



# Marketing and Customer Relationship Management for ONYOU Home Textiles Franchise Store in Hefei, China

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Abstract  <p>ONYOU bamboo fiber home textile franchise store is a small business located in Hefei City, Anhui Province, China. It has been running more than three years since ONYOU franchise store was set up on March 2010. It has gone through the good times and also tough times, there are still challenges and threats existing that this store needs to confront.</p> <p>In this thesis report, the marketing and customer relationship management suggestions has been designed for ONYOU franchise store and some constructive comments are given to the store's future development. In the report, it will be mainly focused on how to improve marketing effects and CRM with the target customers and find out what kind of marketing and customer relationship management is suitable for ONYOU Home Textiles Franchise store in Hefei, in order to make the small business develop in a good cycle and make more profit.</p> <p>The research was applying quantitative method and qualitative method which mainly done by questionnaires and interviewing customers. And the outcome of the research in the end was used to analyze the situation of marketing and CRM so that it can be used for giving suggestions and constructive comments for future development. The research used ways of seeking the resources from the professional books and Internet websites, combining the results of interviews and questionnaire surveys to come up with the strategies. Quantitative research survey was organised by a questionnaire. The main qualitative research methods include group interviews with several people to acquire detailed answers.</p> <p>The thesis results demonstrate the importance of implementing CRM and effective marketing for ONYOU franchise store in reaching profit goals by maintaining a good long-lasting relationship with the customers. The influence of the implementation of suitable marketing and CRM proved to be significant for ONYOU franchise store's future development.</p>			
Keywords  <p>ONYOU Home Textiles Franchise Store in Hefei, China Bamboo fiber, textile industry, Marketing tools, Customer Relationship Management</p>			

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## 1 INTRODUCTION

With the growing awareness of environmental pollution and increasing demands on health, new natural materials become more and more popular. Bamboo fiber is extracted from a bamboo cellulose fiber, which also is the fifth-largest natural fiber after cotton, linen, wool and silk. It has good air permeability, instant water absorption, good dyeing, and natural antibacterial, antimicrobial, prevent mites and anti-ultraviolet functions. It becomes much consumer's favor along with product demand increasing every year. (bamboo fabric 2013)

Bamboo fiber product is made of superior natural bamboo as raw material by applying special high-tech treatment process to extract the cellulose in bamboo. Bamboo fiber have remarkable advantages such as good air permeability, instant water absorption, strong wear resistance, excellent washability and other features, soft and comfortable. Therefore, it is becoming actual product that could benefit for human daily life. (bamboo fabric 2013)

ONYOU Home Textiles Company is the leading company in China on the market of bamboo fiber textile industry, which has thousands of franchise stores around China. (ONYOU Files, 2013) ONYOU franchise store in Hefei City is the thesis topic and the research topic.

### 1.1 ONYOU Company and Brand Introduction

Hunan ONYOU apparel Ltd, Co. established in 2006 in Changsha China, which is a set of product development, production, marketing and investment integrated enterprise. It has been adhering to the "integrity to conquer the market, quality to keep the market, innovation to win the market" business philosophy. Under the leadership of the chairman of Mr. Qiuliang Yang of the company realized a breakthrough technology to transform traditional industry and changed the rules of the game the apparel industry through innovation and the introduction of foreign technology in just a few years, and first proposed the "breathable" theory to pajamas then create light breathable pajamas. The goal of ONYOU Company is to build the first bamboo brand of Chinese pajamas. (ONYOU Files, 2013)

## ONYOU Company and Brand

In 2006, at the inception phase of ONYOU Company, it only had bamboo fiber towel series products. However, because of its unique selling point, ONYOU terminal sales amounted to several million products only in six months. With the development of market, ONYOU Company have improved the product and extended the product line and adapted bamboo fiber to bedding, socks, underwear and other series since 2007. ONYOU terminal sales broke through billion products until the end of 2008. Nowadays, ONYOU Company has developed an huge product system into bamboo fiber towels, bamboo fiber socks, bamboo fiber underwear, bamboo fiber clothing (including T-shirts and trousers), bamboo fiber others totally five series, more than 400 varieties, more than 2000 kinds of specifications. (ONYOU Files, 2013)



