organizations doing to accelerate their customer intimacy? One of the solutions was to implement a CRM system. The bank did its research and found that the percentage of CRM failures has been very high. A group of management representatives were then sent to the USA and Europe to visit similar organizations and discover the reasons behind their CRM implementation failures as also to attend seminars on CRM. The main reason behind those failures was that organizations were trying to implement the CRM software and force a cultural change. "Technology is great, but without the culture change that embraces CRM initiatives, all high tech software won't help", said the head of Private Banking, Western Region. Those failing organizations experienced a great deal of resistance and consequently rejection from their people and, hence, they did not succeed. Research also was conducted to identify the most suitable software package on the market which would satisfy the bank's requirements. The bank finally signed a contract with Sales Logix. The good thing about Logix's package is that it allows customization and whenever the bank needed to add a new module they could do so simply by integrating and customizing the system according to the bank's needs.

"This is an ongoing process now at the bank. The customization has not stopped and will not stop. We will continue this process of improvement by getting more into and out of

the CRM system" (CRM Project Manager, NCB, 2006). NCB built their system from scratch, according to the requirements of the bank. The NCB bank was the first bank in Saudi Arabia to implement a CRM system. The vendor provided the bank with a ready made model to satisfy the needs of the bank and this model was run and tested in the bank. They implemented only 15% of the system in the first year and in the second year they implemented another 15% and by year three they implemented what they wanted from the vendor, which was only 40% of what the package can give. This percentage of the CRM package was fulfilling the needs and requirements of the bank. They decided that there were lots of functionalities in this package that the bank would not need for now. They think that this has been an excellent way to implement the system gradually and that this was the reason why they did not fail, as did many other organizations. Management decided to include the CRM functionality in the process manual (where every process or system is documented) so that any new employee can read all about it, how it works, know how to deal with it and accept it.

5.2.4 Difficulties and Obstacles

The first problem that the bank had to solve was that the officers in the bank and in Saudi Arabia as a whole did not know anything about CRM. But the management was very open and very understanding as they wanted what was best for the bank. The bank spent a great deal of resources and time educating people in the bank and convincing them that CRM is for the good of the bank and that it is easy to use and manipulate. The bank did many training sessions with the relationship managers who were the main users of the system. Resistance from the users was related to the change in the culture and the actual

use of the system. Users found that data entry and feeding the system with customers'

details is hard work and time consuming. They felt that all this extra work was not going

to pay off in the end. Employees were not interested in using the system.

The management of the bank decided to spend more resources in training the staff and

getting feedback from them. This took place between the years 1999 and 2001. The

training was not rigid and the instructors tried to make it as entertaining as possible. The

instructor who trained the users was one of the system vendor's employees and the bank

took him on board to work with the bank after implementation of the system. The

purpose of training was to accustom users the system and to make the system a way of

life for each employee so that it would be the first thing that he or she opens in the

morning (this goal was achieved by a user opening his/her email account as well as the

CRM system first thing every morning). The training also provided instruction on how to

feed the system with the data, which was important and had to be done right in order for

the system to produce the desired output. The trainer tried to convince the users how easy

it was to use the system and how important it was to enter the data quickly and correctly.

Users had to be assured that it was safe to use the system and that management would

always be monitoring activity by opening any user's account at any time and reading

what he or she had produced, what progress was being achieved and how many hits he or

she had managed. It was made mandatory that every user would write reports which

would be reviewed by top management. The management used other pressurizing

measures in the processes. The bank made it clear to employees that this system was a

must for the bank and that they had no other choice but to accept it and live with it.

One of the biggest problems the bank is facing now is that when they face a technical problem and the system goes down for a day or more, users lose interest in using the CRM system for up to a couple of weeks.

5.2.5 Data and Segmentation Schemes

Segmentation is part of the business strategy in the bank (see figure 5.1). "Segmentation is part of the strategy we have. You can't do it separately, factors depend on each other, so you have to have a strategy and then a balance scorecard and then you do the CRM right" (Western Region Head, NCB, 2006)
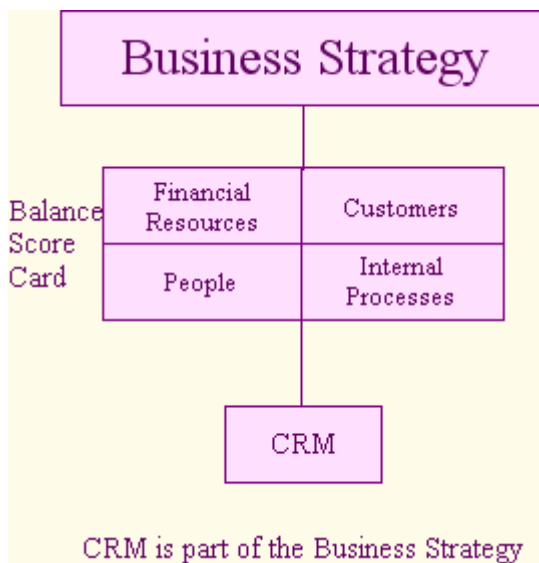
Figure 5.1 CRM is part of the business strategy (western region head, NCB, 2006)

Segmentation is done according to age, gender, financial sophistication levels and risk tolerance. When these elements are put together they constitute nine boxes in total. Management hesitated in giving out such proprietor information and one of the managers interviewed said that all this was highly confidential and that they could not give out any

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further details. Segmentation in the bank is done monthly by the relationship managers and reviewed by the management.

Customers' information is stored in the data warehouse of the main bank. Data is fed from the main bank to the CRM system of Private Banking every month and hence this data interchange is not yet in real-time. The bank is looking forward to linking the two systems and thereby doing everything in real-time. This will help ensure speedy business with no delays.

5.2.6 Managing Customer Portfolios

Every customer of Private Banking, both business and personal, is assigned to a relationship manager. Relationship managers are required to actively manage their portfolios according to: volume of business, interest margin spread, fee income, profitability, customer retention, the acquisition of new customers and other factors. The size of each relationship manager's portfolio varies according to the segment being served. A relationship manager responsible exclusively for private banking clients might have a portfolio of 50 customers. Although the relationship managers are accountable for their business figures and are rewarded for performance, their incentive plans have not yet been linked to performance on the basis of salary and commission.

Customer portfolios contain every single detail about the customer. These portfolios may contain the names of relatives and friends and the hobbies and other preferences of the customer. Through the contacts in the existing customers' portfolios the bank can use leads to acquire new customers.

The accuracy and detail of the information in the portfolio is totally dependent upon the relationship manager who is feeding the system. "Users sometimes stretch there imagination and get the best out of it" (Western Region Head, NCB, 2006)

5.2.7 Evaluation of the System

CRM has provided the bank with faster service and better ways to solve problems when encountered. "The CRM system we have in use now provided us with faster means to service the customers", said the head of private banking .The system is integrated with Outlook so the user opens his email and receives an email telling him that this task has to be done or that there is a flag of any kind around some issue that has to be dealt with and this speeds up the process of solving problems, providing particular services or getting the products to the customers.

The bank can't assure the success of the implementation of the CRM system 100%. But all that could be said is that they are using the system in the way they wish and that carrying out the implementation gradually over two years is a sign of success in the management's opinion.

Evaluation is conducted every two months. Questionnaires are given out to the users of the system asking them about the speed of the system and its efficiency, how they want the system to be in the future and what ideas they might have to improve it. Technically they also do an evaluation of the system and whenever there is a problem they deal with it on the spot. The two main factors that are used to evaluate the success of the system are speed and competition.

5.2.8 Internet Presence

The internet presence of the main bank is very good and the management is quite happy with it but at the same time they are continuously trying to improve it. Since Private Banking is for the highly profitable customers and there is a relationship manager allocated to every customer the online facility is not the way this type of customer wishes to do business. Private Banking customers like to deal with the relationship manager directly and receive whatever service they need whenever they need it. This is why they do not usually use the internet. "They do not need it …it is much faster and more comfortable to do it with the RM personally" (Western Region Head, NCB, 2006).

5.2.9 Future Plans

The management of the bank is convinced that CRM was a brilliant idea and the pilot they have conducted in Private Banking has proven to be successful. Now the bank is in the process of negotiating the implementation of CRM throughout the rest of the bank with the biggest system vendor in the marketplace. The bank will tailor this process with what they have learnt in Private Banking. Another problem that the bank is keen to solve is how to link Private Banking with other bank operations so that any data exchange can be made in real-time.

5.2.10 Conclusions

Serving the consumer market in Saudi Arabia for financial services is an enormous undertaking. The geographic span of the country is huge, and the needs of consumers are varied and complex. These realities have forced National Commercial Bank to rely upon technology to meet the requirements of the consumer financial services market. As the bank has sought to refine its business strategies to include a relationship management component, the need for technology has become even more critical. Yet the bank recognizes that technology alone will not provide competitive advantage without a comprehensive CRM business strategy.

An interesting aspect of National Commercial Bank's approach to CRM is that it does reflect a good balance between technology, people and business processes. While technology powers the advanced analytics that allow the bank to create meaningful and appropriate sales and service strategies, it must also rely upon well-trained personnel and CRM-based business processes if it is to be successful in building relationships with customers. The acknowledgment of this reality and the willingness to allocate resources accordingly is what separates National Commercial Bank from most other financial service institutes in Saudi Arabia.

5.3 Case Study Three: Al Rajhi Bank

"CRM empowered us to link our planning processes with day-to-day performance metrics to drive the creation of products that meet our customers' distinct needs. This capability has been instrumental to our continued success in Saudi Arabia's increasingly deregulated banking climate." -- Western Region Manager, Al Rajhi Bank

5.3.1 Interviewees

1- The Western Region Manager

2- Two Branch Managers

3- Two Relationship Managers

4- The CRM Project Manager

5.3.2 Background

Al Rajhi Bank is a major name in Saudi Arabia's banking and business world. It has grown from a strong base, focusing on serving the needs of the nation and its citizens, contributing to the Kingdom's construction and development, and always operating within the framework of Islamic principles.

Banking and trading activities of Al Rajhi Bank began 50 years ago, in 1978 individual establishments were merged into Al Rajhi Trading and Exchange Corporation and in 1987 it was converted into a joint stock company under royal decree. Al Rajhi Bank supports its customers' beliefs and only provides leading product and services, built on a

foundation of experience, knowledge and a consistent heritage of Islamic banking and is now delivering this to a global market.

Al Rajhi Bank is one of the largest joint stock companies in the Kingdom, with a paid up capital of SR 4. 5 Billion ($1.2 Billion). It is considered as one of the leading and most developed banks in terms of traditional banking products and services in addition to the new electronic links and facilities. Al Rajhi Bank has the largest branch network distributed throughout Saudi Arabia, the largest ATM network with nearly 1400 and over 8000 merchant terminals installed all over Saudi Arabia.

On the 11th February 2006 the bank changed its identity from Al Rajhi Banking and Investment Corporation to Al Rajhi Bank. As the bank continued to grow and move forward into new markets it took the decision to change the bank's identity and name to give it a broader appeal as it grows its international customer base.

5.3.3 Business Strategies

"If there's no management support all CRM initiatives will fail", said the western region manager.

The objectives of the bank are represented in practicing banking and investment activities as per its articles of association, basic system and banking control regulations. The Al Rajhi Bank is practicing banking and investment for its own account or on behalf of others within or outside the Kingdom.

Al Rajhi decided that to remain competitive it must shift from transactional retail banking to more of a sales-focused operation. The shift, however, was not going to be easy. Figures showed that only 27% of activity in the bank's 378 branches brought in sales. In contrast, 63% of daily activity was geared to merely keeping operations running.

In the year 2004 The Al Rajhi Banking and Investment Corporation finalized a major business initiative to enhance customer satisfaction and increase market share through the deployment of Customer Relationship Management (CRM). In the early stages of the project, the vendor's consultants conducted a comprehensive planning and scoping workshop with the bank project team. This process identified all the critical success factors. Together the vendor and the bank's IT team then produced a detailed execution plan, with each project team member and bank business unit fully aware of their responsibilities. To ensure smooth implementation, management gave the bank team and the vendor's consultants full empowerment to take the necessary measures to overcome any obstacles.

The bank started planning to implement CRM in the year 2001 and did not finalize the implementation until the year 2004. It took the bank almost three years to fully implement the system. This long time made the process of embracing CRM successful and manageable.

Al Rajhi decided to implement CRM to meet three key objectives: improve competitiveness in the Kingdom's increasingly deregulated financial sector, understand and enhance customer profitability and standardize customer service levels for increased satisfaction. Al Rajhi implemented CRM at more than 375 branches and throughout its call centres integrating the bank's face-to-face, telephone and online service efforts, as well as its marketing strategy.

In the Al Rajhi Bank there is a sense that all customers are important to the bank and that products and services should be designed and priced accordingly. If a customer relationship is viewed as unprofitable, the bank's belief is that the fault lies with the bank rather than the customer. Al Rajhi Bank embodies this philosophy and strives to tailor its products and services accordingly.

Management of Al Rajhi wanted to create a Customer-Focused Organization and Infrastructure. Since internal cultural barriers can inhibit communication and coordination among divisions and defeat corporate-level marketing objectives, management of the bank aligned sales and service behaviours around customer relationships rather than around groups or products. To help dissolve departmental silos, executive management focused on overall customer profitability rather than on discrete segments of the business. Management believed that it was critical to have a single, enterprise-wide view of the customer, spanning all touch points and systems.

For Al Rajhi, the key to successful implementation was making sure that its financial, sales and marketing and service applications were integrated online with the following systems:

- The data warehouse to get customer segmentation, clustering and profitability information

- Core banking systems to capture a customer's interactions with the bank.

- The Customer Information File to update a customer's full financial relations.

Implementing the CRM system improved both the speed of service and the business intelligence around it, thereby, attracting and retaining most valuable clients, which boosted Al Rajhi's overall profitability. The bank reported a 49.5% rise in profits for the first six months of 2004, compared to the same period the previous year. The Al Rajhi Corporation posted a net profit of SR1.368 billion ($364.8 million) in the first half of 2004. The operational CRM effort currently gives more than 850 of Al Rajhi's customer service representatives a 'telesales dashboard' that displays all of a client's interactions with the bank, identifying customer value, cross-selling opportunities and service requirements.

About Islamic Banking Principles: The term Sharia'a refers to Islamic law as revealed in the Qur'an and through the example of the Prophet Muhammad. The authority of Sharia'a is drawn first and foremost from the specific guidance laid down in the Qur'an. The second major source is the Sunnah, which translates as the Way and refers to the way in which the Prophet Muhammad lived his life. This is based on Ahadith, which is a collection of everything that Prophet Muhammad (peace be upon him) said, did, or

approved of. Another important source is Qiyas, which involves the interpretation and analysis of existing law to suit modern-day situations. The principles of Islamic finance are as old as Islam itself. The Sharia'a Supervisory Committee are experts in the interpretation of Islamic law and its application in modern day financial institutions. Since its establishment, Al Rajhi Bank has committed itself to ensuring that all operations comply with Shari'a rules. To achieve this objective the bank has established an independent Shari'a authority reporting to the bank's board of directors to ensure that all operations are subject to the approval of this authority and controlled by the Shari'a control department.

The Al Rajhi Bank is doing business according to the Islamic principles and this has given the bank a competitive advantage in a society that is known to be religious (Al Rajhi website, 2005).

5.3.4 Difficulties and Obstacles

Since the beginning of the idea of embracing a CRM system in the bank management decided to implement this huge cultural change gradually and to take it forward in small steps. This made it easy for management to overcome resistance problems from users and people in the organization. The bank decided to carry out extensive training for the training department of the bank. Then the training team was responsible for training the employees on how to use the system and why. Although management were very careful in implementing this change, they still experienced some resistance from employees and the bank was forced to use a harsh way in dealing with this problem. The bank was alerted and carried out daily follow-up of users of the system. Management traced the log

page every day to see who logged on to the system and who did not and dealt with those who did not use the system properly. This was the case until management felt that the system had become part of the users' daily activities at which point they decided to stop using this harsh way of following-up.

The bank spent some time trying to convince users that this system if used properly would save them a lot of time and effort and would give them a competitive advantage as well. The bank thought that this was the vital proof that the users were looking for. If users were convinced that their CRM system would save them time, then the bank would be able to collect the exact information it was seeking. The bank embarked on CRM after years of using archaic means, such as note cards, to track their prospective and current customer information. Users of the system were amazed as to how much time the CRM system saved them. Instead of fumbling through note cards or a database that did not provide much useful information, their CRM system gave them any information they needed about prospective and current customers with one click. When an end user schedules a follow up call or a meeting, their data is automatically integrated with their Microsoft Outlook system instantaneously. Instead of putting together custom excel reports for their management every week, managers now had the reports auto-delivered to them via email every Wednesday (since the Arabic business week starts on a Saturday and ends on a Wednesday).

As is the case with any very large organization, Al Rajhi Bank receives its share of complaints and accolades about its service. It is particularly difficult to provide

consistently good service when the breadth of the banking network spans a peninsula. Al Rajhi Bank's service orientation is to provide critical customer information to the points of customer contact. In essence, the bank is attempting to use technology as a distributed platform for institutional memory. The key elements that allow customers to receive excellent service in their home branches are captured and distributed across the touch points. Customer contact people still deliver "service," but they do so with an enhanced knowledge of who the customer is as well as their preferences.

5.3.5 Data and Segmentation Schemes

As a first step to transforming the business approach, Al Rajhi implemented a data warehouse project based on the vendor's financial services applications and database. By capturing relevant client information in a single data warehouse, the bank can determine the exact cost of serving each customer as well as account profitability.

Customer data is assembled from every contact point — call centres, mail, person-to-person, fax and the web — to construct an accurate, consistent view of customers across all available channels. Al Rajhi is performing segmentation and clustering to identify and analyze customer needs and banking patterns based on variables such as income, age and gender. The data warehouse and integrated financial, customer service and sales environment has had an immediate positive impact on the bank's bottom line. Sales managers in all branches have a 360-degree view of their customers' product portfolios, banking behaviour, and profitability.

The main users of the CRM system in the bank are the branch managers and the relationship managers. Segmentation is done by a number of consultants who are responsible for segmenting the customers and analyzing the data. Updating the data is done in real-time all over the bank. The most visible use of bank segmentation is the configuration of fee-based products and services for profitable customers. Special rates offer maximum value and encourage customer retention.

The researcher tried to get information about how many segments there had been in the bank and under what criteria they were conducting this segmentation but she had no luck in getting this information from the interviewees. Interviewees were very cautious not to give the researcher such information. The only thing the researcher did find out is that the bank has a special tier of customers named Altamayuz and this tier is the highest in the bank.

To be a member of Altamayuz the average balance of the current account shall not be less than S.R. 80,000 during the previous 6 months, or an opening balance of S.R. 500,000. The Altamayuz membership conditions are not hard to achieve and, since this bank's vision is to be the bank of all citizens in Saudi Arabia, they have made available this special treatment for a huge number of customers.

Altamayuz is a package of distinguished banking services and products which have been prepared to satisfy clients' aspirations and reflect the advancements in the banking technology achieved at Al-Rajhi Bank in order to provide ease and convenience to its

respected customers. The bank's services are not confined to what types of services and products the relationship manager can offer to the customers but extend to reach everywhere through the e-banking services (Al Rajhi website, 2005).

The bank has a hierarchy in accessing the Altamayuz customers' profiles. The branch manager has access to Altamayuz customers who are in his branch only and the relationship manager for those as well. The regional manager has access to Altamayuz customers who are in the branches that only he manages.

5.3.6 Managing Customer Portfolios

Customers' portfolios contain all the information needed to be known about those customers. These portfolios contain name, age, gender, contact details, relatives, investments, business done with the bank, credit cards and their expiry dates and more. A relationship manager will have all the data that might be needed to make contact with a customer.

The CRM system the Bank has implemented provides the ability to know exactly what's going with a prospective or current customer at any time, all the time. The system has automatic reminders of what a relationship manager needs to do next; who he needs to call today, who he needs to send an email to, what sales opportunities he needs to work on today. The system also has automated events that tell a relationship manager that he has not talked to a key customer in the last 14 days. Management can see live, real-time reports showing all the deals in the sales pipeline at any given time.

Al Rajhi has a complete picture of its customer interaction process. Using the analytical tools in the software, they can take advantage of every single customer interaction to improve satisfaction.

In the increasingly mobile Saudi market, customers can now receive SMS texts from Al Rajhi that automatically update them on service requests. Language considerations were paramount for the success of Al Rajhi's CRM system. The system provides localized Arabic terminology while fully supporting both English and traditional Arabic for the bank's customers, as well as its sales and service staff. This was a very good decision from management to actually design the system in Arabic since most of the bank's employees are English illiterate. Moreover, making the data entries in Arabic eliminated the problem of spelling Arabic names in English, where one name could be spelled in more that one way.

One of the main benefits following from the implementation of CRM is a boost to client relationships. The bank now has a much less frustrating environment for their investors. They are not dependent on any particular relationship manager being available, but have a central listing of each and every client relationship and contact. Thus clients get professional service and attention, even if the relationship manager they normally deal with is out or unavailable.

5.3.7 Evaluation of the System

The system's applications also help Al Rajhi track the effectiveness of its marketing initiatives and manage its sales incentive program. The financial institution uses the system's marketing modules for defining, implementing and measuring the success of its marketing campaigns. It can also link sales and service operations directly to payroll to set and ensure proper compensation and incentive systems for sales and relationship managers.

A periodic review of the system is carried out every two months. Questionnaires are given to users to evaluate the system and to eliminate any problems that may occur. The management of the bank are very happy with the results of the CRM implementation. One of the relationship managers said: "Before implementing CRM I was doing the work blindly but now I feel that documenting all the work that I do in the system makes me feel that I am progressing and that I am more organized in my work than before."

Within Al Rajhi Bank, the goal of CRM is to ensure that interactions with customers are consistent and appropriate across all the delivery channels. The bank has developed this goal out of the realization that its separate platforms serving diverse markets could easily develop conflicting customer messages if coordination efforts were not initiated. Consistency and appropriateness in customer messages can only be achieved if critical customer information is widely distributed among all points of customer contact.

The bank has a call centre that is responsible for all kinds of customer inquiries and complaints. The bank has a well developed process for handling and solving customer complaints. They get back to the customer to know if he/she is satisfied with the way his/her problem was solved and they document all this for others to read and avoid in the future. All this critical information is documented in the customers' profiles in detail.

5.3.8 Internet Presence

The web site of the bank is very advanced. Al Rajhi Bank offers many services online some of which are (Al Rajhi website, 2005):

- The e-Riyal Payment Gateway is a service for the bank's customers who are involved in doing business on the internet. The e-Riyal Payment Gateway is a service designed to cater for all those who do business on the Internet. The e-Riyal provides the fastest and the most secure ways of performing transactions and accepting credit card payments from any where in the world in various currencies. The e-Riyal is a fast, scalable and reliable payment platform that enables clients to authorize, process and manage payments on the internet.

