

Critical success factors in customer relationship management implementation

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Abstract

The purpose of this study is to find the critical success factors of customer relationship management implementation in automobile industry. Semi-structured interviews were carried out to collect the needed data. The interviews were written or recorded then transcribed and analyzed by implying content analysis method. The results have reflected that all the investigated companies are implementing CRM furthermore some success factors such as training employees, top management support and the desired organizational culture have been determined that impacts the project significantly and intensely toward obtaining the desired results.

Introduction

Schiffman and Kanuk(2004) have explained that a successful marketing relationship is the promise and commitment of the company towards the customers' long term satisfaction by

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offering values. It should also be considered that the meaningful exchange of values depends on boundary functions as well as the organization or the company as a whole. Hence, critical values of cultural orientation are vital to the successful implementation of relationships. Reichheld(1996) has explained that during the past marketing period, companies that have the ability to offer the required products and services and having advantages through productivity gains and lower costs could satisfy their customers. The reason that companies could produce massively since customers were happy with those products, but today the goal of mass marketing that focused upon selling what manufacturing produced had lost its effectiveness since more firms entered and market segmentation had changed.

Firms produce according to the customers' expectations and due to these changes it is preferred that companies concentrate on small customer segments. Hence, close relationship with customers increased (Chatham *et al.*, 2002) since they are not same in their wants and expectations. According to the techniques of customer relationship management, relationship marketing focuses on individual customers. The firm must also be customer centric rather than product focused. Companies that focus upon customers try to serve them in the best manner to satisfy them. It can be done by integrating marketing activities and the business process of the company. They also adopt themselves with changes; hence, they will be more flexible to respond to changes in customers' needs (Field and Shutler, 1990, Bowen and Hedges, 1993, Conlon, 1999, Prabhaker, 2001, Flint *et al.*, 2002, Bigné *et al.*, 2004). In the present study the researcher is trying to identify the success factors of customer relationship management in automobile industry settings.

An analysis on the definitions of customer relationship management

Gummesson (2002b) has considered four fundamental values for relationship marketing. First, the activities regarding relationship marketing do not focus upon a specialized department. This means there must be a marketing orientation of the whole company. Second, relationship marketing emphasizes on long-term collaboration, so companies should view their suppliers and customers as partners(Hallén *et al.*, 1987), where the goal is to create mutual value. The relationship must be meaningful for all those involved, with the purpose of retaining long-term relationships with parties. Third, all parties should accept responsibilities. Relationship must also be interactive(Guenzi and Pelloni, 2004) which means customer can initiate improvements or innovation of the product(Gupta *et al.*, 2004). Fourth, customers should be considered as individuals, suppliers' task is also to create value for the customers. Thus, obviously it can be said that all these ideas lead to customer relationship management. Gray and Byun (2001) explain that the concept of customer relationship management is very easy. Instead of focusing to a mass of people or companies, it goes for each individual customer. A one to one approach tries to have information on a customer's needs and wants, so the products and services offered will be accepted better. Peppers and Rogers (1999) believe that "*some organizations consider customer relationship management as a technology that extends separate databases and sales force automation tools to bridge sales and marketing functions in order to improve targeting efforts. However, to other organizations customer relationship management is a tool specifically*

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designed for one-to-one customer communications, a sole responsibility of sales and service, call centers, or marketing departments.”

Goldenberg (2000) has emphasized, *“Customer relationship management is not merely technology applications for marketing, sales and service, but rather, when fully and successfully implemented a cross-functional, customer-driven, technology-integrated business process management strategy that maximizes relationships and encompasses the entire organization. Customer relationship management business strategy leverages marketing, operations, sales, customer service, human resources, research and development and finance, as well as information technology and the internet to maximize profitability of customer interactions.”* Reichheld(2000) and Bin-Xing(2005) has explained those companies that have applied customer relationship management resulted in more competition, higher revenues and lower operational costs; it also increases customer satisfaction and retention rates. In the same way Kassanof (2000) has explained customer relationship management brings customer loyalty and profitability such like repeat purchases and longevity that means customers understand that they are benefiting because of time saving and money as well as receiving better information and special treatment. In fact, CRM has developed as an approach based on maintaining positive relationships with customers, increasing customer loyalty, and expanding customer lifetime value(Blattberg and Deighton, 1996). Finally, Versleijen and Pradham(2000) have asserted that in recent years, companies have a new trend to implement customer relationship management as a factor that will allow them to survive in the new market conditions, favoring the relationship with their customers.Regarding the definitions of CRM, there have been many definitions made by several researchers. Among them is Wyner (1999) who has defined customer relationship management as a business strategy that increases volume of transaction. It tries to increase profitability, revenue, and customer satisfaction. Bose and Sugamaran (2003)have explained that customer relationship management is about managing the knowledge on customers to understand and serve them better. It is an umbrella concept that places customers at the centre of an organization. Thus, customer service is an important part of CRM. In addition, CRM is also concerned with coordinating customer relations across all business functions, points of interaction and audiences.