FIGURE 1. Product display in ONYOU franchise store in Hefei, China

ONYOU Company applies "create a new high quality of life" as the corporate vision, advocating honest, pragmatic and innovative spirit, committed to creating a franchisee and consumers with mutual benefit and common development platform to create wealth. Today, ONYOU has more than 1,000 stores in China, sales network throughout China from north to south. ONYOU brand has successfully upgraded its product and walked into the more than 20 million consumers' lives, to achieve their quest for quality of life. (ONYOU Files, 2013)

ONYOU the "chain of win-win" success model have achieved of Oulin Golden Age glory. The company has won the "China Famous Trademark", "Chinese High-tech Enterprise", "the most competitive", "the most brand growth enterprise", the com-

pany leaders repeatedly won the " Top Ten smart business figures ", and other awards. (ONYOU Files, 2013)

## ONYOU Products

Before knowing the market and competition environment, it is necessary to learn the special features of ONYOU bamboo fiber product.



FIGURE 2. Bamboo fiber product-Towel series

Bamboo fiber product is based on superior natural bamboo as raw material through special high-tech treatment process to extract the cellulose in bamboo. Then by the system of plastic, spinning and other processes which produce the regenerated cellulose fibers. Without any chemical additives, because of its good air permeability, instant water absorption, strong wear resistance, excellent washability and other features, soft and comfortable, bamboo fiber product had been hailed as the "breath of eco-textile", "fiber Queen." This kind of new material has various functions and special features as below: (bamboo fabric 2013)

(1) Non-stick oil function: Soy sauce and cooking oil were poured in the bamboo fiber respectively, and then rinse with tap water directly without any detergent. It is still clean and like new. This is because bamboo fiber unique "zhu kun" component, it has a super decontamination and self-cleaning performance.

(2) Deodorant absorption feature: There is a special ultra-fine porous structure inside bamboo fiber so that it has a strong adsorption capacity. It is able to adsorb air for-



maldehyde, benzene, toluene, ammonia and other harmful substances, and eliminate bad odors.

(3) Moisture desorption features: The porous structure of bamboo fiber has good moisture absorption, desorption feature, which automatically adjust the humidity balance in the body.

(4) Super health functions: Bamboo fiber concentrations up to 6000 negative ions / cc, equivalent outskirts of the field of anion concentrations, so that the body feels fresh and comfortable.

(5) Antibacterial function: Original escherichia coli and staphylococcus and other harmful bacteria were cultivated on bamboo fiber fabric cloth for one hour, the bacteria disappeared 48 %, and eliminated 75 % after 24 hours.

## 1.2 Research Problems and Objectives

Due to the bamboo fiber textile is still a new material exposed to the society. Most of customers are unfamiliar to this new material that can be used in daily life. Thus, for franchisee, there exists challenges go with many opportunities. It would take some time for customers to accept this new product made of new material, and confront many difficulties to enter the market and gain customers. On the other side, what ONYOU franchise store faced, the bamboo fiber industry is a blank market; it contains limitless business possibilities in bamboo fiber industry. The main objectives is studying marketing modes and customer relationship management for this home textile franchise store and find suitable methods to improve it.

Therefore, the main problem of the thesis is: **What kind of marketing and customer relationship management is suitable for ONYOU Home Textiles Franchise store in Hefei, China?** These problems will be figured out through analysing marketing tools and modes and customer preferences, which results come from questionnaires and interviews. Suggestions of marketing and CRM about future development would be given by analysing the research results.