- Al Mubasher Retail is the online banking application for individuals having accounts with Al Rajhi Bank. The award winning application is offered free of charge to customers to perform a variety of banking transactions online in a secure environment without going through the trouble of visiting the branch. Al Mubasher allows the customer to view account statements, transfer money, send remittances, configure standing orders, maintain credit cards, apply for credit cards, view investment details, pay utility bills, pay government fees, subscribe to

the Bank's services and perform numerous activities in the comfort of their own home.

- Al Rajhi Tadawul is an online trading service for the Saudi Local Shares Market. Some of the characteristics of the site are: entering orders, executing orders, transferring accounts, live market watch, online enquiries, printing reports and English Arabic enabled site.

- Al-Rajhi Bank is one of the first banks in Saudi Arabia to provide exchange and remittance services through a wide network of corresponding banks worldwide. The Bank succeeded in updating its services, leveling with new techniques used in this domain, by adapting the newest methods and hiring a professional team. Transactions can be done online in a very convenient way.

5.3.9 Future Plans

The future of banking brings together a host of modern technologies: intelligent voice technologies, data mining and profile technologies, customer contact management, Internet and Web-based systems, as well as traditional banking systems.

The next generation of banking services, however, is going to require a sea-change in the way banks manage their technology systems. The future for customer service is online, and mobile.

In Saudi Arabia, mobile phones are used extensively and now they are being used increasingly for more than just chatting with friends or business associates. The mobile phone and the wireless-enabled palmtop will increasingly become the interface of choice for a number of applications, and banking services are imminently suitable.

The massive convenience of being able to check the bank balance, transfer money between accounts or order a new cheque-book securely from a handheld computer or PDA at any time of the day or night is a compelling reason to choose a bank with mobile banking services and a major differentiator for the bank that delivers this sort of service first.

This is the level of service Al Rajhi is looking forward to offer for their customers in the future because whoever is the first will be the winner!

5.3.10 Conclusions

Al Rajhi's Key Benefits from implementing CRM (Al Rajhi document, 2005)

- An increased percentage of sales in the branch office from 27% to 43% in six months
- They have achieved 49% improvement in net profits in the first half of 2004
- They have a 360-degree view of customers' product portfolios, banking behaviour and profitability for improved customer service and cross-selling opportunities
- They have expanded their ability to deliver individualized offerings and services to the bank's most profitable customers

5.4 Case Study Four: Royal Bank of Scotland

5.4.1 Persons Interviewed:

1. Senior Manager, Customer Management - Development

    Retail Brands Marketing, RBS Group

2. Private Banking Relationship Manager

Note: The interview with the manager was held in the RBS headquarter in Goagarburn/ Edinburgh and it lasted for the whole day. The new RBS headquarters is the base for 3,250 head office staff. The headquarters environment is classy with leisure, creche/nursery facilities as well as a new training centre. This environment plays a key role in the attraction and retention of staff.

5.4.2 Background

The Royal Bank of Scotland Group is one of the world's leading financial services providers and one of the oldest banks in the UK. Following the takeover of National Westminster Bank in 2000, the Group has continued to grow its business around the globe and, in addition to its strong UK presence, it has offices in Europe, the USA and Asia. By the end of 2002, it was the second largest bank in Europe and the fifth largest in the world by market capitalization. RBS has nearly 30 million customers worldwide and is the largest provider of banking services to small, medium and large businesses across

the UK. It is the second largest general insurer in the UK, the leading provider in motor insurance and the lead corporate bank in the UK (RBS website, 2007).

The Royal Bank of Scotland itself was founded in Edinburgh by royal charter in 1727. For several decades it traded solely from its head office in Edinburgh, but in 1783 it opened its first branch office in Glasgow, and went on to develop a large network of offices throughout Scotland during the nineteenth century.

In 1999, the Bank of Scotland (main competitor of RBS) launched a takeover bid for NatWest. The Bank of Scotland intended to fund the deal by selling off many of NatWest's subsidiary companies, including Ulster Bank and Coutts. However, the Royal Bank tried to overtake this bid using a key differentiator from the Bank of Scotland's bid, the plan to retain all of NatWest's subsidiaries. On February 11, 2000, the Royal Bank of Scotland was declared the winner in the takeover battle, becoming the second largest banking group in the UK after HSBC Holdings. The NatWest brand was retained, although many back office functions of the bank were merged with the Royal Bank's leading to over 18,000 job losses throughout the UK (Wikipedia encyclopedia, 2007). After the merger of the Royal Bank and NatWest the businesses of the two groups were combined, and the big task of integrating their IT systems began. This was scheduled to be completed in 2003 but was finished in November 2002, four months ahead of target. NatWest's retail bank continues to operate as a separate brand on the High Street (RBS website, 2007). The bank was the 2005 recipient of the Wharton Infosys Business Transformation Award, an award given to enterprises and individuals who use information technology in a society-transforming way. On the other hand, the researcher

was told that the full integration of IT systems with regard to producing the single view for customers did not happen as is was supposed to and that the databases of some businesses are separate!

5.4.3 Business Strategies

The RBS Group is split into 8 operating areas. Each operating area has several subsidiary businesses (Wikipedia encyclopedia, 2007).

(1) Retail Banking

This is the group's main UK business, offering personal and business banking services. Services are operated under both the Royal Bank of Scotland and NatWest brand names. This area of the bank is currently undergoing changes and will be renamed 'Consumer Banking' in 2007.

(2) Wealth Management

This is the group's private bank division providing services to wealthy individuals.

(3) Retail - Direct Channels

This division is responsible for the group's credit card businesses in the UK and Europe; including internet and telephone based banking brands; and processing facilities for retailers.

(4) Corporate Markets

This division consists of UK corporate banking which provides financing, leasing services and transaction processing to corporate customers. The global banking and

markets division provides debt and risk management to corporate and institutional customers in markets around the world.

(6) RBS Insurance

RBS Insurance is the second largest general insurance provider in the UK, as well as being a growing presence in Spain, Italy, and Germany.

(7) Ulster Bank

Ulster Bank provides personal and business banking services in Northern Ireland and the Republic of Ireland under the Ulster Bank and First Active brands.

(8) Citizens

This division includes the Bank's businesses in the United States, Citizens Financial Group and Charter One Bank.

Although the organization is huge, nonetheless senior managers do accept and discuss ideas offered from staff about improving their customer service through a communication strategy that cascades issues up the management levels. The organization also encourages communication between different levels and accepts ideas (they do have weekly sessions to discuss such issues) to be analyzed and sometimes used if proved beneficial. They do reward innovative ideas as well to encourage creativity among the staff.

The researcher was given access to conduct her study in the marketing department of the retail banking area.

The Royal Bank of Scotland Retail Banking

The Royal Bank of Scotland offers a full range of banking and related financial services to around three and a half million personal and small business customers. The Bank has won many independent accolades for the level of customer service it provides, including "best buy" awards from Which? (a subscription-only magazine and website run by Which? Ltd).

Retail banking operates:

- a 650 branch-strong network throughout Great Britain

- a 24 hour telephone banking service

- a fully fledged Internet banking service, the first on the High Street

- tailored accounts to suit everyone from the financially excluded to the affluent

- a network of 1700 ATMs, many in convenience locations like railway stations, airports and shopping centres

- an award winning business current account and network of dedicated business relationship managers.

The Bank offers almost every financial product - from mortgages to stakeholder pensions - online. It was the first bank to develop a basic bank account for the financially excluded, the Key Account, and also offers a basic business bank account (RBS website, 2007).

5.4.4 Difficulties and Obstacles

The biggest challenge in managing the business network of the bank is the size of it. The bank does not have any CRM program as a branded software package, but there are aspects of CRM in almost everything they do. The culture of the bank as described by the interviewees relates to its size, especially when the merger happened between RBS and NatWest; it became a huge organization and staff are still trying to cope with this huge change.

The bank has a number of different brands and each brand has its own business plan and hence it is very difficult to apply CRM to all these different brands because they all have their own different objectives. In marketing they are structured around different products. They have teams who are responsible for loans and others responsible for mortgages and so on. Each team will then develop their own marketing and business plans which are then fed into what they call customer planning, as illustrated in figure 5.2. The role of customer planning is to take all different plans and turn them into one customer plan that is customer friendly and serves all the objectives of the different products. It also meets all the different channels' income need. At this point they use software called "Market Switch" that helps them to do the analyzing, modeling and simulating of the different plans. The software can also give numbers of customers interested in a certain product, number of contacts made with a certain customer and so on.

The concept of being a "customer-centric" organization has existed since the year 1991 in the bank. The problem is that if they start their plans with the customer and build them up, they might not end up with good plans that integrate smoothly with the business plans they have.

"The biggest problem we face is that different brands of the group have different databases that are not all connected. What we fear is that integration may cause a huge problem on account of the size of the organization", said the senior manager. The bank decided not to undertake a CRM implementation project since they believed that it had become just a buzz word and that the failure rates of CRM implementation were high enough to make them reject implementation of such a project. They are happy with the tools they have, which seem to actually be producing the same benefits of any branded CRM software.
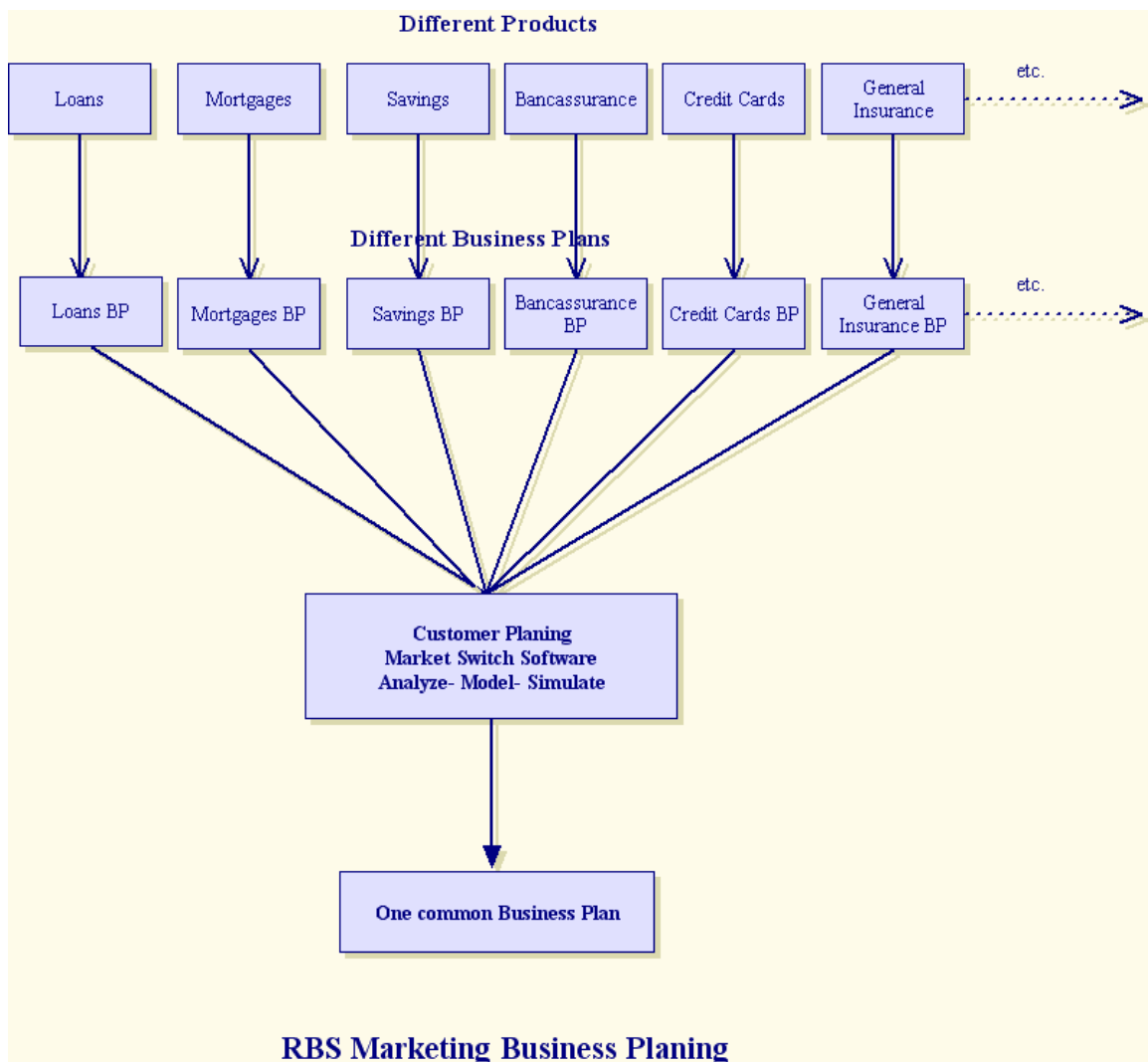
Figure5.2. RBS Marketing Business Planning.

Data cleansing is not carried out on a regular basis. It existed as a project three years ago, but there is no ongoing process for data cleansing.

Difficulties sometimes ensue because of end-users miss-spelling and not feeding the system with accurate data. Another problem is that, due to the rules of security, the bank cannot change any information in any customer's account without his or her permission. This is why they might wait for long periods of time until the customer can be contacted and permission received for the change to be made. This sometimes makes it difficult to provide faster and better service. The problem of customers moving and not changing their address does not occur often however, because when a person is moving the first priority is to supply a new address for the bank account because this is very confidential it relates to their financial status and income.

5.4.5 Data and Segmentation Schemes

RBS' warehouse is called UKBMIS (United Kingdom Bank Management Information Systems) and it is fed from all the different channels and operational systems the bank has. The data warehouse is a read-only database and information cannot be altered or changed. The bank's marketing division has its own database, called DMIS (Direct Marketing Information Systems) which is a rich source of customer information with full contact history of customer selections. This database is used in marketing activities and a tool called the optimizer is used to generate campaigns and produce customer plans. The tool is an excellent one in targeting certain levels of customers for certain products. It also provides reports and numbers about customers that help in marketing activities and

contacting the customer. Extensive customer data enables the bank to target customers for the right reasons at the right time using the most appropriate channels to maximize contribution.

There is no segmentation process in the bank as to levels of customers with varying privileges. They have segments of customers but the difference in the service is minimal.

Customer portfolios involve mainly private and business customers. These two different types of customer do not vary a great deal in terms of the service they receive but private customers are paid more attention and the bank makes life easy for them. Business customers receive all the services they need but not in a luxurious way!

To identify some of the benefits of being a private customer, here are some of the products, services and rates offered to them:

- 24 hour telephone assistance from trained private banking advisers

- A wide range of flexible lending options

- Insurance and protection for the customer and his possessions

- A number of savings and investment opportunities

- A choice of current accounts to meet the customer's needs: with RBS private banking a customer has a choice of two exclusive current accounts:

  - Royalties Private - access to best financial, security, travel and leisure benefits.

  - Private Bank Account - a straightforward current account offering credit interest and a private banking branded cheque book and debit card (RBS website, 2007).

Not having huge differences in services between different types of customers makes all RBS' customers happy with the service and happy with the bank.

Segmentation is used in marketing when the bank wishes to target a certain type of customer for a product that they know will not appeal to other types of customer.

5.4.6 Managing Customer Portfolios

The bank has a customer contact strategy, illustrated in Figure 5.3. Starting from the total customer base, RBS only target personal customers for marketing activity. Once other base segments have been removed, they check the eligibility for the customer to be contacted through the marketing channels available to them.
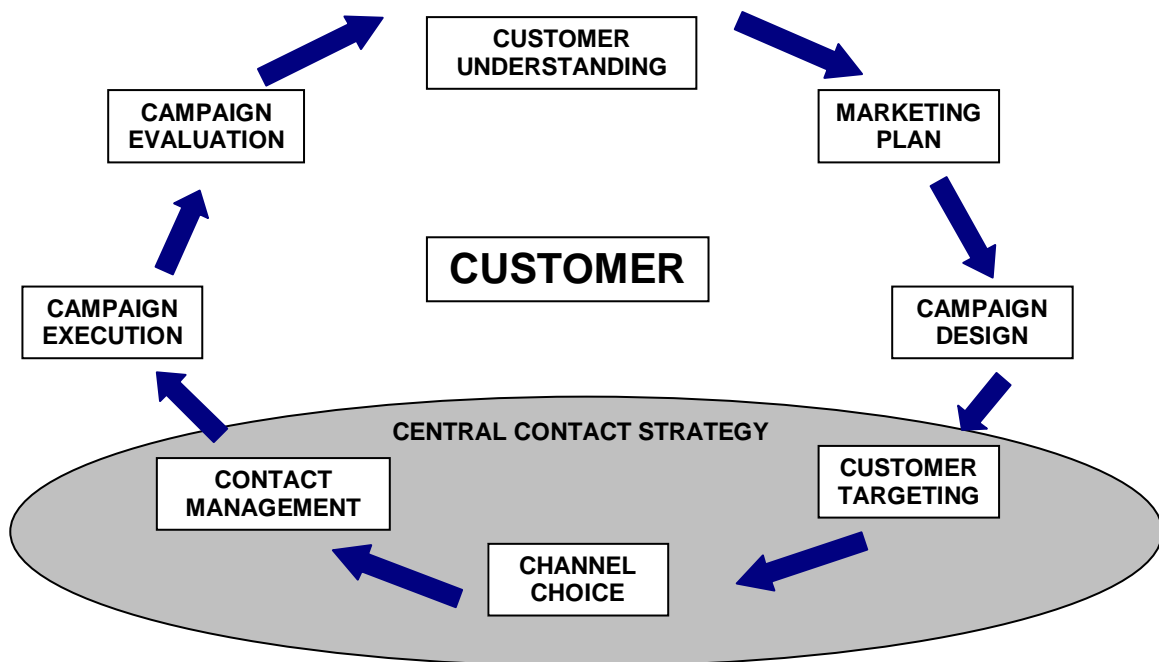
Figure5.3. Overview of RBS Central Contact Strategy (RBS document, 2007)

Personal customers may be eligible for mail, telephony or network contact. At the same time a customer may not meet the eligibility criteria for the channel for a number of reasons, including:

- No consent to market to them

- Invalid address/telephone number

- Bad credit/risk

Customers are targeted for campaign activity in a number of different ways:

(1) a contact could be initiated based on an event that has happened to the customer. An example could be if a customer has recently re-paid a loan or moved home. This is called "event based targeting". (2) Using analysis of past purchasing behaviour, they build predictive models that identify the profile of likely future purchasers and target them accordingly. This is called "propensity model based targeting".

(3) Targeting customers using a number of different attributes, including age, type of products currently held, geographic location and channel preference. This is called "expert rule targeting". In practice, what happens is that customers are targeted using a mix of the above methods.

The bank has different contact channels that they use to contact their customers which are illustrated in figure 5.4.
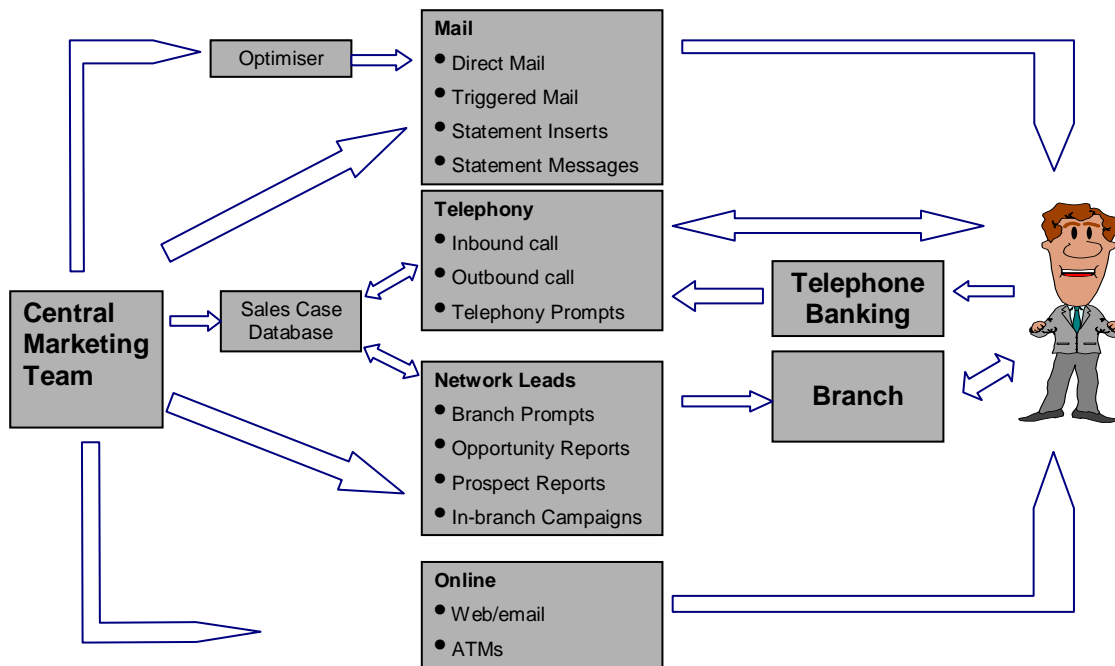
Figure5.4. RBS central Marketing Channels (RBS document, 2007)
Optimiser: allows execution of complex range of campaigns to be mapped to the
customer/support planning and simulation
Sales case database: allows for cross channel coordination of customer contacts in real time.

Mail channels include direct mail which is the biggest volume channel. These are a test

and learn approach with high information content. Direct mail gives the opportunity to

follow up using other channels (prompts, telephony and network leads). Triggered mail is

highly targeted and relevant using customer events as the trigger with high impact and

low cost and volume. Another mail channel is statement inserts/messages which establish

a high volume/low cost channel. Statement inserts/messages are good for high

information content (regulatory messages, newsletters, etc).

Telephony channels are basically the inbound calls, outbound calls and telephony

prompts. An inbound call is a call from a customer to a central telephony unit for any

kind of enquiry or as a response channel for other channels (direct mail, statement inserts,

the Web). Inbound calls give the ability to cross sell multiple offers to satisfy customer

needs and this is a good conversion rate from call to sale. An outbound call is a good

follow up channel to encourage action and a good pipeline tool to encourage a sale.