One year later, Laplaca(2004) has emphasized that customer relationship management is a mutual relationship between the customer and the seller that is beneficial to both. Dyche(2002) believes that CRM is the infrastructure that enables the delineation of an increase in customer value and the correct means by which to motivate valuable customers to remain loyal-indeed to buy again. Xu (2002) states that basically, customer relationship management is an idea regarding how a company can keep their most profitable customers by increasing the value of interaction. The value is maximized through differentiation of the management of customer relationships. In another definition Xu has explained that customer relationship management is a notion regarding how an organization can keep their most important customers and at the same time reduce costs, increase the values of interaction consequently maximize the profits.

Finally, Swift (2000) has defined customer relationship management as an enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty,

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and customer profitability. Thus, according to explanations and the stated definitions of CRM, the researcher concluded that generally, all the definitions of Customer Relationship Management revolve around creating a kind of situation that incorporates customers in the best way. CRM implementation also leads to mutual relationship that is beneficial for both companies and customers. Companies will be able to render products and services to customers at the right time and right place.

Another point refers to customers' expectations, since as soon as their needs are answered, long and profitable relationship will be created. Therefore, this promotes customers to be loyal and undoubtedly, will influence positively on the company's profit in a long run. Finally, companies that are able to implement CRM can compete effectively and efficiently. Consequently, they can survive in a stiff- competition environment. Finally, the researcher has summarized CRM definitions and explanations that are reflected in Table 1.

Table1: CRM definitions

Author	Year	Statements
Blattberg and Deighton	1993	CRM approach is based on positive relationships with customers to increase customer loyalty.
Wyner	1999	CRM is a business strategy that increases volume of transaction, revenue and customer satisfaction.
Pepper and Rogers	1999	CRM that is created to have a mutual relationship between seller and the buyer.
Goldenberg	2000	CRM is a one to one approach that tries to have the most information regarding customers.
Bose	2001	CRM increases customer value, also it can be used to motivate valuable customers to remain loyal.
Swift	2001	CRM is an approach to understanding and influencing customer behavior by meaningful communications to increase customer retention, loyalty and profitability.

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Xu	2002	CRM is an idea about how a company can keep most profitable customers by increasing the value of interaction.

A review on Customer Relationship Management Critical Success Factors

Some studies have been carried out to determine critical success factors of CRM implementation. First, the definition of critical success factors will be described and then the factors will be discussed. Croteau (2003) says, "*Critical success factors for CRM are the limited number of areas that must achieve satisfactory results to make CRM implementation a success.*"

1. Mankoff(2001), Meredith(2000), Nguyen (2007) explained that from the beginning of the project, the expected goals or benefits from implementing CRM should be determined. However, some organizations make it clear, but many projects fail since this factor has been ignored. It should be clarified what the company is trying to get from CRM. Is the company trying to enhance customer satisfaction? Is the company attempting to reduce the customer retention rates? Is the company trying to improve customer response times? To achieve all these objectives there are some solutions, but they should be prioritized, and then the CRM technology should be selected accordingly. The needs of CRM project should be guided by the business goals. The features that do not help company to provide better services and products to customers should be removed (Mankoff, 2001).

2. The tools and technology of CRM should be matched with the systems in the company(Meredith, 2000). It means that try to change the tools of CRM as a natural part of customer service interaction. For example, a major manufacturer of pet foods producer has designed pop-up screens for the toll-free consumer phone line. In this system, the final pop-up screen impelled the representative to ask customer's name and address, but after they have understood this, it is becoming more natural if representatives themselves ask the customers "What's your name?" "Where are you calling from?" and "What's your pet's name?" in the beginning of the call (Anderson *et al.*, 1994).

3. Customers and end users should participate in the designing as well as the functioning of CRM project, so they will have a better idea on how CRM support them. In addition, by employees' active participation, managers will not face any resistance from them(Ribbers and Schoo, 2002, Wilson *et al.*, 2002, Croteau and Li, 2003, Mendoza *et al.*, 2007, King and Burgess, 2008, Shum *et al.*, 2008).

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4. Employees at all levels have to gather information on CRM implementation accurately. If they are well- informed about CRM project, the implementation of the project is expected to be successful and the data will be used merely in other CRM projects (Anderson and Kerr, 2002). Not only the cooperation of all employees is needed to implement CRM, the cooperation and support from executives also have a great role in the success of the project, thus, top managers must actively support the project. In some cases, CRM implementation is crucial for company and the top executives and managers should inform all employees of the company (Mendoza, 2007).