## 2 ONYOU FRANCHISE STORE IN HEFEI AND MARKETING TOOLS

Market includes products or services and the most important —consumers. They have certain needs so that they exchange money for products or services. What marketer should do is to know the demand of customers and provide the best products or services on the market. At last, the marketers have gained customer value and customer satisfaction from the product or service they got. Thus, the profit is created by them for long-run. (Kotler 2008, 17)

### 2.1 Marketing Environment

The marketing environment includes the factors and influences that have an effect on marketing capacity to improve and keep good relationships with its consumers. It is necessary to understand the great importance of keeping eyes on the changes happened in the market and adapting the environment. The marketing environment exists opportunities along with threats. Successful companies will modify their strategies, structures, systems to match up with the increasingly changing market. (Kotler 2008, 17)

Textile industry analysts believe that bamboo fiber industry has great potential. However, many bamboo fiber processing enterprises are small, which production volume and production level is not high. Therefore, most enterprises just using bamboo fiber products as a kind of supplement not develop it as a pillar industry. The overall industrial levels need to be improved. There also are significant limitations of the product development. (bamboo fabric 2013)

What is more, due to bamboo fiber textile across the two industry sectors, forest industry and textile industry, there is no clear product positioning. In the production process, the regenerated fiber production process is pulp production process. Whether the production process caused environmental pollution require further assessment. Environmental issues turning into the biggest obstacle during the development of renewable bamboo fiber. Nowadays, there are more and more counterfeits showing up on the market trying to replace the real bamboo fiber products and then grab part of profit and market shares. Thus, fiber identification and detection technology is backward and should be improved. (bamboo fabric 2013)

The cotton fiber takes up the most market shares, and other traditional fibers also are the mainstream on the market. It is fierce competition among this traditional textile

industry. Of course, the bamboo fiber as a new component to using in our daily life has some difficulties to enter in market. But the applying bamboo fiber into human life is a small step for the whole textile industry, but it will cause a dramatic change in human life in the future. It is a blank market with great opportunities. This kind of bamboo fiber based on eco-friendly green products, which beyond the traditional textile vicious competition; take actions on another way to approach market. It will become a new growth point of production value in the future textile industry. (bamboo fabric 2013)

According to the "2010-2013 China bamboo fiber market outlook survey research report", it illustrates that bamboo fiber market is growing rapidly, the world's textile industry also formed a certain scale and relevant bamboo fiber industry is also increasingly perfect. But in China, our fiber market is not mature in terms of market size, product quality, character varieties, and consumption levels, there still are considerable gaps. With economic development, more advanced bamboo fiber technology, continuous improvement of product quality and extended applications, there are huge development space and demand potential for China's bamboo fiber market. (bamboo fabric 2013)

## 2.2 Marketing Tools

Marketing mix refers to a business tool applied in marketing and by marketing professionals. Enterprises considering the environment, capacity, competitive conditions which are the factors they can control, applying the best combination in order to complete the business goal and mission. In other words, marketing mix is an important part of business marketing strategy constituting the basic marketing tools into a holistic activity. The main purpose of marketing is to meet the needs of consumers. There are diverse measures to be taken to meet customer needs by the reason of various demands. Therefore, enterprises in carrying out marketing activities must grasp those basic measures, and a reasonable mix can give full play to the overall advantages and effects. (Marketing Mix MBA Encyclopedia, 2013)

In essence, the marketing mix is the set of tactical marketing tools that could be controlled and combining everything the company can do to affect and meet the demand of target customers, which can be classified into four groups four P's: Product, Price, Place and Promotion. Each "P" consists of various aspects that a company should do to enhance their company marketing influence. (Kotler 2008, 157)



FIGURE 3. The four P's of the marketing mix (Kotler 2008, 49)

As the Figure 3 shows each part of marketing mix has more details. Firstly, product variety, quality, design, features, brand name, packaging, sizes, services, warranties and returns are belonging to Product. Secondly, the Price contains list price, discounts, allowances, and payment period and credit terms. Then, the Promotion is known about sales promotion, advertising, sales force, public relations and direct marketing. Finally, the Place includes channels, coverage, assortments, locations, inventory and transport. Every detail of marketing mix should be taken into carefully consideration when manager is going to make decision about marketing. (Kotler 2008, 49)

The case company is a small business, which does not have a big budget to conduct all of aspects of the marketing mix. The marketing of ONYOU franchise store is only on the basis of its current situation and budget of marketing. As for ONYOU store that it is possible to choose some important aspects of marketing mix to implement would be adequate.