During an outbound call the member of staff receives a sample dialogue on the screen on

how the conversation should be structured and this helps the member of staff to lead the

call and build relationships with customers

Prompts (figure 5.5) are a high volume channel that can deliver a well targeted

personalized opportunity to the front line when the customer is present. Prompts appear

with telephony channels, in branches and at ATMs. The contact is non-intrusive and acts

as an excellent hook for the member of staff to engage with the customer.
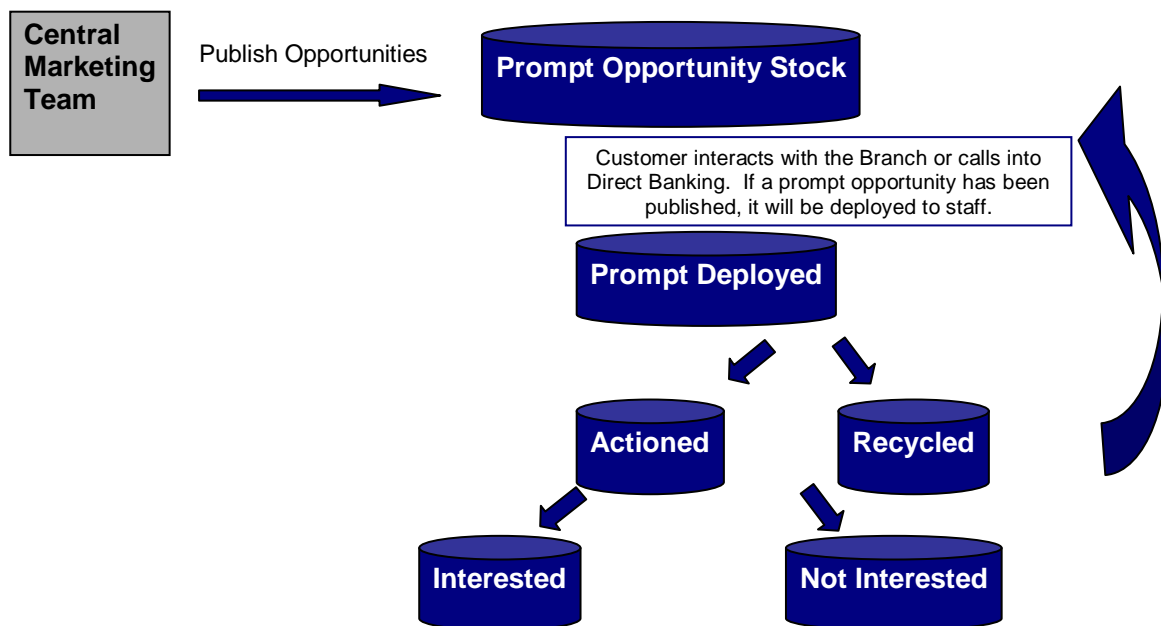
Figure5.5. Prompt Channels (RBS document, 2007)

RBS help the branch network to prospect their customers by providing quality leads

through opportunity reports and prospect reports. Opportunity reports are a daily

electronic feed of event driven opportunities to the relevant branch which are low in

volume but high in quality. According to the opportunity report the branch will attempt to

contact the customer by telephone to discuss the opportunity. Prospect reports are a

monthly paper-based delivery of a more generic type of targeted opportunities to the relevant branch which are high in volume and good in quality. The branch will also contact the customer to discuss the opportunity.

Online channels are basically the online banner ads (to support key marketing campaigns) and links to latest offers. Email gives the ability to deliver marketing campaigns faster but this method is not professionally used by the bank and is not used often. A new sales functionality to be piloted (not yet used) is software that allows targeting of customers who are surfing the website and to engage them in an online chat session with a sales adviser. Current functionality allows the bank to deliver static generic messages that appear on screen when the ATM is not in use.

Contact management is the ability to understand when and where the bank is deploying opportunities through the multiple channels available and manage this to maintain a quality customer experience.

The basic contact rules are:

- Maximum of 3 items of direct mail per quarter

- Maximum of 1 prompt per month

- Maximum of 1 telephone contact every three months

- Maximum of 1 network lead opportunity per month

Certain opportunities will by-pass contact rules where staff feel it is in the customer's interest to be contacted. Examples include event driven contacts through trigger mail and opportunity reports. All customers are given the option to opt-in or opt-out of central marketing activity which gives the customer the freedom not to be bothered by mailing and contacts that he/she does not want.

In order for channels to work together the use of software allows for a single opportunity to be made available through multiple channels to maximize the opportunity of contacting the customer. Once the customer has had the opportunity deployed (i.e. by visiting a branch and receiving a branch prompt), all other live opportunities are removed from the other channel (figure 5.6).
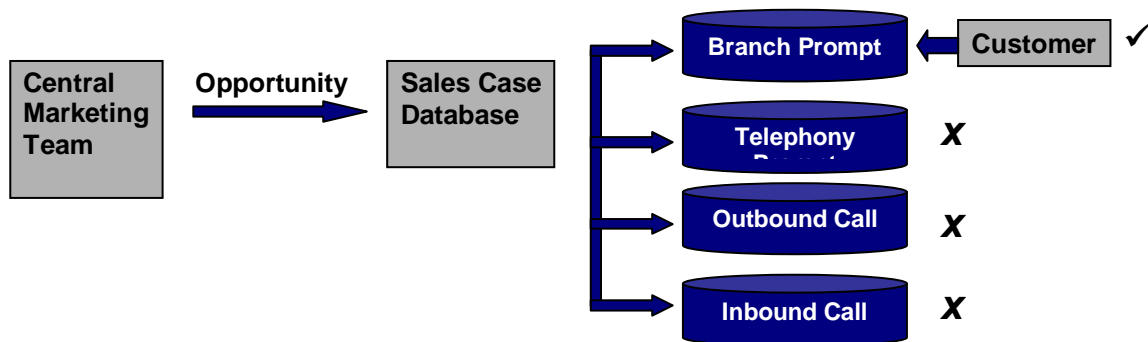
Figure5.6. Coordination between different customer contact channels (RBS document, 2007)

This way the bank eliminates the probability of annoying the customer with many contacts about the same product or service.

5.4.7 Evaluation of the System

RBS try to ensure that the marketing and selling material does not mislead customers. The retail marketing teams make sure that all material is fully compliant with regulatory and legal requirements. It also ensures that the terms and conditions of all products and services are made obvious and that charges and exclusions are not hidden away somewhere in the fine detail.

The customers are provided with full details of all charges when they open an account. Personal customers are given clear information when fees will be charged. They receive written notification of any changes to charges 30 days before they are applied.

Customers can opt out of receiving promotions at any stage. When introducing new products to the market, the bank makes sure that they do not target customers to whom those products may not be relevant or appropriate.

The bank adheres to UK Data Protection legislation. The employees are given ongoing customer data training so they understand how carefully such data needs to be handled. Any customer can ask to see the information the bank holds about them at any time, in accordance with the Data Protection Act.

In order to test the quality of service and evaluate customer satisfaction the bank uses focus groups and face to face interviews to learn more about customers' priorities and to try out new ideas. "Mystery Shopper" research is also used to test the quality of the service for all main retail products (RBS website, 2007).

The Royal Bank of Scotland and NatWest are provided with regular results from a postal customer satisfaction survey, which receives over 55,000 responses every month. Customer satisfaction surveys are also conducted by telephone and in 2005 the group conducted more than 56,000 surveys in this way (RBS website, 2007).

The Royal Bank of Scotland and NatWest also held more than 100 customer service discussion groups in locations around the country and more than 21,000 telephone interviews were conducted by the market research interviewers.

With regard to customer complaints the bank has dedicated, trained personnel to handle complaints, and there is a Group Customer Relations Unit to handle issues that escalate, as well as complaints addressed to the divisional chief executives.

Different businesses in the bank are responsible for ensuring that their systems, processes and policies comply with the Group Complaints Policy. The Group Customer Relations

Unit receives complaints data and subsequent service improvement plans from the businesses every month. This ensures that the complaints, and the steps taken to improve the service, are monitored at the most senior level.

5.4.8 Internet Presence

The RBS website is rich in information and data about the bank and their brands and they also have annual reports available to the public in downloadable PDF files. The website is useful for customers, businesses and even researchers.

RBS was the first high street bank to launch internet banking in the UK. It is secure and convenient to use. It enables customers to:

- manage their money online 24 hours a day,

- check their up to date balance on most accounts and royal bank credit cards, transfer money, pay bills, set up standing orders,

- transfer money instantly from their royal bank savings account to their royal bank current account,

- keep a record of their finances,

- transfer money to a friend's or family member's bank account, anywhere in the UK, whenever it suits them,

- save time paying essential bills without the need to call into the bank or post office,

- set up a standing order online to make regular transfers to whomsoever they want,

- securely order new cheque books and pay-in books online (RBS website, 2007).

5.4.9 Future Plans

RBS is planning to continue to upgrade and expand further the retail branch network and maintain high levels of customer satisfaction at Royal Bank of Scotland and NatWest retail operations. They are also planning on improving 'first time resolution rates' for personal customers contacting the bank with a query. Furthermore, they want to develop and launch innovative products and services with additional social or environmental features.

5.4.10 Conclusions

Although the bank has a good reputation for its customer service, it still has some gaps that have to be dealt with. RBS need to develop and maintain a knowledge base of customer behaviour that captures every interaction the customer makes with the bank and their response. The bank's customer data is patchy and spread over multiple systems. Having multiple databases makes it hard to recognize the owner of customer data. There is also a split between front office and back office operations that is impacting the service proposition and data quality.

5.5 Chapter Summary

This chapter represented the write-ups of the three banks in the current study. The researcher used the same procedure in conveying the analysis and issues related to their CRM initiatives.

CHAPTER SIX

ANALYSIS AND RESULTS-PART THREE

SAUDI AIRLINE AND STANDARD LIFE

6.1 Introduction

This chapter reports the write-ups of the Saudi airline and Standard life. Although these two organizations offer dissimilar customer services, they are considered major corporate organizations enjoying trans-continental coverage.

6.2 Case Study Five: Saudi Arabian Airlines', Alfursan Loyalty Program

6.2.1 Persons Interviewed

1. Officer-in-Charge, Alfursan Member Services Unit

2. Vice President, Customer Services

3. General Manager, Customer Relations and Support Services

6.2.2 Background

Saudi Arabian Airline was founded in 1945 with a single Douglas DC-3 gifted to King Abdul Aziz by President F. D.Roosevelt which commenced operating with a lone irregular service between Jeddah and Dhahran. The first international route was opened on 10 June 1945, from Jeddah to Damascus. At that time the airline was state owned and operated under the aegis of the Ministry of Defense.

On October 08, 2000, Prince Sultan Bin Abdul Aziz Al Saud, the Minister of Defense & Aviation, signed a contract with international consultants to study the feasibility of privatizing Saudi Arabian Airline which came up with favourable recommendations. In preparation for such a privatization, the airline is currently restructuring itself to allow non-core units such as catering, ground handling services, maintenance and the Prince

Sultan Flight Academy in Jeddah, to transform into independent commercial units and profit centres. In April 2005, the Saudi government indicated that the airline itself might end up losing the monopoly it presently holds on domestic services.

Saudi Arabian Airline did not achieve any operating profits right up to the year 2002, when suddenly it doubled its 2002 profits two fold in 2003. In 2004 the airline carried over 15 million passengers and recorded a 14% further rise in profits. A slow but steady growth has continued and Saudi Arabian Airline is now proud to be one of the largest airline in the Middle East (Saudi Airline website, 2005).

The Alfursan Program

The Alfursan Program was devised as a unique reward-and- recognition scheme for regular fliers with Saudi Arabian Airline. It is an additional way to thank customers for being loyal to this airline. Alfursan members receive special personalized services with in-built opportunities to earn free flights, free up-grades and free holidays.

Within the Alfursan Program, their "Alfursan Partners" provide members with a variety of benefits that add quality to their traveling experience, including the arrangement of hotel bookings, car rentals, credit card and phone-card related services, cost free.

6.2.3 Business Strategies

The Alfursan program was initiated, low key, in 1981 with the primary aim of collecting passenger data for creating a database for the program. They succeeded in collecting 5000 contacts and issued cards for these members. Although this was supposed to be a reward scheme program, no rewards could be made available to pass on to its members. From 1981 until 1993 the card provided no extra benefits excepting the use of the first class passenger lounges at domestic airports.

However, in 1993 the airline management decided to activate the Alfursan program by looking more into it and studying other loyalty programs in the market. This resulted in the fully fledged launching of the Alfursan program in 1995. Even at this time the program was not made available to the general public. Initially contact was re-established with the 2500 odd registered members who had remained on the membership list, since the beginning in 1981. The program continued to remain a closed membership program admission to which was by invitation only. This phase lasted up to the year1998 when the program decided to go public by providing application forms to all customers. This was accompanied by blitzkrieg advertising on the program and soon almost everyone became aware of it. In the year 2005 the Program went on a dedicated website where online application forms were made available to fill and file.

The history of this program studied by the researcher makes clear that the airline management was not very keen in the beginning to address customer loyalty and customer satisfaction. The program did not go live fast enough because it was being

made by the private efforts and initiatives of the members of Alfursan group, not by higher level management at the Airline. The staff at Alfursan did all the work alone, including the search for the appropriate software to be purchased.

It was not until the management began to realize that being customer-centric is important to the organization that it appointed a committee of senior managers to look into this issue. This was the first push that was given to the Alfursan group, which also came as a green signal that jumpstarted serious and dedicated work on making this program active and successful, thereby ending a long period of hibernation.

The competition for Saudi Arabian Airline is at this time limited to competition with international airline on international routes, since Saudi Airline enjoys an absolute monopoly on domestic flights and routes. This might have been a major cause of the Airline's neglect in improving its culture and strategies.

6.2.4 Difficulties and Obstacles

The search for suitable software for the Program proved to be equally difficult because of governmental regulations and policies which discourage and/ or even prohibit purchases from or business cooperation with certain companies and brands on boycott or undesirable lists. With this in mind the choices available to the Airline were few.

Further, the Saudi public is not service oriented and a small percentage of them don't like going by the rules. This was behind many violations of the terms and conditions in the

Alfursan program. Some violators tried to put other passengers' flight tickets on their own accounts, simply to add up mileage. With the help of some officers in the airline and in travel agencies such violations were uncovered. Alfursan are regularly trying to catch such miscreants in the airline and the travel agencies and are making sure they are appropriately punished.

One of the biggest problems Alfursan faced at the start of this program was that dissatisfaction of reservation employees at the changes being required in reservation procedures they had got used to. Since this was a cultural change it was difficult for the management to convince people in the organization that this was essential for the benefit of the company. Reservation officers did not want to change the way they had erstwhile been entering their data into the system. Although it was in fact easier for them to simply enter the Alfursan number of the customer rather than entering all other customer information painstakingly by hand even when the system program is in machine language and the process of entering data is physical and time consuming.

It took the organization some time in conducting intensive training until now when they have reached a point where employees are quite relaxed with the new system and happy to use it.

Some members of Alfursan were very rude to employees in the airline. For example, "Some customers used to say to officers when I gave you my name why did you not know that I am a member of Alfursan", said the vice president of customer services.

Customers misused their membership rights by being very demanding, demanding privileges that they did not qualify for or deserve.

Because, the system used throughout the airline's reservation system was in the English language and since in any Arab country people's names are difficult to spell in English, there were resultant problems in name registration. For example, Mohammad can also be spelt Muhammad or Mohammed. Then there was another problem with people's full names where the occurrence of repeated names makes it difficult to know who is who. This proved to be a hard nut to crack. Alfursan decided that the best way to attend to this problem was to inform members that their membership card number was extremely important to them and should be readily available to be passed on to airline staff whenever they required to conduct business with the airline.

Saudi Airline also suffered from internal competition between departments. The main competitor of Alfursan was the reservation department. Senior management of the airline decided to make some changes in order to eliminate this problem. They promoted the manager of Alfursan to the post of manager of reservations and the officer handling online business was promoted to the post of manager at Alfursan.

6.2.5 Data and Segmentation Schemes

The database of Alfursan is a stand-alone database and is linked to the main system of the airline. When data is changed in the main system it is changed in the Alfursan database too and vice versa. All this is done in real-time.

The segmentation scheme they have is based on a mileage system. They have three different categories: blue, silver and gold.

Alfursan Blue is awarded to all new members of the Alfursan program. Conditions of renewal are that members must accrue at least 4,000 status miles per year in order to continue to enjoy the card's benefits.

Alfursan Silver is awarded to members accruing at least 25,000 miles per year with Saudi Arabian Airline.

Alfursan Gold is awarded to members accruing at least 50,000 miles per year with Saudi Arabian Airline. In addition to the benefits of Alfursan Blue and Alfursan Silver, Gold members and their accompanying families are entitled to the same high privileges in return for their collective loyalty.

Figure 6.1 below shows some of the terms and conditions for Alfursan's different level memberships.

Membership Terms and Conditions

BLUE	SILVER	GOLD
Alfursan members in the blue level are statemented if they fall within the following criteria: (a) Active during statement period, (b) Are renewed within next statement period, (c) Joined/qualified within statement period.	(a) To upgrade to silver tier level, members must earn equal to (or more than) 25,000 status miles during their membership period. (b) Silver members are statemented on a quarterly basis, regardless of activity during the statement period. (c) Alfursan silver members are renewed on an annual basis. (d) Alfursan silver membership cards are valid for 12 months from date of issue.	(a) To upgrade to gold tier level, members must earn equal to (or more than) 50,000 status miles during their membership period. (b) Gold members are statemented on a quarterly basis, regardless of activity during the statement period. (c) Alfursan gold members are renewed on an annual basis. (d) Alfursan gold membership cards are valid for 12 months from date of issue.

Figure 6.1: Alfursan membership terms and conditions (Saudi Airline website, 2005)

Alfursan members enjoy privileges, which grow in relation to their frequency of travel with Saudi Arabian Airline. These benefits begin as soon as members are upgraded to silver and gold. All members are eligible to earn Alfursan frequent flyer miles. Members earn Alfursan reward miles, which can be saved and exchanged for free flights, upgrades and even holidays.

Every member has a record of flights mileage and points gathered. There is a sophisticated engine that calculates all the miles and the points awarded. Cabin type, mileage and frequency of travel all influence the tier that the member is in.

A number of segmentations help target different offers to Alfursan members as well as indicating the level of rewards they might receive. For example, a value-segmentation is used to predict how much a new customer might be worth in the future and to ensure that the most valuable ones are contacted rapidly.

6.2.6 Managing Customer Portfolios

Customer portfolios contain name, age, gender, multiple entries for multiple phones and faxes, email and preferences like the type of food or seats.

The Alfursan group has two consultants who are responsible for analyzing and managing customer portfolios. These consultants submit detailed reports to managers to explain the status of the system. According to the consultants' analyses they can awaken members from the sleeping mode even if they were not active. Such decisions might be made because some members are profitable and the airline wishes to retain them by giving them a second chance and tempting them to use Saudi Airline again.

One of the biggest advantages of using this program is that when a customer phones up to make a reservation, the employee of the airline usually puts questions to the customer and takes information about this customer, like name, contact numbers, nationality, preferred seating, preferred food (vegetarian, salt free) and special needs, if any, which have to be answered in detail. In the case where the same customer is a member of Alfursan all he needs to provide is his/her membership card number and all the details of this customer will show up in the member's portfolio on the computer screen. This saves a lot of time

and it was measured that 80% of the calling time within reservations processes can thereby be saved.

6.2.7 Evaluation of the System

The management of Alfursan holds periodic meetings with members of the program from the gold and silver levels to discuss their complaints or any requirements they might have. The aim behind such meetings is to satisfy the customer and make him feel wanted and valued and also to overcome any problems.

Alfursan also conducts a survey through a form which that mail to all their members every year in order to evaluate the system and the services being provided through it.

6.2.8 Internet Presence

The internet presence has proven good as a starter and the airline is satisfied with what they have but are looking forward to progressing to something more advanced. Online reservations were not opened until the year 2005 and only after Saudi Airline launched their new website. They have online application forms for Alfursan membership where anyone can fill and file them online. Any member can log in with his/her membership number and password and can view his profile and manage it, making any changes that he/she wants in any of the information fields therein.

6.2.9 Future Plans

Since Saudi Airline has at long last uncovered the benefits from the Alfursan Loyalty program the management has decided to move this loyalty program to a full CRM system by the end of the year 2006. Afterwards the Airline wants to tailor the success in Alfursan and implement CRM organization wide. The Airline is looking forward to improving its internet presence as well.

6.3 Case Study Six: Standard Life Insurance Company

6.3.1 Persons Interviewed

1. Client management team manager
2. Client manager

Gaining access to this organization was very hard and it took two months to get the appointments arranged. After interviewing two client managers the researcher tried very hard to obtain appointments with other people in the organization but did not succeed. People were cautious and did not want to cooperate at all. That is why this case will study only the client management system that Standard Life has.

6.3.2 Background

When Standard Life, an assurance company headquartered in Edinburgh, Scotland, first opened its doors in 1825, it offered its customers a set of quality life, pension and annuity products. Now, almost two centuries later, Standard Life leads Europe's assurance industry, employing over 12,000 people and managing more than £105 billion in assets

for over seven million customers worldwide. Its portfolio has expanded to include investments, banking and healthcare offerings that are delivered through four independently operated organizations within the United Kingdom: Standard Life UK Life & Pensions, Standard Life Bank (mortgages and savings products), Standard Life Investments (retail and institutional investment management), and Standard Life Healthcare (health insurance for groups and individuals). Standard Life also has international operations in Canada, Germany, Ireland, India and China that contribute approximately 30 percent to the company's worldwide new business.

6.3.3 Business Strategies

During the year 2004 Standard Life announced a strategic review of the business. This covered all parts of their operations and they moved decisively to implement the review conclusions. The initial indications were that they were on track to achieve the objectives they had set. The strategic review concluded that members' interests would be served best by demutualization and floatation on the stock market. This view was formed after a comprehensive review of the available options (Standard Life client manager, 2004)**.**
The company decided to form a group of client managers who would support the Standard Life Group objectives, to retain and grow profitable business by creating, developing and nurturing successful relationships with corporate clients.
This was a new concept in Standard Life and it started in January 2005. The main idea of this client management system is that the customer contacts his client manager and asks him about all the enquiries that he might have and this client manager has all the contacts in all the other parts of Standard Life and coordinates all the contacts for this customer

instead of the customer having to make the contacts with all the different sectors to answer his enquiries. Figure 6.2 provides an example of this idea that was given to the researcher by the client manager interviewed. This diagram explains the client management's duties and objectives. The most important aspect is that the client manger is in the middle and has to share knowledge and information between the different parts shown in the model. The client manager has to understand the client by doing the desk research first so that after contacting the client, a deeper understanding will be established. This way customer satisfaction is much more likely to be achieved. The client manager may not be an expert in any of the different parts in the model but all he needs is a bit of knowledge of every part so that he can talk confidently with the client.
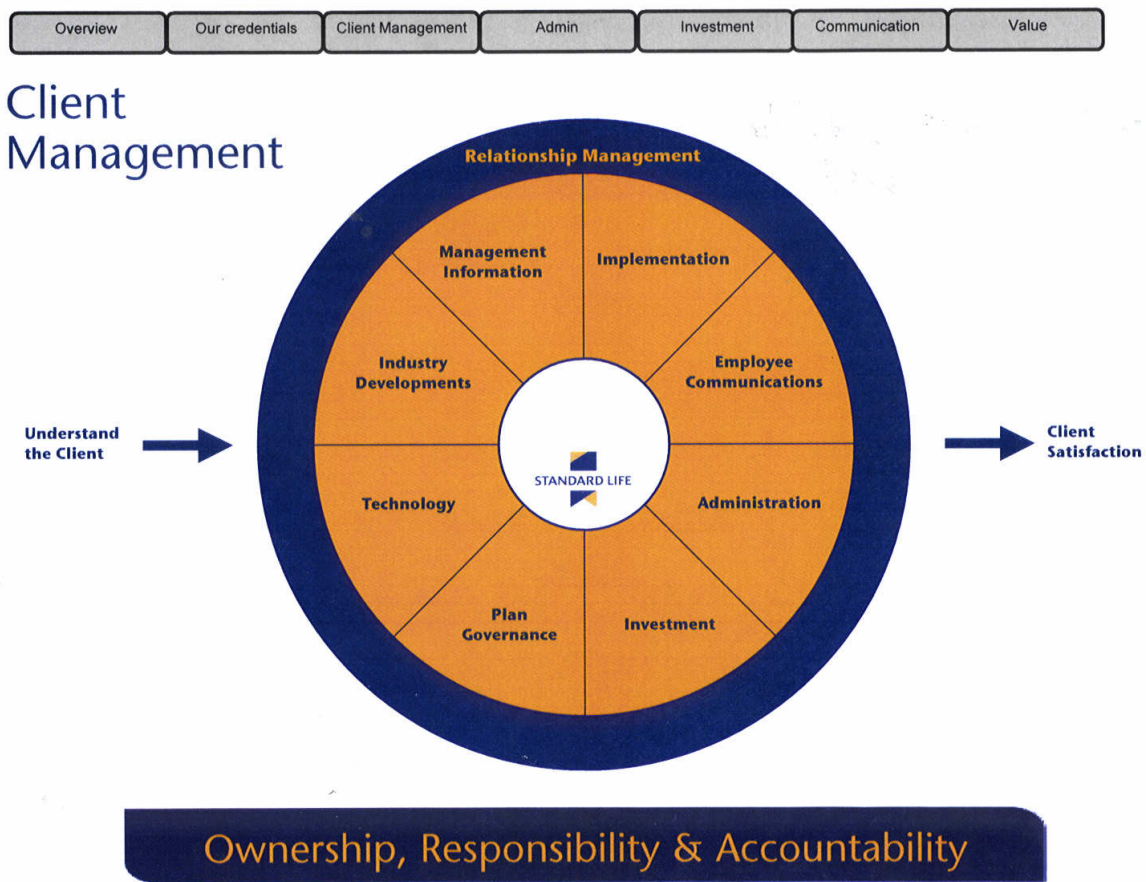
Figure 6.2

This service is provided only to the top quarter of the high-tier customers. The management was convinced that if they put more effort and attention into this level of their clients they would be more likely to retain them and make them feel special and valued by Standard Life. This would eventually make a difference in profits.