5. Training of the end-users is also very important, it means that rendering and arranging training courses can be a great help to implementation of the project since it leads to the success of the project. It should be considered that training must be done in the beginning of CRM project (Bose, 2002). In another word, by training, employees will understand fully the positive impacts of CRM technology to render better products and services to customers so, they will accept the changes easier. It should be considered that to be supported by employees, they should be involved from the very beginning of the project (Mankoff, 2006). According to the success factors of CRM, the researcher concluded the followings: To provide the basics of CRM such as CRM software from inside the company so, no mismatch between the business process and CRM software will occur. Top managers and all employees should participate deliberately in the implementation of the technology. In addition, top managers and CEOs have to get feedback regularly to be sure that all departments are well integrated. Employees training will be helpful since they know the purposes of CRM implementation and how they have to work with it, so managers will not see any rejection from employees. According to vision and mission of organization, the goals and the expected results of CRM implementation should be clarified, so every one that is engaged with the technology knows how much work should be done to achieve the desired results.

Research Method

The method used in this study is very helpful as it provides the purpose for which it designed. The most important objective of the study was to determine the current customer relationship management implementation barriers in automobile industry of Iran; hence, the method of case study is used due to its ability to reveal the process very clear (Yin, 2002). For the mentioned method, the researcher has done face-to face interviewees with informants as well as attending CRM seminars, the training courses and staying in departments related to CRM implementation of the analyzed companies. These methods supported the researcher to analyze the case study deeply and profoundly therefore actual findings and conclusions could be reached. Accordingly, the case study focuses upon Iranian automobile manufacturers that are implementing CRM and have experiences in the CRM project implementation. The researcher has collected the required data over the period of seven months. To do this, different data collection methods were conducted such as interviews, documentation, and observation. The interviewees were categorized into two groups, namely managers (CEOs, Marketing managers, IT managers, CRM department managers and Sales and service managers) and non-managers (IT department employees, CRM department employees, marketing department employees and sales and service employees).

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Characteristics of the investigated companies

The investigated automobile manufacturers (A-I) are divided into two categories, private and governmental companies. Out of the 9 companies 4 of them are governmental and the rest are private. Company A has started CRM implementation since 2003 (the most experienced) and company I has stopped the project implementation since it has failed. All the visited companies were aware about the importance of customers, having long-term relationship with them and finally of making them feel satisfied. Iranian carmakers are aware about the competitive edge that will be created by CRM implementation. They knew that if they wanted to survive in the local and the international market, developing strong relationship with their customers is a perfect alternative. Table illustrates the characteristics of the investigated companies.

Findings and discussion

Generally all respondents in Company A agreed on the items such as acceptable and complete training courses, invitation of technical trainers, top management support and well- integration of all departments in the project. It is found e the most critical success factor is commitment of the top managers and CEOs since the project needs plenty of budgets for training courses and providing tools to run CRM. The other factors come after this can be active cooperation of all people, well communication and making a friendly atmosphere. Similarly in company B all interviewees pointed that managers' support and commitment, availability of the needed infrastructure for CRM implementation, training courses for employees, leadership that led to high integration and cooperation among all departments were vital. *"I think as you plan to implement CRM you should have the required items such as software, internet, and massive storage devices however in the beginning we did not have all the needed items but now we have and it causes a successful CRM implementation"* claimed interviewee A.

Another interviewee who has four years experience in the CRM project claimed if they have progressed in CRM implementation, it was about the managers' support. *"I believe our managers' support can be counted as the most important success factor of CRM implementation since they provide the needed budget, tools, devices and participate in the project actively, inviting employees in decision making, finally creating a friendly atmosphere"* Interviewee B. Upon asking the question regarding the CRM success factors of company C interviewees pointed to factors such as support from top managers, positive organizational culture, training courses, acquisition of the required tools for CRM implementation such as hardware and software and try to have as much as customer touch points in order to have closer relationship with customers. As

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the CRM manager of the company clarifies: *"I believe support of top managers helped us to be successful. In this regard, they provide us the needed items for the project that I found it the most fundamental in CRM implementation. Also the role of continuous training courses cannot be ignored"* Interviewee A. However, another interviewee emphasized on the importance of culture for CRM implementation. *"If we are implementing CRM successfully the reason is the proper organizational culture since culture is strictly related to people that is the performers of CRM. If they do not want, running CRM is meaningless"* Interviewee B. Another interesting point refers to the experience of managers in the implementation of the new project. It can be said managers of the company have valuable experiences in handling CRM and ERP projects consequently it became a critical success factor for the organization. *"Luckily our managers are well-experienced in new project implementation that was a great help for us"* Interviewee C.