Therefore, from ONYOU franchise perspective, it is able to keep providing products with high-quality, special features of bamboo fiber, fashionable design, nice packaging and thoughtful customer service. ONYOU could have discounts depending on seasons change and/or its inventory. As for promotion, sales promotion is necessary for any kind of business. Advertising is only based on the inexpensive ways such as leaflets and newspaper advertisement from ONYOU franchise store's own situation. The sales force's training is essential to store, because they are the first face to contact with customers. And choosing the location should be nearby busy area which has the large flow of people.

Traditionally, these considerations were known as the 4P's: Product, Price, Place and Promotion. As marketing became a more sophisticated discipline, three more were added: People, Process and Physical evidence. As for people, anyone who comes into contact with customer will make an impression, and that can have a profound influence no matter positive or negative from customer point of view. Thus, it is important to ensure that all employees in ONYOU franchise store are not only properly trained, well-motivated and have the right attitude. Then, the process of offering a service and the behavior of those who deliver are essential to customer satisfaction. ONYOU franchise store could simplify the whole selling process, such as decrease the waiting time, give information more quickly and in time and so on. Unlike a product, a service can't be experienced before it is delivered. That is why customer needs physical evidence. This uncertainty can be decreased by helping potential customers to 'see' what they are buying. The nice display of ONYOU product, a good shopping atmosphere inside ONYOU franchise store, friendly and helpful sales person, these all would be contribute to the effective physical evidence in order to enhance the possibility of purchase.

### 2.3 Introduction of the ONYOU Franchise Store

Franchising operation is a specialized form of licensing operation that stemmed from centuries ago. Franchisor not only sells the use of the intangible property significant

to the franchisee's business but also operationally assists the business on a sustained basis, for instance, the franchisor offers sales promotion and training. (Daniels 2009, 587) In other words, the franchisor sells his business idea and marketing concept for franchisee, allows the franchisee to use the franchisor's trademark, marketing material, copyright and business know-how and distribute the supplier's goods. In return, the franchisee pays the franchisor a fee.

In the first place, the ONYOU franchise store in Hefei City was set up on March 2010, and located in GuoGou shopping mall which in the busy business centric district downtown. There is significant advantage because it is a shopping mall in busy area that would lead to large flow of people. Otherwise, the costs in there were too high to bear for a small business owner including the rent, administrative fee and electricity fees. Although, sometimes the location advantage could bring comparable profit and the turnover was considerable. The shopping mall has strict restrictions of management, and the shop owner must conform unconditional. For example, the shop has to join in the seasonal activities the shopping mall holding and keep the same pace with them. It is still brought much pressure to ONYOU franchise store owner. (Interview Ms. Gao 4 July 2013)

After long consideration, the owner decided to move the shop to other place, which is the second location of ONYOU franchise store. The shop was moved out from the shopping mall to the street nearby the neighborhood in March 2011. The advantage is the costs have been decreased a lot along with the shortcoming of lack of large flow of people. The shop manager could arrange promotion activities or discounts according to their stocks or their own conditions. It could give the management people more freedom to make decisions about how to control the inventory and operate the shop better. (Interview Ms. Gao 4 July 2013)

Additionally, in many cases, the franchisor provides supplies, as well as ONYOU franchise store in Hefei. ONYOU has an online ordering system in its official website that franchisees are able to order what they want and need, thus to replenish their inventory. Then the ONYOU Company would arrange the goods to deliver from Changsha to Heifei distribution center in few days. The shop owner could send employee to receive goods to the shop. After checking and classifying, the sales staff would display the product in the optimal way to perform. (Interview Ms. Gao 4 July 2013)

## 2.4 SWOT Analysis of ONYOU Franchise Store in Hefei, China

SWOT analysis (alternatively SWOT Matrix) is a distillation of the findings of the internal and external audits which draws attention to the critical organizational strengths and weakness and the opportunities and threats facing the company. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit. After the SWOT analysis has been performed, it can set the objective which allows achievable targets for the organization or enterprise. (SWOT Analysis 2013)