In January 2005 seven client managers started this program and by April 2005 the team was ready, they started to implement what they had and began making contacts with customers.

The manager of the client management team said that "client management is all about retaining existing customers and delivering what we can and say "No" when it is "No" and have the courage to say that" In the past there was no such team and there were only two people who were responsible for relationship management. "We came to this concept too late and we are trying to play catch up. This kind of approach should have been happening years ago", the client manager said.

6.3.4 Difficulties and Obstacles

"The biggest challenge is the unknown", said the client management team manager. A client manager has to be alert and respond very quickly to events. He/she has to be ready and be in continuous contact with the customer. Being able to tell the customer bad and good news before anyone else is very important and difficult as well. A client manager said: "The biggest challenge again is the unknown. Understand the business and get there to the individual before even he settles in his chair. No model in the world can make you do that, you have to jump and catch all the opportunities and make the most of them".

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6.3.5 Data and Segmentation Schemes

Segmentation is done by the client management team and they have an account

management model in use; one for the existing clients, as demonstrated in table 6.1, and

the other for new clients, as shown in table 6.2.

Account Management Model- Existing Client Ranking Tool

	SCORE
Active scheme with funds under management > £7M	Automatic Q1
Active scheme with funds under management £5M - £6.99M	Automatic Q2
Active scheme with funds under management £3M - £4.99M	30
Active scheme with funds > £2M < £3M	0
Active scheme with funds under management < £2M	-20
Pup'd scheme with funds under management > £5M	-15
Pup'd scheme with funds under management < £5M	-20
Potential DB closure	30
Client has additional business with SL	20
Scheme is a CIMP	30
Average monthly contributions > £200	20
Average monthly contributions > £100 < £200	10
Average monthly contributions < £100	-10
Nil commission	30
Scheme with SLAC < 2 years	20

Quartile	Score
1	130-170
2	80-129
3	40-79
4	Under 40

Pup'd	a group pension where there are no new members or any new monies for existing members
DB	Defined Benefit Scheme for a company that has closed or considering closing
CIMP	Contracted in Money Purchase Scheme

Table 6.1: Ranking tool for existing clients (Standard life document, 2005)

Account Management Model- New Client Ranking Tool

SCORE

Potential funds under management > £7M	Automatic Q1
Potential funds under management £5M - £6.99M	Automatic Q2
Potential funds under management £3M - £4.99M	30
Potential funds under management > £2M < £3M	0
Potential funds under management < £2M	-20
Potential DB closure	30
Client has additional business with SL	20
Scheme is a CIMP	30
Potential average monthly contributions > £200	20
Potential average monthly contributions > £100	10
Potential average monthly contributions < £100	-10
Nil commission	30

Quartile	Score
1	120-150
2	80-119
3	40-79
4	Under 40

Pup'd	a group pension where there are no new members or any new monies for existing members
DB	Defined Benefit Scheme for a company that has closed or considering closing
CIMP	Contracted in Money Purchase Scheme

Table 6.2: Ranking tool for new clients (Standard life document, 2005)

The client management team considers two kinds of clients: existing and new clients. The ranking tools illustrated in the two tables above are basically dependent on the financial status of the clients. According to this ranking tool they have in use they put the clients in the appropriate place and give them the deserved service and product. The service varies between segments. Table 6.3 illustrates the differences in the services and care given to the four segments of Standard Life's customers.

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The top quartile receives the best service and attention since they are highly profitable to the company, while the fourth quartile receives the basic services, which are still excellent services in the interviewee's opinion.

Top Quartile	2nd Quartile
• Allocated Client Manager • Employee Communications Consultant • Attendance at Trustee (or similar) meetings • Customer Research Investigations • Flex service proposition • Continued tailoring of bespoke employer web sites • Tailored Management Information • Customized Annual Report • Informed of developments prior to public knowledge • Mailings to employees • Regular updates and communicating on Industry issues • Entertainment • Conferences/Industry events • Training staff/trustees • Visits to SL • Access to senior managers • Access to fund managers • Added value services/Access to other SL resources (eg printing)	• Allocated Client Manager • Employee Communications Consultant • Attendance at Trustee (or similar) meetings • Customer Research Investigations • Flex service proposition • Continued tailoring of bespoke employer web sites • Tailored Management Information • Customized Annual Report • Informed of developments prior to public knowledge • Mailings to employees • Reacting and communicating on Industry issues • Visits to SL • Access to senior managers • access to fund managers
3rd Quartile • Allocated Client Manager • Employee communications Consultant • Trustee meetings • Customer Research Invitations • Standardized Management Information • Standard Life updates • Reactive	**4th Quartile** • Standardized Management Information • Standard Life Updates • Reactive

Client Management Model, initial draft 28 April 2005

Table 6.3: Four different quartiles for Standard Life customers

Since the client management team is working on the 1% most profitable customers, they are spending a great many resources and efforts to serve them and try to solve any problems that may occur on the spot.

6.3.6 Managing Customer Portfolios

The most important process that a client manager has to manage successfully is the desk research about his/her client. Being prepared when going to the customer to meet and knowing all the requirements and preferences for this customer are very important. Customer portfolios are well managed and include all the small details about the customer. These portfolios may contain small but important information such as about relatives, friends and even interests. Client managers benefit from this detailed information about their clients and make the most of it to retain them and provide them with the best value and service.

6.3.7 Evaluation of the System

No tactical performance indicators are set to measure and control this client management project. The main performance objectives are primarily financially oriented. The other indicator that they rely on in measuring the success of the project is the feedback they receive from clients. Since this client management project is fairly new, all the work is done on paper. The group of managers did not use any dedicated technical facilities to help with the segmentation or analysis.

6.3.8 Internet Presence

According to the interviewees' opinions, the Standard Life's website is not very advanced. They believe that some people are not feeling comfortable dealing with this online service because of privacy issues. Customers can go to the website to get

information about the services and products the company offers but, when actually

buying a service, they prefer to engage in face to face interaction.

6.3.9 Future Plans

The client management team is basically looking for meetings with the clients to see what

they want and if they can get any new required services from them to implement within

the company.

6.4 Chapter Summary

This chapter represented the Saudi airline and Standard life cases write-ups. The

researcher used the same procedure in transcribing the data of the organizations to make

it easy to conduct the cross-case analysis.

CHAPTER SEVEN

ANALYSIS AND RESULTS- PART FOUR

AL BAHRAWI TRADING COMPANY AND NOORTECH TECHNOLOGIES

7.1 Introduction

This chapter reports the detailed write-ups of the two family businesses in Saudi Arabia analyzed in the current study: Bahrawi trading company and Noortech Technologies.

7.2 Case Study Seven: Bahrawi Trading Company

7.2.1 Persons Interviewed

1. The Senior Manager and one of the owners

2. The Data manager and programmer (The data manager was interviewed in front of the senior manager/owner of the company, so he was not comfortable in providing information and he kept looking at the senior manager whenever the researcher asked a question, as if he was trying to gain approval to give out information or not!)

7.2.2 Background

The Bahrawi Company is one of the oldest trading companies in the Kingdom of Saudi Arabia. The Bahrawi family began trading at the turn of the nineteenth century, concentrating on bulk goods. In 1921 they began importing packaged consumer goods and tobacco. This marked the beginning of The Bahrawi Trading Company.

So it is a family business and it was inherited from father to sons and now grandsons. They are an import distribution company and a service provider. They don't manufacture

any products; they only import them from international manufacturers and provide a service to retailers in Saudi Arabia.

7.2.3 Business Strategies

The Bahrawi Company is a small organization of 200 people and basically the owner knows everybody in the company. The company only has 4 levels of management hierarchy. Since they are a small organization a lot of ideas come from the employees and they do not have a research and development department, so they get over this by listening to the voice of the employee and getting feedback from them to implement improvements. The system they implemented 5 years ago was triggered because they had lots of complaints from employees about orders and deliveries and other parts of the work. The decision to implement this system was taken to make work easier and faster and more efficient. It took them a long time to implement the system and to fully use it (almost two years). The software they bought was an off the shelf one and they had lots of trouble implementing it.

The organization encourages the communication between different levels about improving the performance of the system and overall work. Management people are not living in their own management silos. Since they are a family business, they are like a family in the organization and they accept comments and complaints.

The company's marketing department became more knowledgeable of what the market needs and they share budgets with their suppliers to conduct the marketing campaigns on

behalf of suppliers. This company is generally a B-to-B business and they don't deal with the end user consumer; their customers vary between big supermarkets and small grocery shops.

All the products that they import are premium ones; they don't have any products that are for mass distribution. For example, they import Evian water and they import finest Swiss chocolate and so on. That is why the market share is not big, only about 10%.

Since the company is a Business-to-Business one, then the customers that they deal with are the retailers who sell the products they import. But if we consider the end user, then it is everyone who pays more money for quality products (the top 10% of people).

Adding value is the biggest challenge for Bahrawi's business; since they are a service provider they have to add value to their service between suppliers and retailers or otherwise retailers will go directly to suppliers and the company will be out of business. Adding value to the service is also very important for this company in order to win in terms of market competition. Bahrawi's vision of how the end user finds the product in the market is higher than that of other companies.

The company provides a personalized relationship with customers. Customers can access this company and gain direct contact with the decision makers and the owners; this has resulted in high levels of customer satisfaction.

"The services that our company provides which differentiates us from others and gives us a competitive advantage is that we have a lenient procedure in refunding expired products and we try to minimize these expired situations. The service we provide is tailored to different situations and conditions", said the senior manager.

7.2.4 Difficulties and Obstacles

The problem with most family businesses is that they think they don't need any external resources and that they know how to do the job best. Since this company was inherited from father to sons and grandsons, the younger generation of the family is now in charge and they are facing a lot of difficulties trying to convince the elder generation that they need to change and that they need to have more external resources to help with the improvement of the company. The elder generation still wants to run the business the way they used to run it 50 years ago.

They faced lots of difficulties when they first implemented the system they have in use now. They had to achieve data migration of 10 year old data to the new system and that was a "nightmare", as they described it. People in the company resisted the use of the new technology because they were not used to it and not familiar with the way it worked.

The system they have lacks some tools to gather the information and use it professionally. They don't have anything that says how many deliveries were delivered on time last month or how many deliveries were on time, for example, for the last 48

hours and so on. They would like to have such a tool but they don't have it in the system and if they want to get such information they have to obtain it manually.

They need qualitative data as well as the quantitative data that they already have. What they need is a tool that helps with the analysis of the information they get and to use this knowledge for marketing activities.

Training was carried out by the vendor of the software they purchased but this support from the supplier was not enough. The supplier did the training and went away, and then they faced problems with the system and could not find solutions easily. They had to effect some upgrades at that time, which was very time consuming and difficult. They are not spending more on training now because they are looking for new software. After 2004 the company stopped spending on training or improvements for the system they have.

End users dealt with the system cautiously and some were afraid that the system would make them look bad. Some employees were afraid that they could not use or understand how this new software worked. Management tried to convince people in the organization that this new software would make their life easier.

The senior manager (and one of the owners) said that they were facing a problem with this business: since it is a family business, they retain all employees even old people who don't add or improve the status of the company. Whoever is working with them stays in the company for a very long time even if he is not working on improvements. The old

generation don't want to change this and the new generation of the family are trying to renew how work is done and trying to bring new faces into the company. Such a family business suffers from the elders who are bureaucratic and rigid about certain policies and the younger generation who are trying to keep the elders involved in the company because they respect them.

7.2.5 Data and Segmentation Schemes

The end user database is limited to market research and they have some third party companies who do this job for them. The company doesn't have any advanced CRM software and all they have is built-in software that helps in marketing and managing the customers (the retailers in this case).

The Bahrawi Company has its own database of the retailers they deal with; they have all the data about those customers in detail and the database is updated on a daily basis. For example, they can pull information about the exact amount of X Chocolate that Y super market bought in January 2004 and so on.

The data is used and analyzed. For example, they analyze the data to look for products that are slow in selling with a certain retailer. This helps in decision making and helps management to look into this problem and discuss it with the retailer to find out the reason behind this and try to solve the issue. So, the company has some data mining in its processes but they are using excel spread sheets, not fancy software to do that job for them.

The company has a segmentation scheme and they carry out segmentation according to historical performance and potential. They have A, B, C and D levels of customers and they carry out the segmentation process on an annual basis. The service varies between segments; the marketing spend is more for A level customers and less for D level customers. The segmentation they do is based on performance and potential; they don't do segmentation according to size since they don't deal with mass production products. They don't get any complaints about the difference in the service. "An A level customer will get a big marketing promotion and a B level will get a smaller one; that is normal", said a senior manager and owner of the company. In the case where they have a problem with low-tier customers resenting not having the service of high-tier customers, then they talk it through with the customer and try to make the customer happy.

7.2.6 Managing Customer Portfolios

Since Bahrawi has a limited number of customers who are basically retailers and grocery shops, management did not feel the need for a CRM package to deal with these customers. The company has a representative for each business that they are dealing with. These representatives (relationship managers) are responsible for the satisfaction and loyalty of the customers. Customers have direct contact with the representatives and they can solve any problem or concern that may occur and, if representatives can not solve the problem, then they escalate it up to management.

The company has provided a telephone number for end users to call for complaints or feedback. They do get feedback from end users about the products via phone, email or fax. The problem is that they don't do anything with this feedback and they don't benefit from it.

The company does a lot of field research to acquire new customers. They have marketing people in the field looking for new outlets. They provide the prospective customer with a package of services that they can offer and they go on to target the customer they want by themselves.

The company conducts monthly meetings with the respondents of the key accounts they have to see what they need and if there is something that they are not happy with and they try to keep them completely satisfied so that they don't lose them to other competitors. The regularity of the meetings with the customers depends on the segment the customer belongs to. The problem is that these meetings are not official and they are friendly meetings from which no reports or information are derived. This is a valuable source of information that the company should have thought about taking advantage of. The loss of a customer raises lots of flags and is a sign of doing something wrong. The company gets to know their customers' expectations about the service through the informal meetings with the customers. However, they don't have any structured methodology; they simply ask and get feedback. The company knows that customers are satisfied if they don't get complaints.

7.2.7 Evaluation of the System

Although the company does not have a CRM system, they do have processes in use that are related to retaining and satisfying customers. So the management concept behind CRM is still applicable in this company.

The system that they have in use is responsible for deliveries and prices. It arranges the price and has access to the data stored in the database about the customers to whom they deliver orders.

They don't have any well defined complaint handling system but what they do is that if they have any complaints, they deal with it on the spot and it gets upgraded to management to look at it and solve it if needed. They solve their problems randomly as they come along.

They don't conduct reviews for the system and, if there is a problem, they deal with it and solve it. The company has an IT department that is responsible for the system they are using and produces reports about the customers.

The company evaluates success by the speed and accuracy of order processing. They do have metrics in use to assess how they are performing with their suppliers and dealers; they do this because the work they do needs to be proficient and accurate.

7.2.8 Internet Presence

The website of the company is very old fashioned and the only thing that a customer can get from this site is information about the company and a contact email address, no more no less. They have thought of building a system that enables electronic transactions but the system would have had to integrate and work along side the systems that other suppliers and retailers have. The management of the company decided that it is not feasible to implement such a system.

7.2.9 Future Plans

The company realizes that the system they have is old and that they need a new system that helps them do the job better. The software they have now is very slow and they need something faster. Another issue is that they need to put more computers in the offices and train more users to use the system. The data manager in this company carried out an evaluation of the cost of software in the market that best suits this company's needs and the expenses if they decide to upgrade what they have now and he gave the report to the decision makers so that they can decide what to do.

7.3 Case Study Eight: Noortech

7.3.1 Persons Interviewed

1- President of the company

2- Technology director

Note:

The researcher did the interviews with this company only after 5 months of implementing the CRM system they have. That is why most of the information gathered from this company was around the difficulties they are facing and obstacles that occurred after getting the system implemented but not fully running yet.

7.3.2 Background

Noortech are Systems Integrators based in Saudi Arabia specializing in intelligent solutions for buildings and facilities. The Company was founded in 1999 to service growing local and regional demand for intelligent systems applications. Noortech pioneered the application of network servers in IP (Internet Protocol) communication back in 1999. In the year 2000 the company was the first to introduce biometric identification and verification in Saudi Arabia. Biometric identification and verification refer to the technologies that measure and analyze human physical and behavioral characteristics for authentication purposes (Wikipedia, 2006).

7.3.3 Business Strategies

The Company's mission is to provide systems that lead to increased efficiency and improved facility utilization, protect assets and conserve resources. To fulfill this mission Noortech has created associations and alliances with international leading manufacturers and suppliers to provide high standard applications and "best-in-class" hardware that successfully integrate and interact with a multitude of electronic devices. Noortech supports these systems and ensures that they deliver the results that they were intended for. Realizing the importance of a robust technology infrastructure to fulfill its mission, one of Noortech's objectives is to diffuse the knowledge it gains into the main labour force stream. Towards this end Noortech has undertaken a training program for Saudi technicians and sales persons (Noortech website, 2006).

Noortech offers leasing solutions that enable entities to preserve capital and increase financial flexibilities. The company also offers partnership opportunities to its employees, enabling them to benefit from their own success.

Noortech has been providing integrated solutions in Saudi Arabia since 1999. Its customers' list includes public and corporate entities that are among the top 500 Saudi Companies.

From initial evaluation, through design, installation, commissioning, training and support,

Noortech offers services that cover:

♣ Installation

♣ Commissioning

♣ Training

♣ Support

Noortech strives to become a leading Intelligent Buildings Systems Integrator,

specializing in commercial medium to large buildings applications. The management

hierarchy of the company is as follows
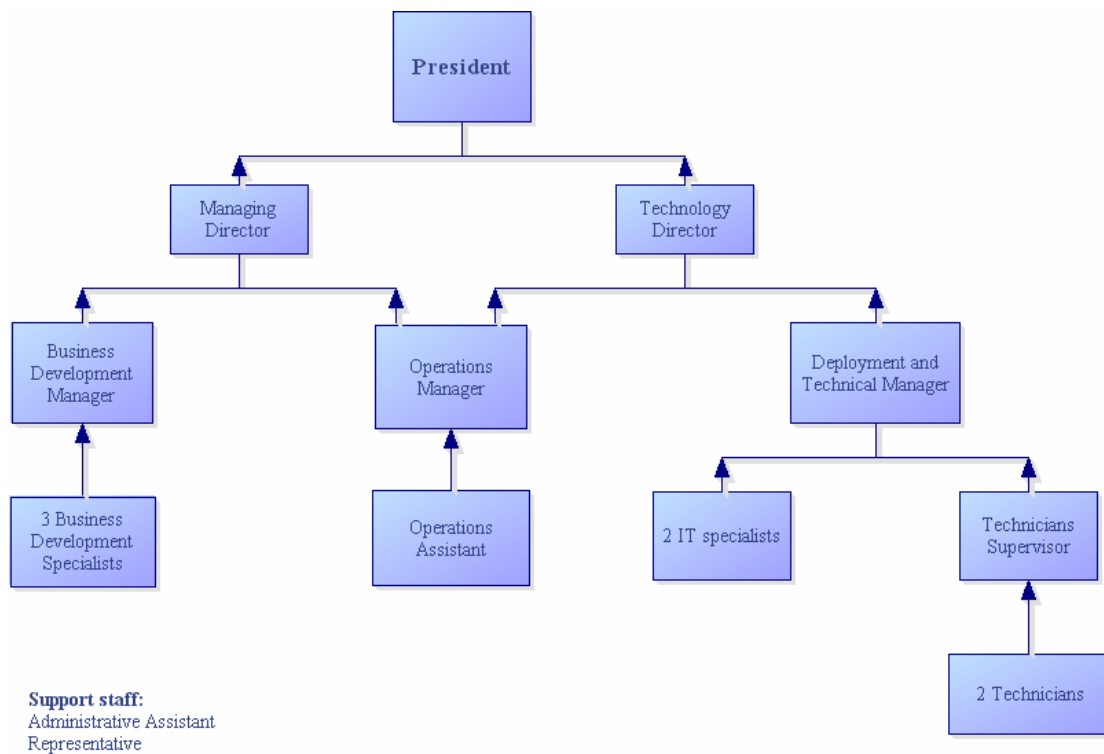
Figure 7.1 Noortech management hierarchy (Noortech document, 2006)

The company is a small one with a total of 16 employees, as shown in figure 7.1, and a turnover of 8 million Saudi Riyals (around 2 million US dollars). The market share of the company is 5 to 10%.

The management of the company felt that they were losing some customers because they were not keeping good track of customer requests and/or complaints. They felt very stressed trying to follow-up with customers and this is when the management decided to adopt CRM software to help them get more organized and to manage customers more efficiently.

The next step was to do the desk research and look for suitable software that could manage customers of small organizations. The manager and owner of the company attended some seminars in the United States and decided that the most suitable software would be Microsoft CRM package for small businesses. The next step was to buy the software and implement it and this is what they did.