Regarding company D interviewees remarked factors such as proper training courses, support of top management, accurate and sufficient customer data and trying to answer customers' expectations. *"Support of managers and training helped us greatly to run the project. Managers created a very friendly atmosphere so cooperation became easier also training was another factor that impacted our project explicitly since to some extent our employees became familiar with the new project"* Interviewee A. One of the employees of the Marketing Department claimed: *"Because of owning the required tools to store the needed customers' data which is the heart of CRM we are progressing in the project"* Interviewee B.

The success factors that were explained by the respondents in company E revolved around the commitment of the top management, the training courses offered, and the effective leadership of CEOs and top managers in handling the projects in difficult situations. *"The method that managers employed to run the project, their active participation, the motivation that they gave the employees and the required tools that they used for the project caused great improvements. I remember facing difficult situations but managers handled them nicely"* Interviewee A. Another interviewee emphasized on the importance of the training. He believed these courses helped them to run the project a lot. *"We are administering CRM training continuously. The trainers are well-familiar with CRM that caused exceptional results to the project. Since our employees could understand the philosophy of CRM deeply"* Interviewee B. In Company F the researcher did not find any success factor. Since interviewees believed that since the company is not successful in CRM implementation, so there is no success factor. *"I have to say frankly. We are not implementing the CRM successfully. If we continue in this way the project will fail"* Interviewee A.

Top management commitment was found to be an influential success factor in the project of company G. Interviewees revealed that managers had participated actively in the project, supplying the required items and allotted time to be experienced in the project. One of the respondents who was in the project from the beginning claimed: *"Our managers' great help was that giving us enough time till the project becomes mature, also rendering the needed facilities and direct managers' support. These have caused remarkable results"* Interviewee A.

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Another success factor referred to the starting time of classes. Certainly, the knowledge of trainers about the project was significant. *"Our training courses started before the project; hence the employees received an acceptable background of CRM. I believe trainers did a good job in teaching our employees"* Interviewee B. Regarding the success factors of CRM implementation in company H interviewees indicated that they did not attain the objectives, yet none of them talked about success factors. They believed the company just started the project one year ago; hence, they did not have much experience. *"This is the first year of our CRM project. We need more time to be matured to get the desirable results"*.

Conclusion

The researcher described the common critical success factors of CRM implementation of the investigated companies in the following explanation. The first success factor was the training programs. The researcher believed that the companies attained their goals of CRM implementation due to sufficient training; hence the positive impacts of the courses cannot be ignored. This finding was supported by Bose (2002) who believes training leads to the success of the project. The researcher claimed that with sufficient training, employees will have the required knowledge and background to implement CRM. CRM project will also be implemented smoothly. The other advantages were employees will not be under stress and the resistance of running the new technology will be minimized. This finding agreed with Mankof (2006) who believes that by training, employees will accept changes easier. Another point about the training refers to the starting time.

The researcher claimed that if they started before the CRM project, results that are more desirable will be obtained. The second success factor was the top management support. The researcher emphasized that without top management support, the project will not be successful. As said earlier to implement CRM project, many items were required such as time and budget to obtain desirable results. The researcher believed more participation and commitment of managers would increase employee's participation in the project. The above finding is supported by Anderson and Kerr (2002) and Mendoza (2007). They believe cooperation and support of top executives have a remarkable role in the success of the project. The researcher discussed the top management support from another angle which was the availability of the needed infrastructures to implement CRM project. Organizations and companies with the needed infrastructure to implement new technologies can obtain desirable results. The researcher emphasized that the above factor was strictly related to the top management commitment and support. The author asserted that among the investigated companies, those with more top management support were more satisfied with the acquisition of the required items for CRM implementation.

The third success factor was determining the CRM objectives and goals in the beginning or before the project implementation. The researcher claimed the companies that have identified the goals of CRM project and subsequently informed the employees of those objectives, and then the CRM project would be run effectively and efficiently. Naguen (2007), Medit (2000), and Mankof (2001) supported this finding. As top managers defined the expected goals of any new project, employees would feel secure since they know what should be attained. Finally, the researcher believed that high level of communication can be considered as a

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success factor. It was found that the companies that communicated well about the CRM project with employees implemented the project easier. Unquestionably, in this situation, more information will be exchanged among employees and managers, so the both parties will benefit. Anderson and Kerr (2002) supported this finding. They prove if employees are well-informed about the CRM project positive consequences will result.

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