7.3.4 Difficulties and Obstacles

The company started the implementation in July 2005, which was just 5 months before the researcher conducted interviews with this company. The vendor implemented the software and carried out some training for two of the employees in the company. Two months later, the training was over. The management did not expect that it would only last this short time and thought that the vendor would remain with the company until the system was up and running. Management also expected that the vendor would help with

the feeding of the data into the system, but this was not the case. They tried to hire someone from the vendor's side to do this job for them but they did not succeed and the vendor said that they were very busy and they could not offer them anyone.

This is when they faced the problem of feeding the system with the data. They hired a programmer to do this job and fed the system with their existing customer data. This employee ended up working to solve problems with the software itself rather than with the CRM system!

This created a problem with the employees not wanting to use the CRM system at all. For example, an employee meets a customer and gives him a quotation. Then he comes back and tells management orally that he had done this. The following kind of conversations occurred:

Manager asks: did you write down the quotation in the CRM system?

Employee: no!

Manager: then how did you do the quotation?

Employee: via excel!

Manager: why did not you use the CRM system for that?

Employee: well, the latest products and the pricing are not in the CRM system yet… so how can I do that?

This was the kind of hassle they were facing and they tried to work on holidays to cover this gap and fill in the system with the required information and data but they did not succeed in doing so.

So they were stuck with a system that was waiting for someone to feed it and get it to work. The problem with this company is that they did not have someone dedicated for working with the system and feeding it from the start. The manager kept saying that they didn't have anyone free to do this job for them and that the two people who had undertaken the training very busy with other duties so that they could not do this job as well. Management is now looking for someone to hire, even if only for a temporary job, and they have not been able to find anyone. Even if they manage to find someone the manager said this person would not know how the system works and would need training as well. At the time the interviews were conducted management was struggling to get the data into the system and they had managed to do part of the job at a slow rate of progress. The manager mentioned that competition now was very hard and that this had not been the case in the past since they had previously been the only providers for such systems, whereas now they had a lot of competitors all around the kingdom. Another issue was that the systems they are providing are getting harder and smarter and the employees who are responsible for implementing the systems have to be at least engineers to get this job done properly. So, the main problem in the company is that they are short of staff and short of resources to expand staff numbers and hire more people.

Another typical problem the company faced was resistance to using the system. Employees were saying that they were fine without it and it is very time consuming to write down everything they do in the CRM system. Employees did not want the system and were not convinced that it was important.

7.3.5 Data and Segmentation Schemes

When the company was in its early stages it started to do business on paper and did not have any well-developed systems in use. They realized that they had to put all the information they have and the data that they are collecting on the computer and so they did so. After a while they discovered that they did not have a proper filing system that helps them to access the data quickly and so the data was shared on the computers somewhere but they could not retrieve it. Then they decided to conduct categorization and they succeeded in creating their own filing system that helped them to retrieve the data quickly. Another problem came up and that was with the way employees were typing in names. Miss-spelling was a problem that led to lots of confusion and repetition. Now they are looking forward to integrating a drop down menu with the CRM system they have whereby users don't have the chance to miss-spell or make mistakes.

They do not have a database or data warehouse. They are a very small company and the data they have is all on paper and excel sheets. The company has two kinds of customers; customers who want to buy security systems and customers who need maintenance for their systems. The company does not have any kind of segmentation for their customers. All the customers of this company are highly profitable ones since the systems the company is providing are very expensive.

7.3.6 Managing Customer Portfolios

In spite of all the difficulties the company have faced with the CRM system, they are still getting some success in managing the customers' profiles and data through the system they have. In every customer profile (that they have managed to get into the system) they have all the data they want about the customer. This might be all the personal details and business details as well. They also have a record of all the important family members and/or friends of the customer that might be future customers of the company.

The researcher had the chance to look at the system running. The software is user-friendly and had lots of icons that are easy to use and understand.

7.3.7 Evaluation of the System

Since the system was still in its infancy they did not have any plans on how to carry out an evaluation of the system they have.

7.3.8 Internet Presence

The company has launched a new website that soon will help suppliers, customers and potential customers access the CRM system through the website.

7.3.9 Future Plans

The management is looking forward to implementing a complete ERP solution hosted on the internet; it is called "Netsuite". The researcher did not receive a sufficient answer when she tried to ask the manager why they went through all the hassle to implement the CRM system when they had other plans in mind to adopt a full ERP system that includes CRM.

CHAPTER EIGHT

SECOND STAGE ANALYSIS

QUALITATIVE CROSS_CASE ANALYSIS

8.1 Introduction

After conducting the first stage of the analysis producing the detailed case write-ups in chapters 5, 6 and 7, this chapter presents the second phase of the analysis of the current study which is the qualitative cross-case analysis. The researcher used the CRM conceptual model to conduct the analysis and answered the research questions of the current study according to the findings and results that emerged from the analysis.

8.2 Cross-case Analysis of the Sequential Phases of the Conceptual CRM Model

8.2.1 Analysis and Segmentation

1-Ford:

There is a large amount of analysis being conducted at Ford of Britain. Such analysis is conducted in different departments for different objectives. As for FCSD, most of the analysis is done for marketing purposes. They have good tools in use to help them in analyzing and segmenting customers for marketing campaigns. It is worth mentioning that the segments at Ford are different to the segments in a bank. For example, segments in Ford are mainly for contacting relevant customers for relevant products and services. They don't have high-tier and low-tier customers. Ford does not have loyalty programs as well; which is something worth considering.

Another important division which conducts excessive segmentation and analysis is their GCI (Ford's marketing research group). GCI provides huge amounts of research findings which are relevant to different parts of the organization. Some divisions do use this valuable information and benefit from it, but others don't.

As for the dealership, the system in the call-centre helps in conducting a lot of analysis and generates different kinds of reports that are used by management in decision making and in marketing campaigns. The call centre carries out their analysis using the system and then sends reports to the managements of different dealers, telling them, for example, how many calls were inbound, how many outbound, how many of those were complaints and how many were for an MOT and so on. In addition, they also tell management how much time it took to answer the calls, indicating the level of the service performance. The dealership does not perform any segmentation except those conducted for marketing purposes. What this dealership is looking for is software which would use the post code to segment customers and inform where the highly profitable customers are.

2- NCB:

Segmentation is part of the business strategy in the bank. Segmentation is done according to age, gender, financial sophistication levels and risk tolerance. When these elements are put together they constitute nine boxes in total. Segmentation in the bank is done monthly by the relationship managers and then reviewed by the management. High level customers are put automatically into the private banking division and benefit from the privileges private customers enjoy. Segmenting of customers in financial industries is of utmost importance. This industry serves different levels of customers differently. This is because the positive impact (on such organizations) from such differentiation is huge.

3- Al Rajhi:

Al Rajhi is performing segmentation and clustering to identify and analyze customer needs and banking patterns based on variables such as income, age and gender. Segmentation is done by a number of consultants who are responsible for segmenting the

customers and analyzing the data. Updating of the data is done in real-time throughout the bank. The most visible use of bank segmentation is in the configuration of fee-based products and services for profitable customers. Special rates offer maximum value and encourage customer retention. Al Rajhi Bank values all its customers and tries to minimize differences in the level of service between different segments.

4- RBS:

There are no segmentation processes in the bank related to or based on the levels of customers with varying privileges. They do have segments of customers but the difference in the services meted out is minimal. The customer segments they do have are mainly those of private and business customers. These two different levels of customers do not vary much in the services provided to each. There not being substantial differences in services provided between levels of customers is what makes most RBS customers satisfied with the service and happy with the bank. RBS conducts a lot of analysis and segmentation for marketing purposes. They have tools that help them in performing their marketing campaigns including those which can perform different levels of analysis and segmentation.

5- Saudi Airline:

The segmentation scheme in the airline is based on a mileage system. They have three different categories with three differing sets of privileges. A few of such segmentations help target different offers to Alfursan members, including the level of rewards they would be receiving. For example, a value-segmentation is used to predict how much a new customer might be worth in the future and to ensure that the most valuable ones are

swiftly contactable. The Alfursan group has two consultants who are responsible for customer portfolio analysis.

6- Standard Life:

Segmentation is done by the client management team and they have an account management model in use; one for the existing clients and the other for new clients. The ranking tools used are basically dependent on the financial status of the clients. According to the ranking tool they have in use, they put their clients in their appropriate places and give them the deserved service and product. The service varies between segments. There is no use of software tools to conduct analysis and segmentation; all the work is conducted manually (this is so only in the client management project, not in the entire organization).

7- Bahrawi:

The data in the database of this company is used and analyzed. This helps in decision making and problem solving. The company also conducts some data mining in its processes but excel spread sheets are used, not fancy software to do that job for them. Although they don't have special software to help with segmentation, they can still achieve the same results manually. The company has a segmentation scheme and they carry out segmentation annually according to performance histories and potential. The service varies between segments; the marketing spend is more for A level customers but less for D level customers. The segmentation they do is based on performance and potential.

8- Noortech:

The company has two kinds of customers; customers who want to buy security systems and customers who need maintenance for their existing systems. The company does not have any kind of segmentation for their customers. All the customers of this company are highly profitable ones since the systems Noortech is providing are very expensive.

8.2.2 Managing the Customer Lifecycle (contact channels)

1- Ford:

Ford has different tools in different departments to retain customers and keep them loyal and satisfied. The main focus of such tools is to continuously measure the true voice of the customer for increased ROI (return on investment). Such tools, which were mentioned in detail in their case study write-up, are based on the fulfilling of specific "customer expectations." The main channel of contacting customers at Ford is through mailing. Welcome packs and surveys about satisfaction and service are mailed out to customers. Ford has a well planned customer contact strategy. They have identified the points of contact and the channels of contact. They have different tools in different departments which are responsible for the contacting of customers at different stages of their lifecycle. The only problem is that sometimes, due to lack of interdepartmental collaboration, there are repeated efforts made by different departments that lead to the same goal.

As for the dealership, contact channels are also defined. Mainly, these depend on the call-centre with its inbound and outbound calls. They do mailing for marketing purposes as

well. The most important contact point or channel is face-to-face contact in the actual shop. This contact point leaves a huge impression (bad or good) on any customer. The dealership tries to keep customers satisfied and tries to solve their problems through the call-centre.

2- NCB:

Since the CRM system was implemented in this case within the private banking department only, the contact channels for the customers are mainly: branch, telephone and mail. It was mentioned in the case study write-up that private banking customers don't need to go online to make their enquiries. All that a customer needs to do is to call his/her private relationship manager and ask for the service. This service is available all the time, even with time differences (if a customer is calling from abroad). What relationship managers are trying to achieve through these contact channels is to retain the customers and satisfy them by performing the service with speed and accuracy. By retaining and satisfying the private banking customers the bank is achieving a high return on investments.

3- Al Rajhi:

This bank implemented the CRM system bank wide and it has proven to be a successful one. The bank has many contact channels through which it contacts the customers and tries to retain and satisfy them. The channels are mainly: face-to-face, telephone, ATM, online, mail and SMS. The CRM system the Bank has implemented provides the ability to know exactly what's going with a prospective or current customer at all times. The system generates automatic reminders to explain what a relationship manager needs to do. Al Rajhi has a complete picture of its customer interaction process. Using the

analytical tools in the software, they can take advantage of every single customer interaction to improve satisfaction, cross-sell new services, keep track of all requests, and measure their marketing effectiveness and the impact of the overall CRM effort on Al Rajhi's bottom line.

4- RBS:

The customer contact strategy mentioned in the write-up of this case (see chapter five) illustrates that the bank is cautious on to how approach its customers. The contacts channels are mainly: mail, telephony, branch, online and ATMs. These channels are used for marketing purposes and for cross-selling. The online contact channel is an important one. The online banking services that the bank is providing for its customers are easy to understand and use. Further, it is a secure way to access accounts and transfer money. Ease of use is an important feature of this online banking service that makes customers happy with their bank. The bank has software tools that help in marketing activities and in managing customer profiles.

5- Saudi Airlines:

The Alfursan group has two consultants who are responsible for analyzing and managing customer portfolios. These consultants submit detailed reports to managers explaining the status of the system. According to their consultants' analysis they can awaken members from the sleeping mode even when they are not active. Such decisions might be made because some members are profitable and the airline wishes to retain them by giving them a second chance and by tempting them to use Saudi Airline again. This process's goal is to retain profitable customers and prevent them from churning. The main contact channels are: telephone, face-to-face, online and mail. It seems that with an airline the

most common channel that customers prefer in Saudi Arabia is the telephone. Customers in Saudi Arabia are less comfortable using the internet to make reservations and book flights. A large number of Saudis are computer illiterate.

6- Standard Life:

Within their client management team, the most important work performed by the client managers is desk research. Every client manger has to be well prepared before meeting a client. This makes an excellent impression on clients and makes them feel safe with their insurance company. Client managers benefit from the detailed information in their clients' profiles and make the most of it to retain them and provide them with best value and service. Within the client management project the main contact channel is the telephone or face-to-face meetings

7- Bahrawi:

The company has a representative for each business. These representatives (relationship managers) are responsible for the satisfaction and loyalty of the customers. Customers have direct contact with such representatives with whom the former can solve their problems or satisfy concerns that may occur. The company conducts field research to acquire new outlets. Furthermore, the company conducts regular meetings with customers (retailers) to make sure they are happy with the service and overcome any problems. The main contact channels in this family business are: face-to-face meetings and telephone.

8- Noortech:

This small company has tried to use the CRM package they have implemented to manage their customers efficiently. The reality is that they have given themselves a bigger problem just trying to understand the software and in feeding the system properly. So, they have reverted to the ways they used to serve and retain customers, using excel spread sheets and simple computer tools. The main contact channels in this case are: face-to-face, telephone and e-mail.

8.3 Cross-case Analysis of the Supporting Conditions of the Conceptual CRM Model

8.3.1 Senior Management Support and Leadership

1- Ford:

It was apparent that Ford of Britain's senior management needed to be more aware of what was happening in the lower levels of their management. Whereas some of their departments were using sophisticated tools and software to enhance the processes of retaining customers, other departments were not even aware of such tools and were asking for management approval on adopting similar tools with similar objectives at their level. Strangely enough their management approved. This, however, led to the spending of money to acquire tools which already existed in other parts of the company.

On the subject of management support, senior management in Ford is very keen on Ford becoming a customer-centric organization and they are trying hard to overcome the obstacles inherent in huge companies having numerous customer-contact channels. The management in FCSD is interested in implementing CRM concepts but their problem is

that senior management only give orders for what they want done without considering and studying in detail of how this could be done. So when it comes down to the level where people in FCSD are supposed to implement the idea, it boils down to and depends on individual efforts and personal desires. The CRM team in FCSD consists of just five members, each one of them having his/her principal job assignments to take care of before dedicating themselves to the CRM project. This makes CRM a second or lesser priority for them. This division needs to give more priority to CRM related efforts by assigning dedicated personnel to man their CRM team if they are serious in getting the job done well.

On the dealership side, senior management support was evident by the fact that two of their senior managers were sent to the USA to search for and procure the most suitable software for their call centre. This involvement contributed considerably to the success of the project.

2- NCB:

Senior management support was vital for the CRM project to succeed. Since two members of the CRM team were senior managers, this pushed the project forward and provided the financial and other support needed for the success of CRM implementation.

3- RBS:

Senior management at RBS decided early on to convince the bank to change priorities and become a customer-centric organization. Hands on management involvement was a major contributing factor in making the goals set for several CRM related projects reachable. This involved senior management's direct participation in project development

teams as members to make sure that the project got sufficient attention and full management support.

4- Al Rajhi:

Upper management of Al Rajhi bank involved itself in making remarkable changes to the bank's overall culture. Management was keen to create a customer-focused organization and they succeeded in reaching such a goal. When the bank first started with the CRM project in 2001, senior managers were personally interested in selecting the project's team with one of their senior managers being made a member of this team. Another key factor which helped in making CRM implementation successful was the existence of solid support and sincere cooperation by and between their various departments. This support and cooperation was backed by senior management.

5- Saudi Airlines:

The management of the airline was not keen, in the beginning and up until 1995, on prioritizing customer loyalty and customer satisfaction. The researcher believes that the reason behind this was that Saudi Airline, being a public sector organization with a monopoly within Saudi Arabia, did not care about its customers. It was clear that senior management at Saudi Airline had no involvement in the Alfursan loyalty program which was dependent on the personal and private efforts of the Alfursan group's volunteers who took the initiative to procure appropriate software required to successfully apply the said loyalty program. The program succeeded and was unable to be fully operational until after the airline's senior management belatedly realized the importance of and the dire need for the company to change the airline to become a customer centric organization. Immediately following this, a committee of senior managers was instituted for the

purpose of looking into this issue. This further confirms the importance and need for senior management support; this factor is a standard key one for any changes to be conducted successfully in organizations.

6- Standard Life:

Since the researcher was provided access only to the 'client management project' division at Standard Life, the analysis is based on the limited data obtained from them. Senior management in Standard Life decided to create the client management project in 2004 and an official team of 7 client managers started their duties in 2005. Senior managers set down this team's work parameters thereby limiting their scope and reach. Management in Standard Life, through their narrowly scoped CRM program has simply been looking for a financial profit tool for the success of this project. Another issue that is worth mentioning is that this project was aimed at only 1% of their most profitable customers.

7- Bahrawi:

Since this company is a small family business, senior management involvement is evident in every effort being made for improvement. The software that the company implemented years ago was the brain child of one senior manager who personally looked after the project until the software was up and running. Senior management in this company was involved in all the details. Moreover, they know all their employees by name. It is a small sized family business in which the owners are the senior managers!

8- Noortech:

This again is a small family business, wherein the owner is simultaneously the president of the company as well as senior manager and decision maker. The idea of implementing

and adopting CRM software was the owner's personal idea. He was the one who was directly involved during the search for suitable solutions for his business. This case was a sample of total upper management involvement.

According to secondary research, senior management support and leadership are the most important factors in making any CRM initiative successful. When top management puts in their efforts (financial and other) during the period or into a new project, they are more likely to succeed.

8.3.2 Information Technology

1- Ford:

Ford of Britain handles a huge number of customer enquiries each day across a large number of channels such as face-to-face (dealerships), telephone (call centers), e-mail and internet. FCSD has different software tools that are used for contacting customers, marketing campaigns, satisfaction surveys and marketing research. The problem with Ford is that, although they have the necessary tools and the technology, they are lacking sufficient customer dialogue.

The researcher wishes to raise two issues related to the understanding and use of CUPID at Ford. A few at Ford maintained that CUPID was mainly a database and was not useful in the performance of CRM activities, whereas others maintained that Cupid had substantial capability for performing the said activities and that it was being used by the latter group as a CRM tool. This, for the researcher, was a classic case of faulty or insufficient distribution of information across the different divisions of the company.

At the dealerships, their call-centre demonstrated substantial technology usage. The software was built in-house and was exactly tailored to the requirements of the dealership. The procedure that their management adopted for project implementation was good; starting with the specifying of their needs, they progressed to searching for solutions, then to the training of their employees and finally on to a smooth implementation.

2-NCB:

This case demonstrated high technology usage. The bank outsourced the CRM software from SalesLogix. The technology renewal program has helped NCB transform itself into a customer-centric service-oriented organization. With the CRM solution from SalesLogix, the bank now has a unified view of their customer relationships across their private banking division. This view will be disseminated throughout the bank in the near future when they commence implementing the software bank-wide. The bank outsourced the service from SalesLogix to develop tailored-made software which would satisfy the bank's requirements. The bank did not implement the package as is; instead, they chose to implement only 40% of what the package offered (which met the percentage required by the bank). The only shortcoming in the system is that the main database of the bank was not linked to the CRM system in their private banking division at the time the researcher conducted her study. Hence, data exchange was not being performed in real-time.

The internet site of the bank is an advanced one. Their online banking permits customers to view account balance and past transaction records including money transfers between

accounts. The bank also has an internet online trading service that provides the ability to trade local equities/ shares, view portfolios and answer queries.

3-RBS:

RBS did not have branded CRM software but they had other high technology tools that were being used by them to manage their customer profiles. Other tools were also available and being used by staff to assist their marketing activities. The marketing tool in use at RBS helps in the assessing and segmenting of customers. The resulting lists are used to run campaigns, and for evaluating the results of such campaigns, which further identify leads for use in any other ongoing marketing and sales efforts.

The internet site of the bank is excellent, providing resources to customers, businesses and researchers. The bank offers online banking services which help a customer in managing his/her profile. Furthermore, the online banking service offers other facilities like transferring money between accounts and an online trading service.

4- Al Rajhi:

The Oracle brand solution that Al Rajhi decided to embrace is an excellent example of successful CRM implementation. A deciding factor in the software implementation for them was the manner in which this software satisfies the unique needs of Al Rajhi's organization. Al Rajhi customers receive SMS texts that automatically update themselves on request. Language was a paramount consideration for Al Rajhi in their CRM effort. Their software provides local Arabic terminology, while fully supported by classic Arabic as well as English for the bank's customers and its sales and service staff. This was a very good decision from management to actually design the system in Arabic, since most of the bank's employees are not English literate. Moreover, making the data

entries in Arabic eliminated the problem of spelling Arabic names in English, where a single name could be spelled in more that one way.

The software offers sales, marketing and service modules across the bank. The bank has a unified database that contains the customers' data. Updating the data is done in real-time and data cleansing is carried out regularly.

The bank's internet presence is also excellent because it offers all the services needed by any individual customer or business customer.

5- Saudi Airline:

The database of Alfursan is a stand-alone database and is linked to the main system of the airline. When data is changed in the main system it is changed in the Alfursan database too and vice versa. All this is done in real-time. The system is linked with the reservation system of the airline. No matter what channel a customer uses (telephone, face-to face or online) to make a reservation, information is altered within a common customer profile. The internet presence of the airline is average. Customers can make reservations online and can fill in applications for the Alfursan advantage card. Their website needs to be further improved.

6-Standard Life:

Since the client management project is fairly new, all the work is done on paper. The group of managers interviewed did not use any dedicated technical facility to help them in segmenting or analysis.

7- Bahrawi:

The company doesn't have any advanced CRM software. All they have is built-in software that helps them in marketing and the managing of customers (their retailers in

this case). The Bahrawi Company has its own database of the retailers they deal with; they have all the detailed data required on their customers and their database is updated on a daily basis.

8- Noortech:

The software used in this company is a branded CRM solution for small businesses. The company purchased an off the shelf Microsoft CRM package and the program was implemented within a period of three months. The software offers many features that help with service, marketing and sales. The problem found in this company was their inability to use their software efficiently.

A common misunderstanding is that CRM is an IT issue. A CRM program generally targets the creation of better value for the user company and its customers. This goal is achieved through additional IT investment and IT involvement but not all CRM initiatives have this. The central concern of CRM is focused on better management of customer relationships. "This may involve behavioural changes in store employees, education of call-centre staff and a focus on empathy and reliability from sales people" (Buttle, 2004, p.12).

8.3.3 Knowledge Management

1- Ford:

Ford owns rich information about its customers, especially through the GCI group. Through the different customer contact channels Ford collects data about customers and tries hard to spread this information company wide. The success of CRM largely depends

on how well this information is converted into organization-wide knowledge about the customer. Ford has succeeded in transforming such information on a departmental level only and not organization-wide. The problem that exists in Ford is that they don't have any system which would integrate their different departments. This causes confusion while dealing with customers.

At the dealership studied, however, knowledge about the customers is well shared between all branches and data is stored in a common database. Even employees in the call-centre have full access to all data available.

2- NCB:

NCB demonstrated a high level of data transformation into private banking level customer knowledge. The data is complete, relevant and accessible. The only thing that the bank still lacks is that changes made in the data are not made in real-time. The exchange and link between the main database of the bank and the private banking sector is made every month when data is cleaned and updated. This has to be upgraded to a real-time update if better results are contemplated.

3- RBS:

The customer contact strategy that the bank is using enables the bank to collect data from all different channels. This requires true multi-channel integration and sophisticated document management capabilities for the unstructured data in the data warehouse. This data is used wisely in marketing processes. The problem with this bank is that because it is a huge organization, sometimes the data becomes scattered between different databases and the process of re-collecting such data becomes difficult. Overall assessment of the

knowledge management program the bank is using is that it is good, since they are already using the information and spreading it bank-wide.

4-Al Rajhi:

Information and data are valuable commodities that every bank uses to help in serving customers. Many banks are embarking on IT projects to enable them to manage information effectively and efficiently. This is what Al Rajhi bank is intending to achieve by implementing its CRM project. The bank uses customer information effectively and spreads this information bank-wide. No matter what the channel through which the customer profile is accessed, it can be altered through the bank as a whole and in real-time. The bank intends to expand its knowledge sharing as part of doing business —not as a separate activity.

5- Saudi Airline:

The airline management decided to collect data about their customers and gain knowledge about them, at first without a well planned initiative which would teach them what exactly they could do with this data. It was not until management decided to shift its concept to customer loyalty and satisfaction, that they decided to use the information gathered and benefit from it. This information about customers was utilized to develop their Alfursan loyalty program. The airline now has complete access to customer profiles, through all its different channels and the data is being altered in real-time. This proves that information about customers is converted into organization-wide knowledge which provides customer insight.

6- Standard Life:

Information is being appropriately shared within the client management team to ensure that every client manager has access to all details to help in performing the job correctly. The main idea of this project was to make information available to client managers in order to help clients with their enquiries. This case demonstrates a high level of information sharing and knowledge is regularly being transformed into customer insight.

7- Bahrawi:

Since this company is a small family business, information is smoothly shared between all employees. Due to its size and the friendly culture prevailing therein, all employees are aware of whatever is happening in the company and all know the company customers. The openness of their management and their owners is helping in producing loyal and satisfied employees. Employees feel they are part of the company and act accordingly.

8- Noortech:

Noortech, like Bahrawi, is a small company which is comprised of 16 people in all. Employees work as a group and knowledge about customers is uniformly available among them. This company is like a group of people who share the same objectives, all trying to achieve the same goals.

8.3.4 Service Quality

1- Ford:

Ford of Britain has processes in use that ensure service quality. The RAC service workshop quality program was formed to make sure that servicing of cars is done to a high standard. This leads to customer satisfaction. What FCSD wants to achieve is to pass

on its benefits to the customer so that customers know what Ford is doing for their benefit, like the ease of repair works and the quality that Ford expects at all times from all of its different repair terminals.

Another procedure that Ford is implementing is the conducting of satisfaction surveys, data from which is collected from different customers across different dealerships to ensure the quality of service being performed is maintained.

As for the dealership, the call-centre also serves as a complaint collector. Reports are generated and sent to branches that have problems with customers to bridge service gaps and correct mistakes. Again, this is done to make sure that customer satisfaction with their services remains at the most satisfying level.

2-NCB:

This bank demonstrates a high standard of quality in servicing the customers of its private banking division. Private banking customers are few in number and they receive valuable personalized service which maintains their satisfaction level to its maximum. Since every customer is assigned to a relationship manager, this manager considers the customer's enquiries to be high priority work.

3-Al Rajhi:

People in Saudi Arabia consider Al Rajhi as a citizens' bank. The bank does not provide all services to all customer segments. However, the bank's vision is to value and serve all customers on a par. The bank is trying to provide excellent services to all its customers. The only exceptions to this are the 'elite services' Al Rajhi provides to its Altamayuz level of 'most valued' customers; which is not difficult to deliver. Customers who have SR 80,000 cash deposits (around £12,000) or more can enjoy such elite privileges at the

bank. After all, one of the bank's objectives for implementing the CRM system was to standardize customer service levels for increased satisfaction.

4-RBS:

RBS is well-known for its good service. The bank is dedicated to managing the customer contact strategy professionally in order to achieve the highest levels of customer satisfaction. The bank conducts customer satisfaction surveys and group customer service discussions even while there are no substantial differences between the services provided to different levels of customers. This keeps most RBS customers satisfied and happy with the bank's services.

5- Saudi Airline:

Since Saudi Airline has been, up until now, the sole airline for internal flights in Saudi Arabia, it did not care much about its customers prior to the year 1995. It was only then that the airline belatedly realised that, without converting into a customer-focused organization, they were destined to lose in the fast changing competitive marketplace. The airline had a single standard level of service quality for all its customers. No added value services were considered to enhance the loyalty and satisfaction of its customers. An interesting observation which needs to be recorded here is that the behavioural attitude of the Saudi passenger customers is substantially different from that of its European counterparts. The Saudi customer is less demanding and most often accepts the services provided without complaining. This leads organizations in Saudi Arabia to care less about the quality of the services being provided, especially when the provider is a state owned monopoly like the Saudi Airline. With no competition, they have had little reason and no will to improve their service quality. This was finally changed when they

embraced a loyalty program. Another urgent factor that forced the airline to improve their services was the emergence of two private airlines as competitors to them in their erstwhile monopoly market.

6- Standard Life:

This company has different levels of customers to whom it provides different levels of services. The top level customers receive the best service and attention because they are highly profitable to the company; while the lower levels of customers receive only basic services, which are still excellent in the interviewee's opinion. Since every valued customer in this company is allocated a personal client manager, the services delivered are uniformly good to excellent.

7- Bahrawi:

Adding value to their services is the ultimate goal in Bahrawi's business. As they are primarily a service provider, they have to add value to the services they offer to their source goods' suppliers as well as to their retailers, otherwise their retail customers would abandon them and go directly to the source goods' suppliers and the company would probably go out of business. Bahrawi's awareness and vision of how the end user finds the product in the market is higher than that of other companies. The service they provide is tailored to catering to different situations and conditions making it quite flexible. The company provides a personalized relationship with its customers. Customers can access this company and gain direct contact with the decision makers as well as with the owners, which has resulted in high levels of customer satisfaction.

8- Noortech:

This company is relatively new and the industry it belongs to is new as well in Saudi Arabia. In order for this company to survive the competition which has been emerging at a fast pace, during the past few years, they have been forced to add value to the services they provide. In the interviewees' opinion, they are doing well on the quality of the services they provide. Most complaints which do arise from time to time are related to the system itself, not to the implementation process in use, which is the direct responsibility of this company.

8.3.5 People

1- Ford:

It is true that senior managers' buy-in is important for a successful CRM strategy implementation but at the same time it is crucial that people in the organization have enough enthusiasm for such change processes. Workers at Ford of Britain are not aware of what takes place at the organization's higher level. Employees receive orders from higher levels of management without receiving the details on how to go about this or that project or initiative. Ford of Britain is a large organization and they need more inter-departmental collaboration to achieve the desired results in the CRM initiative they have now.

Regarding their training processes, Ford did conduct training for its employees to ensure that end users of every tool had enough knowledge on how to use the tools efficiently. The CRM team in FCSD consists of 5 members from 5 different backgrounds. The members are not exclusively dedicated to the CRM job. Every member has his/her own

main job that takes first priority. Hence, their existing CRM obligation is neither enough nor sufficient.

At Ford's dealership call-centre, there are two different teams; the inbound team for receiving the inbound calls and the outbound team for calling the outbound calls. The two teams are different with different skills and styles for customer conversation. To do the job well, a lot of training is provided to the people who are actually talking to the customers; the training is different for inbound calls and outbound calls. Training is done on how to use the system and teaches basic knowledge of the cars. The dealership studied was greatly involved in doing its job correctly and in satisfying its customers.

2- NCB:

The bank spent a great deal of resources and time educating people in the bank and convincing them that CRM is for the good of the bank and that it was easy to use and manipulate. The bank conducted numerous training sessions with relationship managers who would be the main users of the system. All resistance from the users of the system was related either to enforced change of culture or to difficulty in actual use of the system. Users found that data entry and system feeding with customers' details was hard work and time consuming. They felt that all the work involved was not going to pay off in the long run. Hence, employees were not interested in using the system. The management of the bank decided to spend additional resources for staff training and gaining their feedback. Regarding the relationship managers, although they are accountable for their business figures and are rewarded for performance, their incentive plans have not yet been linked to performance on a salary plus commission basis.

3- Al Rajhi:

Most of the employees in Al Rajhi are not English proficient. Hence, the implementing of an Arabic/English enabled CRM system made their employees happy and made them comfortable while using the system. The gradual and phased implementation of CRM made it easy for management to overcome the problem of resistance from users and others in the organization. The bank decided to conduct extensive training for the training department of the bank before training the rest of the employees. It was only then that the training team was made responsible for training the employees on how to use the system and the reasons for doing so. Although management was quite careful in implementing this change, they still experienced some resistance from employees and the bank was forced to take harsh measures while dealing with this problem. These measures were discontinued only after the management had assessed that the system had become part of the users' daily activities.

4- RBS:

The bank is keenly interested in developing leadership skills. For this goal, the bank used a framework called 'The Leadership Journey' to enable employees to understand what they needed to do in order to emerge as successful leaders. The bank has an online learning system which enables individual employees to improve their private development plans. Sufficient training for employees is also conducted before they get to use any new technological tool.

5- Saudi Airline:

One of the biggest problems faced by Alfursan in the initial stages of their CRM program was the dissatisfaction of reservation employees with the changes being required

in reservation procedures they were used to and happy with. Since this was a cultural change it was difficult for the management to convince employees that the change required was essential and for the benefit of the company. Reservation officers did not want to change the way in which they had erstwhile been entering their data into the system. Despite the fact that it was easier for them to simply enter the Alfursan number of the customer rather than entering all other customer information painstakingly and by hand, even when the system program was in machine language, whereas the manual process of entering data was tiring and time consuming. It took the organization some time in conducting intensive training but now Saudi Airline has reached a point where employees are quite relaxed with the new system and happy to use it.

6- Standard Life:

The seven members of the client management project in Standard Life are dedicated to this project and they don't have responsibilities other than being available and ready for their valued customers whenever their customers need them. These managers were properly trained to achieve the results prescribed in this project.

7- Bahrawi:

People in Bahrawi are dedicated to their work in the company. Their close and strong relationship with the owners of the company satisfies employees and resultantly satisfies their customers. Sufficient training was conducted for the end users of the system before allowing them its use.

8- Noortech:

There is a lack of employees in this company and employees are performing multiple jobs and different tasks. Consequently there is confusion on who does what in this company. This has led to failure in the successful use of software.

8.4 Research Findings, in answer to RQ1: What are the critical success factors of CRM initiatives?

The second stage of the analysis will include the critical success factors that have been identified by the researcher and derived from the secondary and qualitative primary research conducted. The factors are presented here according to their frequency and level of occurrence.

8.4.1 Senior Management Support

Senior management support refers to the level of top management involvement in information technology implementation efforts in an organization (Rai & Bajwa, 1997). This factor is very critical in cases where one or more changes in processes may occur. Management Information System (MIS) literature supports this factor widely. According to Jarvenpaa and Ives (1991, p.205), "few nostrums have been prescribed so religiously and ignored as regularly as executive support in the development and implementation of management information systems". Therefore, senior management support is propounded as being a critical success factor which influences the CRM initiatives in this study. NCB and Al Rajhi showed high top level management support for their CRM projects. Ford's top management was keen to 'set the direction' of the CRM strategy and customer focus

on high level of priority. However, when it came down to the implementation level the responsibility relied and fell upon individual departments for implementing the upper management's strategy, individually, with little or no collaboration with other departments. Bahrawi's upper management is involved in all the processes conducted by the company because it is a small company. RBS' top management is involved in creating a customer-centric organization. Regarding Saudi Airlines, management did not become interested in changes until after feeling the danger from competition, that is, only after two domestic private airlines were licensed to navigate in the former's erstwhile monopoly market, Saudi Arabia. As for Noortech, decision making is in a single person's hands. While this person made the correct decision to change, apparently, he carried this out too swiftly. Standard Life's client management project was supported by the company's top management and was being monitored systematically to ensure this project's success.

8.4.2 Business Plan and Vision

A CRM business plan sets the foundation for embarking on a CRM initiative. It outlines concrete goals, responsibilities and deadlines to guide the organization on its CRM journey. Such a business plan contains the organization's customer strategy and the expected results. It documents an organization's CRM vision. Without a CRM business plan and vision, the percentage chance for CRM initiative failure remains high (Roche, 2003). Ford does have clear vision on how to become a customer-centric organization. They have requisite plans in place but these are strangely lacking recognition of what could be expected to go wrong or awry at the implementation levels and how such

exigencies could be handled. As for Ford's call-center, management at the dealership was clear on what they needed for the program right from the beginning. They knew the requirements and planned well for a smooth program implementation at the call-centre. NCB and Al Rajhi also had well developed plans for embarking on their CRM projects. NCB had to evaluate the bank's business by using the balanced scorecard. The use of such a tool helped the bank in identifying the weaknesses the bank was suffering from. This detailed evaluation of such weaknesses in advance prepared the bank and allowed it to conduct the CRM project smoothly and correctly. At RBS, their vision and requirements were clear: it was more about customers and experience, than about technology. Bahrawi's vision was to come out on top of other competitive service providers by concentrating on their customers and planning how best to satisfy them in order to retain them. Noortech's business plan for its customers was to provide to them with a hassle free, fully implemented security system in order to keep them satisfied. As for Saudi Airline, it was clear since the initiating of their loyalty program that they did not have a pre-defined business plan on how this project was going to be executed. Their Al Fursan program was depending entirely on the efforts of Al Fursan members. Standard Life's client management project was well planned in advance because they had thought about and taken into consideration the minutest of details prior to the starting of project execution.

8.4.3 Making the Change in Small Steps

Change is most effectively implemented in phases. Since a CRM initiative is a change process, it needs to be implemented in small steps. This has a cost advantage by requiring

smaller up-front investments at any given time, thus allowing the organization to address its most critical needs first and as they come, after which an enterprise-wide system can be imposed over time, as and when the business demands and budgets allow. NCB and Al Rajhi conducted their CRM implementation within their 2-3 year time frames. Managers interviewed in the two banks emphasized that this factor was important and critical for their programs' successful implementation. The call-centre at Ford's dealership was fully functional in two years. Although RBS does not have branded CRM software, their processes are running satisfactorily because of their being compatible with CRM concepts and goals. The customer-centric vision has existed in the bank ever since 1991 and the bank has been building upon it, in small steps. Bahrawi's system was built over a period of two years as well. Standard Life's client management project was still in its infancy when the researcher conducted her interviews. Therefore, this factor is still not applicable at Standard Life. Noortech, however, amply demonstrated the importance of this factor. One of the reasons for their failure in achieving good results from their CRM system implementation was Noortech's haste in undertaking this project. Management did not spend enough time debating why they needed such software and when. Saudi Airline, on the other hand, was too slow in deciding to activate its loyalty program. It took its management a longer time to realize that being customer-centric was essential and beneficial to the airline.

8.4.4 Inter Departmental Collaboration

Interdepartmental collaboration boils down to the sharing of information between the members of the CRM project team and within the organization as a whole. Regular

sharing of written communications on CRM news, views, successes and failures are important information which should be shared by and between different departments. Further, it is important to communicate pertinent facts about CRM activities at every company meeting. This factor was clearly not being implemented in Ford. The size of the company being huge and its myriad departments not intertwined, identical project related efforts were being duplicated; departments were working in tandem without automatic sharing of information on what was being conducted and by whom. NCB and Al Rajhi were able to conduct their CRM implementation successfully because they had taken care to do so organization wide by keeping all departments informed on gradual progress being made at any particular level and how. Bahrawi and Noortech are small organizations and the sharing of information about projects is not difficult and is being done naturally. Saudi Airline did not succeed in sharing the information which the project members of the loyalty program had with other departmental managers till after their management decided to look into how the program could be launched and executed properly.

8.4.5 Clear Ownership of Data

This factor proved to be of primary importance, especially in the case of RBS. Although the bank is doing very well in the market it still needs to clarify the ownership of data in different repositories. If the bank wants to get a 360 degree view of the customer they need fully integrated systems that have one single profile for every customer. This is achieved by knowing in advance who owns the data. Having different divisions with each

owning parts of the customer does not help in achieving CRM goals. All other cases studied by the researcher demonstrated clear ownerships of their customer data.

8.4.6 Training for End-users

Training people is essential for success, and it is essential that it is carried out effectively. Providing adequate training to end users is critical to the success of a CRM initiative. Moreover, training should teach employees how to effectively execute the business processes enabled by the CRM tools. If employees are convinced that this extra work is going to help them and save them time and effort, they will adapt faster. Ford demonstrated a high level of employee training and they also have an online training site for certain tools that are used for marketing purposes. As for the dealership, training was conducted rigorously to end users of the call-centre. All other cases studied in this research demonstrated a high level of employee training.

8.4.7 End Users' Acceptance of Change

Resistance to change was a common difficulty encountered by the researcher in all the cases studied. Some organizations decided to use the harsh way to overcome this obstacle and others decided to use friendly persuasion. No matter what the means were, the goal was to overcome employee resistance to change and procure their buy-in and acceptance.

8.4.8 Degree of Analysis and customer segmentation

CRM requires understanding of customers, as much as possible; knowledge of their characteristics, behaviour, preferences, estimation of expected actions. The level and goal

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of analysis and segmentation in the companies differed from one case to another. Some organizations in the study used customer data analysis and segmentation simply for marketing purposes. Other organizations were conducting this process to segment customers into groups and then serve them according to their value to the company. All organizations in this study were conducting different levels of customer analysis and segmentation.

8.4.9 Degree of Alignment

It is important to align programs like CRM with the company's strategy and to continue aligning customer relationships, CRM-enabling technologies and key customer-facing business processes with strategy in a sustainable way. Both NCB and Al Rajhi demonstrated high levels of alignment between their strategies, technologies, employees and processes. The rest of the companies demonstrated medium to low level of alignment between their strategies, technologies, employees and processes.

8.4.10 Language Consideration

This critical success factor proved to be important while implementing CRM software in Saudi Arabia. Al Rajhi bank stressed that one of the most important aspects of their CRM software which they believe contributed considerably to the success of the implementation and use of program was the fact that the program was totally English/Arabic enabled. This feature made employees relaxed and comfortable while using the system, especially given that employees of this bank are generally English illiterate. As for NCB, they were in a different situation. Employees at NCB are

considered English literate. The bank's regulation is that when they employ someone in the bank the candidate has to pass certain levels of English tests to get the job. At the Saudi Airline they do require certain levels of English proficiency as well, but the nature of the end-user's job in feeding the system in a bank and in an airline is different. An airline officer does not need to compose reports or use innovative ideas; all he/she needs to do is the entering of numbers, dates, addresses and names (basic English suffices). On the other hand, a relationship manager in a bank has to write reports and so has to be good in the language he/she is using.

8.4.11 Internet presence

It is crucial nowadays for organizations to have a strong internet presence. Electronic business and electronic commerce present many opportunities for businesses to improve their performance (Tetteh and Burn, 2001). The internet has allowed companies to reach customers in previously inaccessible markets, and to compete efficiently with traditional companies (De Kare-Silver, 1998). Owning a strong and user-friendly website helps organizations in serving their customers better and helps them in the collection and analysis of customer data to enable them to manage their marketing activities better. The three banks in the study revealed a high level of internet presence. Since the nature of the finance industry is different from others like the automobile or trading industries, banks need to build up trust and loyalty through secure and easy to use internet sites. Bank customers need to manage their accounts, transfer money and sometimes trade in the stock market online. Ford had a different kind of internet presence. Ford needs to market its vehicle and provide service to its customers, online. The website of the

company helps a customer to decide on which car he/she wants to buy and helps in the calculation of its price. The airline industry has a different view of what the internet presence should be like. Saudi Airline has an average level website with the important functions of flight booking and online payment. As for smaller size organizations like Bahrawi and Noortech, the online presence is not essential to them. Bahrawi's customers are not keen on conducting business online because they don't really need to. The relationship between Bahrawi and its customers is more personal and friendly, with the owners knowing all of their customers first hand. Noortech again, has a very small number of customers who are manageable through face-to-face relationships. In such cases, spending money on building websites with advanced technologies simply to serve their customers is not that beneficial for such small sized businesses. Standard Life has a very good website with all the information that any customer would be looking for. They have most of the expected standard questions already answered on their website. The problem is that when it comes to actually buying insurance, customers tend again to prefer face-to-face buying methods. So, the internet presence for any company is dependent upon the nature of the industry and the size of the organization that the decision is made whether or not to have a strong internet presence for acquiring, serving and retaining customers.

8.5 The Organization's Levels of CRM

"We can think about CRM at three levels: strategic, operational and analytical" (Buttle, 2004, p. 4). According to the definitions of the three levels described in table 4.7, the researcher will determine the level/levels of CRM valid for each case in this study.

Level of CRM	Dominant characteristic
Strategic	A top-down perspective on CRM which views CRM as a core customer-centric business strategy that aims at winning and keeping profitable customers
Operational	A perspective on CRM which focuses on major automation projects such as service automation, sales force automation or marketing automation.
Analytical	A bottom-up perspective on CRM which focuses on the intelligent mining of customer data for strategic or tactical purposes.

Table8.1. Levels of CRM (Buttle, 2004, p.3)

All organizations studied demonstrated an average degree of strategic CRM, except at the three banks which showed high degrees of strategic CRM. Table 8.1 illustrates the level of CRM maturity in each organization studied. The banks in this study had a customer-centric business culture. This judgment on the culture of the banks was made because they were all trying to retain customers by creating and delivering better value than their competitors.

Operational CRM aims to turn strategic decisions into actions. This starts with marketing and sales activities, but also takes into consideration the communication between the organization and the customer through different contact channels. Ford has automated a number of marketing functions such as: market segmentation, campaign management and event based marketing. Ford also automated some service functions such as: contact and

call-centre operations. The banks in the study demonstrated high levels of automation through out their marketing functions, sales force automation and service automation. The client management project of Standard Life had no automation of any kind and that is why it demonstrated a low level of operational CRM. Saudi Airline had an average level of automated services (reservation system and web-based services) which were connected directly to the loyalty scheme operated by the airline. Bahrawi had automated some of their marketing functions and that is why the level of operational CRM in this company was considered as being average. Noortech demonstrated a low level of operational CRM since it is a small company which simply installs and maintains high level security systems for their customers, the number of their customers being small, which in turn does not call for automation of marketing, sales and/or service. Analytical CRM is the driving force behind strategic and operational CRM. The results of the analyses of customer data, transaction data and product data form the basis on which strategic decisions are made. Analytical CRM has two main facets: it generates in-depth knowledge about customers, their behaviour, their preferences and their needs; and it predicts sales opportunities and risks as direct input from operational CRM (Nippe, 2003). According to table 8.2, Ford, Standard Life and the three banks in the study had high levels of analytical functions in use. Saudi Airline had some analytical functions in their processes but these were neither good enough nor sufficient. The loyalty program had a huge amount of information on customers which is neither being sufficiently analyzed nor benefited from. Bahrawi uses some analysis of data on market and customers (outlets) but for marketing purposes only. Noortech had no data analysis of any kind.

It is good to be reminded that a company possessing a high level of analytical CRM does

not necessarily mean that it is actually using the outcome of their analysis wisely. For

example, Ford conducts a lot of customer data analysis and the GCI produces a large

volume of useful information on their customers, but they are not being used efficiently

and not being sufficiently transformed into operational and strategic functions.

The banks, again, demonstrated high CRM maturity at all the three levels of CRM, as

illustrated in table 8.2. This result reveals that banks are most likely to benefit from CRM

functions and most likely to implement CRM efficiently.

Organization	Strategic	Operational	Analytical
Ford	Average	Average	High
National Commercial Bank	High	High	High
Al Rajhi Bank	High	High	High
Royal Bank of Scotland	High	High	High
Saudi Airline	Average	Average	Low
Standard Life	Average	Low	High
Bahrawi Trading Co.	Average	Average	Low
Noortech Security Systems	Average	Low	Low

Table8.2. Cross-case Levels of CRM

8.6 Research Findings, in answer to RQ3: What does CRM mean for different organizations?

When the researcher was in the phase of gaining access to different organizations she used the telephone and email as means to make the required contacts. She tried explaining the purpose of the study being conducted and the subjects on which she needed information and clarification. A common interesting finding was that all of these organizations referred the researcher to parts of their companies, different parts in each case. This clearly showed that CRM meant different things to different organizations. CRM, as mentioned theoretically in the academic field, was observed as being clearly implemented in the financial industry (the three banks in this study). Both NCB and Al Rajhi had full branded CRM software in-use. RBS did not have branded CRM software but did have other substitute software which is delivering the same results as any branded software. Banks deal with the individual customer and so they want to make more use of the analytical side of CRM to help them segment customers. This analysis helps banks in their marketing activities (cross-selling and/or up-selling). On the operational side of CRM, banks want to benefit from CRM tools to better service customers and reduce the cost of this service.

Ford as an automobile company deals with manufacturer/dealer networks. This kind of network makes the actual contact with the end-user minimal. What Ford is trying to achieve from its CRM initiative is to know more about their customers' requirements and preferences as well as dislikes, which in turn helps them in retaining customers throughout their purchase and service cycles. Dealers, on the other hand, are the ones who have direct contact with the end-user. That is why they try to better serve their

customer in-store, during the purchase phase and afterwards during the maintenance phase. The dealership in this study believed that CRM benefits are best achieved through a call-centre.

Standard Life as an insurance company (financial industry), believed that CRM is about managing high level customers and providing them with high level services. This did not cost the company any expensive software. All they did was to appoint a dedicated client management team, making it responsible for serving the high level customers and keeping them completely satisfied.

Saudi Airline considered CRM to be a loyalty program (frequent flyer program). The airline believed that CRM is about rewarding and recognizing their best customers. This loyalty program was aimed at retaining existing customers and tempting prospective customers to fly more with Saudi Airline.

Bahrawi, a service provider, considered CRM to be of relevance to the service they provide. Personalized service with retailers is important for this company in order to ensure that these retailers remain satisfied and happy with the services provided. Another aspect of CRM that this company is using is the analysis of data they have on their current and prospective customers. This helps them in their marketing activities.

As for Noortech, the decision was made to adopt CRM software because management felt a need to track their existing customers more efficiently. CRM in this case was considered a tool to help organize this work and help serve their customers better.

8.7 Research Findings, in answer to RQ2: What are the common difficulties when adopting a CRM initiative?

The study revealed some common patterns of difficulties and obstacles that different organizations faced while implementing their CRM initiatives.

8.7.1 Change Resistance

Resistance is a normal response to any major change. People tend to defend the status quo if and when they feel their security or status is threatened. Folger & Skarlicki (1999, p.25) claim that "organizational change can generate skepticism and resistance in employees, making it sometimes difficult or impossible to implement organizational improvements".

Resistance from the users at NCB was related to the change in the culture and in the actual use of the system. Users found that data entry and system feeding with customer details was found by the employees to be hard work and time consuming. They felt that all this extra work was not going to pay off in the end and hence was pointless.

Although management of Al Rajhi bank was very careful in implementing their CRM cultural change gradually, they still experienced some resistance from employees.

One of the biggest problems the Saudi Airline faced at the start of its loyalty program was the dissatisfaction of reservation employees with the changes being required in the reservation procedures they had got so used to over the previous years. Since this loyalty program also meant a cultural change, it was difficult for management to convince people in the organization that this was essentially for the benefit of the company. Reservation

officers did not want to change the way in which they had erstwhile been entering their data into the system.

The problem with most family businesses like Bahrawi is that the younger generations in the family are now at the helm and are facing difficulties in convincing the older generation on the benefits to be accrued by implementing the changes they want to make in the culture of the company. The older generation still wants to run the business in the manner they used to 50 years ago. Another form of resistance arose from such employees in the company who resisted the use of new technology, simply because they were not aware of it and not familiar with the way it worked.

Noortech also faced the problem of resistance to their system. Employees were of the opinion that they were fine without it and that the process required time consuming feeding of everything they did into the CRM system in writing. Employees did not want the system and were not convinced about its benefits.

If management fails to understand, accept and make an effort to overcome resistance, this can end up weakening even the best developed and sincere efforts for change. According to Coetsee (1999, p.205) "any management's ability to achieve maximum benefits from change depends in part on how effectively they create and maintain a climate that minimizes resistant behavior and encourages acceptance and support".

8.7.2 Human Errors in Feeding the System

A common obstacle being confronted by the companies studied was the miss-spelling of customer names and/or the feeding of the system with wrong customer data by the employees.

Ford is facing this problem because some dealers are not careful while entering data into their system. Employees make spelling mistakes and sometimes they do not even put a reference on whether a customer is male or female. This causes problems when letters are mailed to customers during marketing campaigns.

RBS also reported difficulties arising at times because of miss-spelling by end-users, which again prevents the feeding of accurate data into the system.

Because the system used throughout the Saudi Airline's reservation system was in the English language and since in Arab countries people's names are difficult to spell in English, there were consequential problems in name registration. Additionally, there was the problem with customers' full names where the occurrence of repeated names made it difficult for the airline to know who was who.

Noortech had this problem as well; miss-spelling was a problem that led to lots of confusion and repetition.

8.7.3 Governmental Legislation

The study revealed that sometimes there are rules and regulations imposed by governments which slow down and/or prohibit important CRM processes in an organization.

At Ford, because of different legislation governing the contacting of customers via email and SMS, they have to obtain customer permission in advance of mailing. This has been slowing down e-marketing activities at Ford.

At Saudi Airline, the search for suitable software for the loyalty program proved to be equally difficult because of government regulations and policies which discourage and/

or even prohibit purchases from or business cooperation with certain companies and brands on government boycott and/ or undesirable source lists. With this in mind, the choices available to the Airline were few and far between.

Moreover, at RBS, because of security rules and regulations imposed by the government, they cannot alter information in any customer's account without his/her permission. This is why they have to wait for long periods until they establish contact with the customer to obtain his/her permission for the alterations required. This, sometimes, prevents fast and better provision of service.

8.7.4 Cultural Barriers

The Saudis are not yet familiar with the concepts of CRM and it was revealed during this study that CRM is a relative new comer in the Saudi market. The difference in culture between Saudi Arabia and the UK is huge, as has been illustrated in the literature review. The nature of the Saudi customer is also different from that of the UK. Customers in the UK are more demanding, knowing what their rights are and asking for them. As for Saudi customers, they are not aware of their rights and hence they don't ask for them. Customers in Saudi Arabia are much easier to satisfy than those in the UK. All these cultural norms and values have made the interest in and the enthusiasm for implementing CRM initiatives in Saudi Arabia lukewarm to cold.

8.8 Research Findings to Address the Conceptual Framework

According to Miles and Huberman (1994, p.18), "A conceptual framework explains, either graphically or in narrative form, the main thing to be studied- the key factors, constructs or variables- and the presumed relationship among them. A framework can be rudimentary or elaborate, theory-driven or commonsensical, descriptive or causal".

The findings of this study revealed that CRM is a critical success factor for business performance. Organizations wanting to improve their relationships with customers need constantly to monitor their behavioural and internal processes. The proposed model in this study could be used as an evaluation tool to identify areas where specific improvements are needed, and to locate aspects of the organization's CRM that need to be worked on. The proposed conceptual model by the researcher, which was derived from Buttle's (2004) value chain model, was described and illustrated in the literature review. The model had two sequential phases: analysis (segmentation and managing customer portfolios) and implementation (managing customer lifecycle). The five supporting conditions in the model were: senior management support and leadership, quality of service, information technology, people and knowledge management.

The cross-case analysis that was conducted by the researcher revealed some necessary alterations to this model (see figure 8.1). The sequential phases should begin with a CRM business plan before getting into the details of analyzing customer data. This was concluded from the study, since for any type of organization to make effective use of CRM, it must first create a strategic baseline by answering the following questions: Where are they now? What do they aspire to become if they transform their organization through the adoption of a CRM initiative? And, most importantly, why?

According to Herter (1995), every business needs a comprehensive business plan. He believes this plan is an important first step towards success and, hence, should have a well-defined structure. This type of business plan applies to CRM as well. To develop a strategic vision, organizations must have business strategies which promote CRM across functional boundaries. To succeed, these strategies must be understood and accepted throughout the organization. A company can have an enterprise goal to become more customer-focused or to increase customer satisfaction. However, if no underlying strategies are in place which force a customer view across business functions, the organization is not likely to move far from the traditional product focus (Imhoff *et al*, 2001).

Another important alteration that has to be made to the model is that of adding a very important supporting condition, which is: interdepartmental collaboration. The researcher decided to include this factor because it is one of the essential supporting conditions and also because it was clearly evident from the patterns that emerged from the cross-case analysis, that this factor's absence was a huge obstacle at Ford, hampering progress in their CRM initiative. On the opposite side, the presence of this same factor proved to be an enabler at the three banks studied in achieving success and maximum benefits from their CRM initiative and/or its implementation.
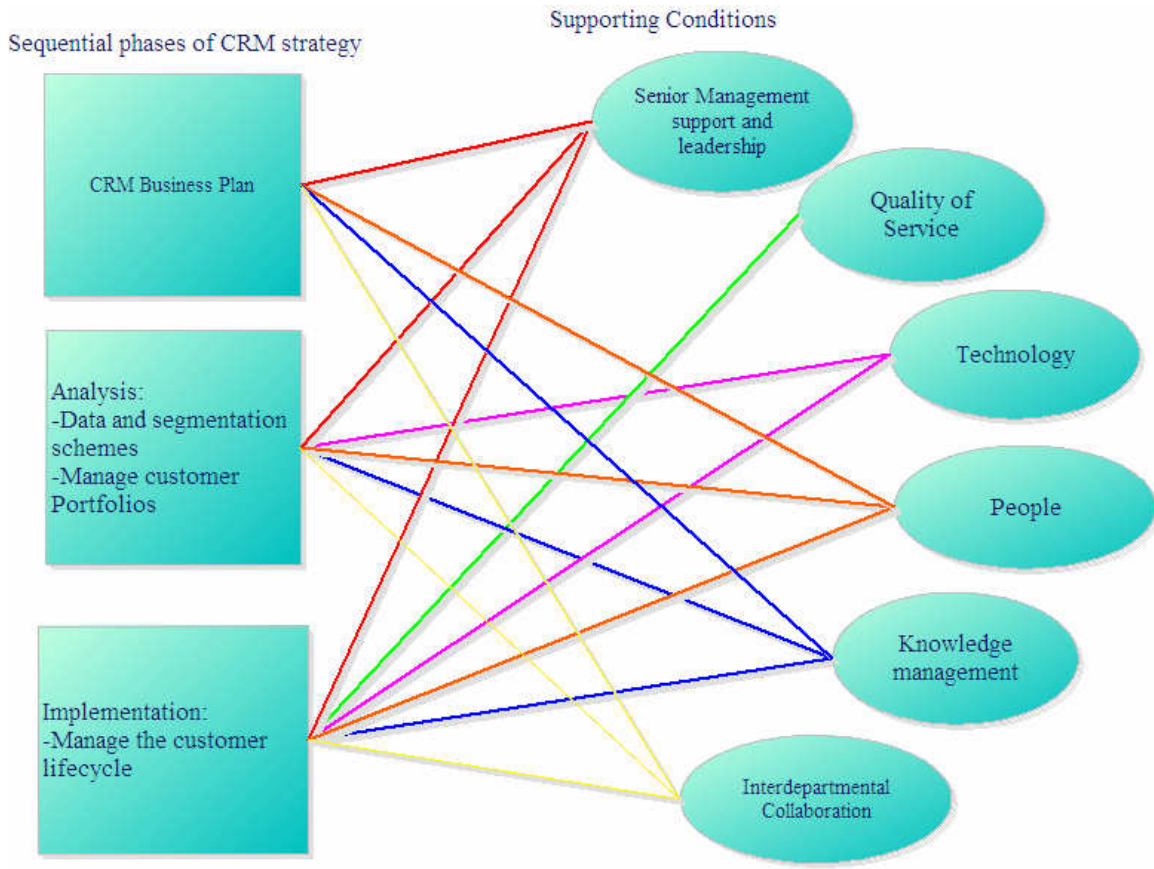
Figure8.1. Revised CRM Model

8.9 Research Findings, in answer to RQ4: Is CRM the right solution for every organization?

Since CRM means the making of essential changes in the way that companies are organized (Ryals and Knox, 2001) and their business processes, companies should consider carefully the organizational challenges within any CRM initiative (Agarwal *et al.*, 2004).

Agrawal (2004) claims that CRM is not right for all companies and advises, it is better for organizations to begin by clearly defining their business issues and needs, then

determine whether CRM should be part of the solution being sought. This claim does not apply to strategic CRM. Every organization of whatever size should have strategic CRM in use. The CRM strategy is about driving information down to staff so that they can offer informed services, and to management, so that management has the data they need to make well-informed decisions. In reality, every company has customers, and every company should maintain some basic information about their customers, such as names, addresses, purchases concluded, contracts signed, invoices sent. Therefore, every company should have at least some basic "CRM Technology" to track and serve their customers. Even small businesses use Outlook or other applications for this purpose. These simple software applications could be considered to be a sort of operational CRM. Since analytical CRM is based on customer data, if this data is missing, then analytical CRM cannot be implemented.

If only branded software from recognized vendors is to be recognized as CRM, then this standard and usually rigid kind of CRM cannot always be implemented by every organization. If the managerial concepts behind CRM are to be considered, then CRM can indeed be implemented by every organization. This was clear in the cases studied. The study revealed that companies like Noortech do not need branded software solutions to handle, track and retain their customers. The Branded CRM implementation proved to be unsuccessful at Noortech because they were able to track, satisfy and retain their small number of customers by using simple tools that had been in use before the implementation. Furthermore, Standard Life's decision to launch the client management project with the use of simple software tools, such as spreadsheets and Outlook, was a good decision. This project did not need to go through the hassle of branded software

implementation because the desired outcomes from the project could be achieved without such sophisticated tools. On the other hand, large organizations like the banks in the study are more likely to adopt CRM branded software to help them manage their large number of customers efficiently.

8.10 Chapter Summary

This chapter presented the results and findings that were revealed from the qualitative cross-case analysis conducted across the cases of the chosen organizations in the current study. The analysis was dependent upon the CRM conceptual model proposed by the researcher. Answers to research questions were also reported according to the results of the analysis.

CHAPTER NINE

DISCUSSION / INTERPRETATION OF FINDINGS AND

CONCLUSION

9.1 Introduction

The primary goal of this research was to explore and examine CRM practice in different organizations. Starting with a multidisciplinary literature review, a single CRM conceptual model was adopted to provide the basis for this research. Based on the framework, critical success factors for CRM initiatives in different organizations were identified. Data was collected through open-ended interviews with different organizations in Saudi Arabia and the UK. Such organizations belonged to different industrial sectors to provide holistic findings that could be generalized. This chapter discusses the findings and states conclusions from the answers of the research questions. Furthermore, the chapter presents some managerial implications and states the limitations of the study conducted. Finally, the significance of the study and future research are discussed.

9.2 Discussion of the Findings

The evidence in this study underscores the importance of implementing CRM managerial concepts in any CRM initiative. It is important to note here that businesses usually consider CRM to be another advanced IT project when, in reality, it is much simpler than that. Moreover, not all organizations need such expensive software tools to be successful in their different spheres of business. Often, the business flow in small and medium sized enterprises is not complicated. Hence, they do not really need to implement CRM branded software. Customer relationship management, in its simplest meaning, is about relations between people. Businesses have existed before computers came along and business relationships were established and maintained between people before the advent of computers. CRM was also not invented simultaneously with computers. It was simply

the notion of CRM which happened to emerge with the advent of computers. It is also true that nowadays the use of technology has made life easier for companies in managing their customers, faster and more accurately. This study makes the case that the implementation of CRM concepts with sophisticated or even simple tools is behind the success of CRM supported businesses.

9.2.1 Interpretation of the Proposed CRM Framework

CRM Business Plan

The results of the primary research agree with the results of the secondary research by establishing and confirming that CRM business planning is an important way to document CRM strategy and mitigate risks of failure (Herter, 1995; Imhoff *et al*, 2001) which in turn helps achieve business expectations. CRM initiatives that do not have an associated business plan face greater failure risks. Failure to achieve desired results from CRM initiatives occurs in cases where the business goals and expectations were not defined and documented in advance at all. According to Keen and Digrius (2003), a CRM business plan should answer questions on how customers would benefit from the plan. How would this enable employees to work efficiently and more effectively? How would CRM benefit the business in the short and long term? An ideal business plan should lay down the groundwork required and set directions for identifying and creating the organization's vision.

Analysis (Data and Segmentation Schemes, Managing Customer Portfolios)

Analysis is one of the crucial aspects behind CRM initiatives (Buttle, 2004). This analysis differs from one organization to another depending on its size and the goals behind conducting data analysis and segmentation. The study revealed that an organization of whatever kind must conduct analysis within its processes. This result is consistent with the secondary research conducted (Chye and Kin, 2002; Johnson, J., 2004). Data analysis takes many forms. It provides insights into data, assists to measure the success of a campaign and develops strategies to deliver relevant communications to existing and/ or prospective customers. This provides a powerful tool to specifically target existing or new customers and/or accurately measure effectiveness of strategies (Lee and Hong, 2002). Analysis interrogates data to identify trends and purchasing patterns and identifies current and future opportunities. Insights such as these clearly identify and target existing and prospective customers. Segmentation, on the other hand, might not apply to all organizations. The study revealed that small companies such as Noortech do not need to segment their customers and serve the segments differently. This small sized company has only one level of customers and they are all profitable. Hence, there is no real need to go through the hassle of segmenting customers for no good reason. Segmentation needs to be conducted whenever the organization is large and provides different products and services. Then segmentation becomes meaningful and delivers benefits to the company. Published literature on segmentation is also not clear on the eligibility of segmentation processes for every organization and/or company (Rust and Verhoef, 2005; Anon, Financial Executive, 2005; Nguyen *et al*., 2007)

Implementation (Managing the Customer Lifecycle)

CRM's most important pillar rests on developing customer intimacy. An organization can gain a great deal from investments made to acquire, satisfy and retain customers by improving their perceptions of the company's products and/or services. In order to achieve this objective, organizations should know their customers' needs and expectations and strive to satisfy them. Products and services that exceed customers' expectations are always the key to delivering total satisfaction, which consequently entails their loyalty and retention. Empirical studies have proven that even small improvements made in customer retention can lead to spectacular rise in profitability (Blattberg and Deighton 1996, Filiatrault and Lapierre 1997). Moreover, the current study revealed that, in relative terms, organizations focusing on such customer retention generate better profit margins than organizations simply focusing on the acquiring of customers. Hence, this result is consistent with the secondary research conducted. Managing the contact channels and trying to deliver excellent services is hard to achieve. An important observation made by the researcher is that the organizations studied were trying hard to achieve a 'single view of the customer', especially in the case of the three banks. Integrating customer contact channels is a huge challenge. Customers demand contact with the company through whatever channels available in order to be recognized and served accordingly. This requires a single record for each customer that can be accessed by authorized personnel in different departments to enhance the changing of data in real-time. This process applies not only to sophisticated branded CRM tools, but also to simple software tools which help companies achieve their CRM objectives.

Senior Management Support

Senior management support and their commitment to CRM is a decisive factor for a CRM initiative's success (Mankoff, 2002). Although exploratory, the study's results indicate that top management support impacts positively on CRM initiatives. These findings are consistent with the qualitative statements from the answers received to open-ended questions posed in interviews as well as what appears in published literature on this topic (Chatterjee, *et al.*, 2002; Duane, 2003; Purvis *et al.*, 2001). This finding is consistent with statements found in the study's data, such as "If there's no management support all CRM initiatives will fail" and "technology is great, but without the culture change that embraces CRM initiatives, all high tech software won't help." Implementing CRM properly requires shifts in organizational culture (Al-Mashari and Zairi, 2000). Cultural shifts are difficult to execute and require strong leadership (Herington and Peterson, 2000). Cultural shifts need a clearly articulated vision from the top management team. This vision can then be disseminated throughout the organization and implemented at functional levels. Without a clearly articulated culture change vision from senior management, the chances of implementing cohesive CRM policies and practices would be rare. Lack of strategic CRM vision causes fragmentation and confusion during the application of such new initiatives. CRM vision articulated by senior management gives direction to CRM imperatives (META Group Report, 1998). Moreover, the engagement of senior management is critical for securing resources for CRM initiatives (Duane, 2003). CRM tools, training and implementation require financial and managerial support. CRM initiatives should be allocated dedicated budgets and senior managers need to

contribute their time to ensure their success. An under-resourced CRM initiative has little chance of success.

The involvement of senior managers in the creation and implementation of CRM initiatives, such as software selection, strengthen the credibility of the initiative. This was found to be true in cases where senior managers were personally involved in their CRM initiatives, like at NCB, Al Rajhi and Ford. In such cases heavy management involvement proved more successful than in cases with little or no real management interest in CRM initiatives. The only exception to this was the case of Noortech. Management in this small company consisted of two brothers who were also proprietors. Even though this case showed total senior management involvement, the company's CRM implementation was a failure. This failure was due to the owners and decision makers not studying the project very well and not consulting others before implementing the software. Giving enough research time to the CRM initiative is vital for guaranteeing its success.

Service Quality

Customers expect to interact with an organization through any channel, whatever is convenient for them, and expect instant, high-quality personalized service (Kobsa *et al.*, 2001). The customer's experience is important and the channel should be aware of the history of the interaction between the customer and the business. The importance of service quality cannot be underestimated (Smith, 2006). Companies with loyal, long-time customers can financially out perform competitors with higher customer turnovers. Quality of service implies that businesses must respond to the needs of the customer; that

is, services must equal or exceed customer expectations. This in turn leads to customer loyalty and satisfaction which are two of the most important concepts in CRM (Zineldin, 2006). The study revealed that this factor is vital to the success of any CRM initiative. This result is consistent with previous research conducted by Zineldin (2006). Results of the latter study emphasized that the key ways to build a strong competitive position are through customer relationship management (CRM) and product/service quality. Furthermore, competitive market position and good reputation of businesses translate into market share and profit. This is achieved through serious commitment to service and attention to what customers want and need (Zineldin and Bredenlow, 2001). According to Deming (1986), competitiveness depends upon customer satisfaction. Customer satisfaction is achieved through listening to the customer's voice and improving products and/or services. Hence, quality is a fundamental customer requirement (Drummond, 1992).

Technology

It is unfair to judge CRM initiatives based on technology maturity available in any organization. The study revealed that some organizations which are using simple software tools are achieving excellent relationships with their customers (such as the client management project in Standard Life and Bahrawi Trading Co.). On the other hand, some organizations which were struggling to implement branded CRM software proved to be better off without the hassle of such implementations (such as Noortech Technologies). At the same time, it is important to note that technology is an important enabler that makes managing customer relationships easy, fast and accurate, if used

properly (Chen and Popovitch, 2003). The study has made it clear that banks are most likely to implement branded sophisticated CRM software. This is due to the huge number of their customers and the nature of the relationship between banks and their customers. For technology to be an enabler and not a target in itself is a result that was clear in the current study. This result is consistent with previous research studies (Flint *et al.* 2002; Greenberg 2001; Radcliffe, 2001; Rigby *et al.* 2002). Technology can play a significant role in CRM as an enabler, but thinking about CRM solely in technological terms is wrong. CRM is not about solving a technology problem, it is a process that aligns businesses around customers' needs. Software is only one component of this process. According to Buttle (2004), CRM has three levels: strategic, analytical and operational. The use of technology is more likely to be used at the analytical and operational levels of CRM. Again, some organizations can do a good job analyzing and segmenting their data using simple tools without the need for fancy branded software.

People

The people component of CRM initiatives is very important, given the sensitivity of users to making changes. CRM initiatives often imply changes in the way in which users do their jobs. The study revealed that users who did not understand the reasons behind this change and/or did not receive enough training to use the new system were against change. This finding of "people resistant to change" is consistent with previous work conducted in this field (Xu, *et al*., 2002; Jackson and Harris, 2003; Fjermestad and Romano, 2003). People resist change because they do not see that it is in their self-interest. When they understand how it can benefit them, they not only embrace change

but also cooperate to make it happen. Thus, the challenge is to convince employees that the CRM-induced changes are for their benefit. According to Brendler (2002, p. 2), there are guidelines companies can follow to overcome resistance and help people embrace CRM as a business strategy. These include:

- Thinking through the impact of changes on people, individually and collectively;

- Building a case for change by focusing attention on reasons for change, including consequences of not changing and benefits of changing;

- Holding regular communication meetings;

- Managing the stages of confusion by providing lots of information and clarity about what is happening and when and how it will impact upon people;

- Listening and encouraging people to talk about what's happening;

- Allowing people to make the change and to "grieve";

- Supporting managers who become champions of the change; and

- Understanding that there are no quick fixes for this cultural and psychological challenge.

Knowledge Management

Knowledge management should be able to adapt and mould to the business requirements of the organization, even as those requirements change. Through knowledge management, organizations can answer questions and resolve problems using, reusing and adding to, information that exists all over the company, which in turn plays a critical role in CRM initiatives. CRM and knowledge management are not entirely different disciplines. Both may be sharing the same data warehouse and both efforts are meant to

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improve business efficiency and customer satisfaction. Hence, the two disciplines are really working toward the same goal and, in order for an organization to benefit from both disciplines, they should work together. The study revealed that knowledge management is a critical factor for the success of CRM initiatives. Managing data is an important aspect of CRM. Without the ability to look for data in the right place, easily retrieve data, change data accurately and reuse it, CRM will not be able to deliver and/or work properly. This result agrees with previous research conducted emphasizing the role of knowledge management in CRM success (Bueren *et al.*, 2005, Gebert *et al.*, 2003, Stefanou *et al.*, 2003). According to Harris et al. (2003, p. 2), from a CRM perspective, many CRM processes (service, sales and marketing) clearly rely on knowledge resources:

- Knowledge about customer behaviour and knowledge of customers regarding product use or service quality

- Employee knowledge, such as sales practices and client care insight

- Knowledge-based market intelligence and analytics, such as customer behaviour and personal preferences

- Business partner knowledge, such as the complementary services and products of interest to customers

- Knowledge of and about business processes — how and why processes are designed and interact

- Knowledge of contracts or partner agreements

- Skills and competencies of employees

- Wants, needs and aspirations of employees.

Interdepartmental Collaboration

It is difficult to effect changes or implement solutions in one part of an organization without impacting upon other parts of the system (Dent, 1999, p.10).Interdepartmental collaboration proved to be an essential element and supporting condition for CRM initiative success. A key task in implementation is for management to consistently communicate the strategic priority of the organization cross-functionally. It was apparent in the findings that a lack of communication between people in the customer relationship chain leads to an incomplete picture of the customer. The study revealed that within large organizations, cooperation is crucial between departments to reach the desired goals of CRM.

Ford provided insights that strengthened this result. Duplicated work was evident in this case and one department did not have enough information about what other departments were doing to improve the CRM processes in the company. Different software tools with similar functions were built into different departments, resulting in wasted budgets. All of this could have been reduced had there been sufficient collaboration between departments and divisions to unite efforts and work to secure greater achievements.

The complex business environment has created various customer entry points into an organization, including information, sales, order tracking and customer service, through a variety of channels such as mail order, telephone and the Internet. This creates challenges for companies in ensuring smooth information flows and interconnected processes that make accurate data available at any point in the process, thus providing a consistent and

coherent experience for the customer. To achieve this goal, departments should look for opportunities to collaborate on CRM initiatives, with a focus on sharing resources across the organization. Moreover, departments should not create or use their own independent data and information sources for decision making.

9.2.2 Interpretation of Implementing CRM in Saudi Arabia

The study revealed that CRM as a concept on its own is not well-known in Saudi Arabia. Implementations of CRM systems had mostly been carried out by major banks. To implement the concepts behind CRM in Saudi Arabia, a huge cultural change needed to be made, not only in organizations, but with concerned Saudis. Saudi customers are less demanding than their counterparts in the UK (Al-Ghamdi *et al.*, 2007; Gorrill, 2004, a; Gorrill, 2004, b; Prasad and Tata, 2003). This has resulted in less care being paid by organizations to customer satisfaction. Businesses in Saudi Arabia provide products and/or services depending on traditional needs or requirements of customers, not on actual customers' needs that are driven directly by them. A great deal of research is needed to improve 'customer service' in Saudi Arabia.

Change is inevitably coming to this part of the world as people are becoming more educated and aware of their rights. Businesses will soon find themselves forced to listen to the customer's voice and respond accordingly. The problem in Saudi Arabia is not about failing to implement an IT project; the problem arises from the cultural beliefs and norms that need to be changed for the better. Another major problem in Saudi Arabia is that of monopolies. Saudi Arabia has many organizations which are working exclusively

within their business specializations, without competitors. This is a major reason for such companies not listening to the voice of their customer. They know their customers have no choice but to stay with them and hence, calls for improvements in their services and/ or their products are often not forthcoming. Why change under such circumstances!

9.3 Conclusions

From the answers received to question RQ1, "What are the critical success factors of CRM initiatives? the study revealed the following critical success factors for CRM initiatives:

1- Senior management support

2- Business plan and vision

3- Making the change in small steps

4- Interdepartmental collaboration

5- Clear ownership of data

6- Training for end users

7- End users' acceptance of change

8- Degree of analysis and customer segmentation

9- Degree of alignment

10- Language consideration

11- Internet presence.

The above critical success factors are relevant to the research conducted on the current sample cases in this study. The researcher has chosen to include these 11 factors because they were repeatedly apparent in the cases studied. These factors are partly consistent

with previous academic research conducted (Shiah, S., 2005; Russell *et al*., 2004; Curry, A. *et al*., 2004).

Top management support refers to the level of senior managers' involvement in IT efforts in an organization (Rai and Bajwa, 1997). This factor is important in cases where a redesign of processes is to be undertaken by organizations to succeed in their IT efforts. This critical success factor is mentioned extensively in the MIS literature. "Few nostrums have been prescribed so religiously and ignored as regularly as executive support in the development and implementation of management information systems" (Jarvenpaa *et al*., 1991, p.205). Therefore, top management support is deemed the most important critical success factor influencing CRM initiatives in the current study.

From answers to RQ2, "What are the common difficulties when adopting a CRM initiative?"**,** the common difficulties arising from the current study were:

1- Resistance to change

2- Human errors in feeding the system

3- Governmental legislation

4- Cultural barriers

These difficulties apply to the sample of organizations studied. The resistance to change obstacle is a common difficulty faced by organizations undergoing change processes. This result is consistent with results of previous research conducted in this field (Xu, *et al*., 2002; Jackson and Harris, 2003; Fjermestad and Romano, 2003).

The second difficulty being faced by the organizations studied was human error while feeding the system. The term 'system' here does not only mean branded CRM software, it refers to any software tool used by the organizations to manage their customers. This obstacle may occur when there is insufficient training provided to the staff responsible for feeding the system. Having said this, such errors can occur even after sufficient training has been provided due simply to the element of human nature.

Governmental legislation may prove to be an obstacle in contacting customers in the manner an organization desires. Although such rules may restrict and lessen the freedom of organizations to conduct campaigns and contact customers in the manner they wish, these same rules are important for the protection of customers from being barraged and harassed by unwanted and unsolicited contacts. In Saudi Arabia, certain governmental rules may interfere with the freedom of an organization to choose vendors at will. For example, in Saudi Arabia it is illegal to conduct business with Israeli companies.

Cultural barriers were clearly apparent in Saudi Arabia because, as was found during this study, CRM is a relative new comer in this market. It will take considerable time before Saudis are able to change and demand their rights. Only then would businesses move forward to compete in serving and satisfying their customers better. This, however, does not apply to banks in Saudi Arabia. The study revealed that the banking sector in Saudi Arabia is already very competitive. Banks are trying to win the race in gaining customers. There are improvement related processes in progress in the customer relations sector which are being executed on a fast track basis.

From the answers to RQ3 "What does CRM mean for different organizations?", the study revealed that CRM meant different things to different organizations. This is due to the differing nature of the businesses studied and the varied uses to which their respective CRM initiatives were being put. The term customer relationship management is used to describe applications that are available in the market which promise to achieve the same purpose. While these solutions may differ slightly from one case to another, the main purpose behind each CRM initiative is to enable organizations to serve their customers better. Such improved service means different things to different organizations and should be identified in detail before a CRM solution is selected. In the author's opinion it is feasible for organizations to consider CRM as a call-centre or a loyalty program, as long as these considerations are expected to achieve the managerial and marketing goals of CRM.

From the answers to RQ4 "Is CRM the right solution for every organization?" it was clear that if only branded software from recognized vendors was to be recognized as CRM, then this standard and usually rigid interpretation of CRM could not always be implemented by every organization. On the other hand, if the managerial concepts behind CRM were considered, then CRM could indeed be implemented by every organization. This result agrees with an article in the Harvard Management Update (Anon, March, 2000, p.5), which differentiates between organizations which are most likely to benefit from CRM and others which are less likely to, as expounded hereunder:

- Most likely to benefit are companies who "accumulate lots of data on each customer's buying patterns in the course of their business"; for example, financial

or telecommunications companies. A key component of CRM in this case is the huge amount of information about the organizations' customers.

- Least likely to benefit are businesses where the customer is not in contact with the marketers, where the lifetime value of a customer is low, businesses with huge customer churn and businesses where location is critical to success.

The article did differentiate between customers whose needs and value are 'uniform' (eg. a petrol station service) and other customers whose needs and product value are differentiated (eg. pharmacy services). Organizations serving the first type of customers are less likely to benefit from CRM, whereas organizations serving the second type of customers are more likely to benefit from CRM.

9.4 Limitations

Even though the research has shown interesting results in terms of CRM initiatives, their critical success factors, difficulties and obstacles, some limitations did emerge. The most significant limitation arose from the differing sizes of the cases studied. This was due to the difficulties the researcher faced, mentioned in chapter 3, while trying to gain access to the organizations chosen, both in Saudi Arabia and the UK.

Like all academic research, this research was dependent upon the qualitative data given to the researcher from the interviewees, and hence, the analysis and results were dependent on the data obtained and the secondary research. Furthermore, the data collected was limited to the time frame given to complete this research.

Another limitation that needs to be borne in mind when assessing the current research is that the model did not include any measurement matrices or measurement tools. This was the researcher's decision after she conducted the first pilot study in Saudi Arabia and the people interviewed made it clear that they had no intention to supply information about the measurement tools they have for evaluating their CRM initiatives. They considered this kind of information to be confidential and hence not to be shared.

9.5 Managerial Implications

The findings reported in this study lead to a number of important managerial implications pertaining to organizations interested in the adoption of CRM initiatives.

- The proposed CRM model is intended to describe the sequential phases and supporting conditions of CRM initiatives. Advice could easily be deduced from this model. More specifically, the following advice is particularly important. It is important to keep in mind that IT is just a tool and an enabler, but often has also emerged as an obstacle. Hence, managers should strive to gain sufficient advance knowledge to understand the business improvement opportunities that CRM can provide. This involves ensuring that managers consult experts in the field, both within and outside the organization. Having knowledgeable managers would mean that decisions made would be better, which in turn will ensure that CRM initiatives would have a targeted strategic purpose. Making an advance critical assessment of the organization is vital for managers in order for them to understand where they stand in terms of customer service, customer satisfaction and their contact system's efficiency before any decision is made to adopt CRM.

- Customer relationships can be managed in ways that may not necessarily require huge investments in technology. The recruitment of professional staff will often be more effective than complicated technology applications

- For organizations, large or small, wanting to adopt a branded CRM software project as a major step forward, their managers should be willing and prepared to make heavy investments in such a project which may deliver a slow return on investment. Furthermore, managers should be prepared to accept that CRM projects achieve best results when implemented gradually, in small steps. Most importantly, managers should ask the following questions in advance: Is CRM the right solution for their organization? Does the organization really need branded CRM software to manage its customers?

- The benefits to be derived from CRM system implementation may vary, from one organization to another. However, there always are some common benefits that all organizations can receive from the system. It is important that these benefits should outweigh the costs of CRM adoption. These systems can and do save money, unnecessary paperwork and dispensable hours of work, but only in the long run.

- Top management should encourage their line managers and end users to exchange information on their CRM initiatives with their counterparts in other parts of the organization on a regular basis.

- CRM performance for small companies is not a difficult task. They have simply to maintain close relationships with a small number of customers and can continue to improve the ways in which to impress them, sell to them, market to

them and service them over a long time. This is most likely to occur with small family businesses like Bahrawi and Noortech.

- CRM is an on-going learning process; every contact with the customer providing the organization additional information about him/her. Hence, organizations should benefit from this valuable source of information for making continuous improvements.

- People in Saudi Arabia seem to avoid the term CRM but use other terms like call centers or loyalty programs to target their specific business objectives. For CRM to succeed in Saudi Arabia, managers should carefully consider in advance the impact of cultural trends in the Saudi environment. Furthermore, it is important to consider the language barrier when implementing a CRM tool or system.

- CRM application is not exclusively limited to the marketing department. CRM belongs to management, marketing, IT and management information systems as well. CRM concepts must be diffused throughout the organization if they desire to reach the level of becoming customer-centric.

- Quality is one of the important litmus tests which customers use to differentiate between the services offered by different organizations. Therefore, making on-going improvements to the quality of service and/or product is vital for the success of all CRM initiatives.

- Installing CRM before creating a customer-focused organization would be a big mistake. If an organization wants to develop better relationships with its more profitable customers, it needs to restore the key business processes that relate to customers, starting from account enquiries right down to after-sales services.

- Customer relationship management requires structures which support customers as well as personnel who are directly responsible for satisfying customer needs, like front-line staff. Providing intensive training successfully to front-line staff is important for leaving the first good impression of the organization on its customers. People usually tend to make their decision on dealing or not dealing with a certain business based on their first experience and the resulting impression made.

- It is important to recognize that relationships with customers vary significantly. Every customer has a relationship with the organization, but the nature and definition of such relationships vary according to the needs and requirements of the customer. The critical challenge for organizations is in recognizing that they must act in accordance with the wishes of their customers while trying to achieve their own strategic objectives.

- It is important to give authority to the CRM operating team members to overcome any difficulties and obstacles that may crop up.

- In order to obtain continuous improvements, organizations should offer reward schemes to their staff. Staff should be given the chance to participate and propose ideas for making improvements in a systematic and structured manner.

- Last but not least, it is important to remember that organizations are unique systems and that there is no such thing as 'one-size', 'fit-all' wear!

9.6 Contribution and Significance of the Study

The current study should be considered the first of its kind to be conducted in Saudi Arabia because CRM is a new comer in this developing country. An important contribution of the study is that it has revealed and underscored the cultural differences between Saudi Arabia and the UK and highlighted the effects of such differences on CRM initiatives and on future CRM initiatives to be undertaken in both countries. The decision to include different sectors and different cultures as samples for the qualitative research proved to be effective and profitable for the purposes of the study. This variety in sectors and cultures helped in the generalizing of results. Conducting the study in Saudi Arabia and the UK led to another discovery, which is that, cultures in developing countries such as Saudi Arabia have a major effect on CRM as a management discipline. Businesses in Saudi Arabia are interested in implementing CRM concepts but considerable work still needs to be done and serious efforts made to move towards becoming truly customer-centric. This, however, does not apply to banks in Saudi Arabia, which have been pioneers in developing CRM based strategies and the first to implement CRM branded software. All other businesses in Saudi Arabia could be considered as beginners in developing CRM initiatives in comparison to their counterparts in the UK.

Another important contribution of the current study is the CRM conceptual model proposed by the researcher. This model could be used by organizations to evaluate their CRM initiatives and assess their CRM readiness status. The proposed CRM model specifies the basic parameters of the CRM sequential stages and its important supporting conditions. It can assist researchers in concentrating their efforts on a specific research

area while simultaneously having an aerial view of the development process. It can also assist organizations in detecting problematic areas in their available customer-based strategy, thus, motivating them to improve it.

9.7 Future Research

This study is exploratory in nature. The reason for this is the relative novelty of the object of the study (CRM initiatives) and the relative lack of strategic theory describing such initiatives. Hence, there still are plenty of untapped research opportunities. With growing interest and significant investments being made in CRM systems, several empirical opportunities will emerge.

It is difficult to statistically test the proposed CRM model in a true/false format. The present model is in its present form a conceptual model. However, different parts of it would lend themselves well to quantitative tests. This is especially relevant when it comes to the different supporting conditions mentioned in the model. Future research could statistically identify the level of importance and influence of each supporting condition on the overall CRM initiative.

Another important future research study which could be conducted could be to explore in greater depth the cultural barriers in Saudi Arabia that are impeding and/ or slowing down the speed of CRM maturity in this developing country.

Furthermore, since the current study was conducted in different sectors and countries, it might be good idea in a future research study to use the proposed model to assess CRM maturity in a single sector and in one country.

Finally, future research could be conducted to test the influence of an organization's internet presence on the organization's CRM initiative.

In conclusion, continuous refinement of the CRM model proposed in this study is, undoubtedly, possible and even desirable, which would be based on further research and changes in business environments. Such refinements and modifications could necessitate the inclusion of new icons or the deletion of original icons. Although the researcher sought to cover all relevant aspects of CRM by carefully examining existing CRM literature, the researcher recognizes that there may be specific aspects of CRM that may have been overlooked by staying focused and avoiding over-widening of the scope. What may have been overlooked may in the future become relevant as new trends in managing customer relationships emerge and evolve.

9.8 Chapter Summary

This chapter has discussed the results that were revealed from the current qualitative study and were detailed in chapter 4, 5, 6 and 7 (First Stage Analysis: Detailed Cases Write-ups) and chapter 8 (Second Stage Analysis: Cross-case Analysis). Conclusions were derived from the answers of the research questions. The limitations and managerial

implications were discussed. Finally, the contribution and significance of the study and

future research were stated.

APPENDICES

Appendix A

Set of Open ended Questions Used in the Current Research

Background questions:

- Establish the history of the respondent's company

- Size of the market (market share/size)

- Customer segments – who buys

- Customer behaviour – what is bought

- Customer motivation – why it is bought

General questions:

- When did you decide to embrace a CRM project? And why?

- What are the steps you went through to start the project?

- What were the problems you faced when starting/implementing the system?

- How did you know that you needed improvement in the system?

- When do you usually do a review for the system? Is it on a regular bases or only when you face a problem?

- What were the benefits achieved from implementing the CRM system?

- How long it took you to fully implement the system and use it? How long it took you to start achieving profit?

- Was the CRM package off the shelf or built-in? And why? Who is your vendor?

- What ideas you have for improving the system in the future?

- What are the evaluation matrices you are using to assess success?

Set of Questions Based on the CRM Conceptual Model

- **Sequential Phases**

  1. Is the segmentation based on currant or future customers?

  2. How does the service vary between segments?

  3. How do you avoid the problem of low-tier customers resenting not being offered high-tier service? Does this extra work pay off?

  4. What information do you need in your database so that you can develop your CRM strategy?

  5. How is your internet presence? Are you satisfied with the standard you are offering online?

  6. What do you do to acquire new customers?

  7. What do you do to retain existing customers?

- **Supporting Conditions**

  1. Is senior management actively involved in the CRM program?

  2. How can you describe the culture of your organization?

  3. Do senior managers accept and discuss ideas offered from staff about improving the system?

  4. Does the organization encourage the communication between different levels about improving the performance of the system?

  5. Was the CRM package off the shelf or built-in? And why? Who is your vendor?

  6. How long it took you to fully implement the system and use it? How long it took you to start achieving profit?

7. What ideas do you have for improving the system in the future?

8. What were the difficulties when integrating the CRM system with all other systems in the organization?

9. What are the evaluation matrices you are using to assess success?

10. How would you describe the data environment?

11. What are the difficulties/constraints of the customer database?

12. How is the data used and maintained?

13. What quantity of information obtained, is used?

14. How do you look for valuable data?

15. Which department or unit is responsible for the analysis and distribution of data?

16. How often do you get complaint from employees about the system?

17. How does the employee deal with the CRM system?

18. Do you do training for the people in the organization? How often?

19. When first implemented the CRM system, how did the employees react to this improvement?

20. How do you get to know your customers expectations about your product or service?

21. How do you know if your customers are satisfied?

22. What do you do with customer complaints?

23. What services you provide which you think differentiate you from others and give you a competitive advantage?

24. How does this all feed back into the improvement of the CRM system you have?

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