Identification of SWOTs is important because they can inform later steps in planning to achieve the objective. First, the decision makers should consider whether the objective is attainable, given the SWOTs. The objective of SWOT analysis is to make the analysis useful and find their competitive advantage by asking and answering questions that generate meaningful information for each category (strengths, weaknesses, opportunities, and threats), which shows where a business should focus its attention. Here is a SWOT analysis results matrix below. (SWOT Analysis 2013)

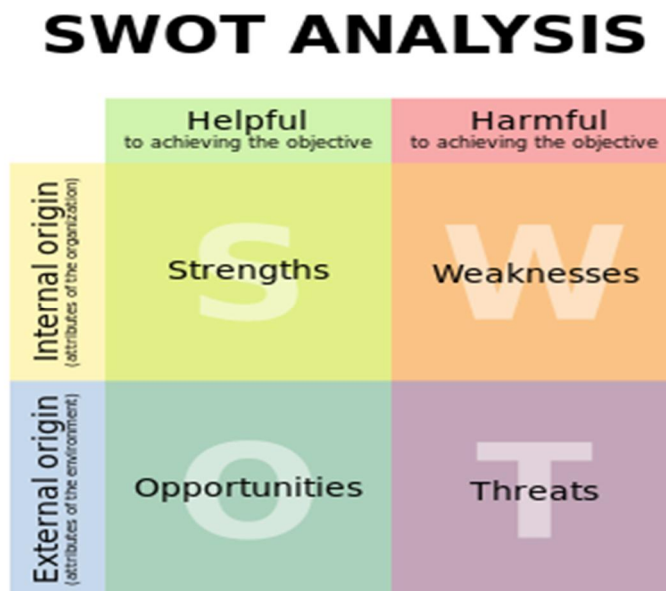


FIGURE 4. SWOT analysis result structure (SWOT Analysis 2013)

Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization. Here are the explanations of the meaning of SWOT below.

**Strengths:** Characteristics of the business or project that give it an advantage over others

**Weaknesses:** Characteristics that place the target at a disadvantage relative to others

**Opportunities:** Elements that the project could exploit to its advantage

**Threats:** Elements in the environment that could cause trouble for the business or project (SWOT Analysis 2013)

The manager of ONYOU franchise wants to know clearly about their situation now from internal environment to external environment. It is necessary to identify the strengths, weakness, opportunities and threats of marketing environment of ONYOU franchise store in Hefei.

From the previous chapter, we had a brief understanding of ONYOU bamboo fiber home textile brand and its products. Therefore, the following part will give more consideration about ONYOU franchise store in Hefei City by comparing the strengths and weaknesses with other competitors from the market perspective. Through interviewing with ONYOU franchise store owner, she gave more information about the operation situation of ONYOU franchise store in Hefei, so that to find the opportunities and threats of its current condition.

### **Strengths**

- ONYOU bamboo fiber home textile brand is one of the bamboo fiber industry leaders in the market. (bamboo fabric 2013)
- It is more mature than other bamboo fiber brands no matter from design, production, product series, distribution or franchise scale. (bamboo fabric 2013)
- It is known for public that the ONYOU products have high-quality and good reputation among bamboo fiber products. (bamboo fabric 2013)
- Bamboo fiber products have strong selling points because of its special features and functions. (bamboo fabric 2013)



- Rich product series ensure that ONYOU is able to meet most of the customers' requirements for any kind of product. (bamboo fabric 2013)

### **Weaknesses**

- Location disadvantage. Now ONYOU franchise store moved out from shopping mall to the street where it is not in the city center. Thus, it lost the origin location advantage which it had before. (Interview Ms. Gao 4 July 2013)
- ONYOU brand awareness is not well-known because of lack of enough publicity and propaganda. (Interview Ms. Gao 4 July 2013)
- Relatively low advertising and promotion budgets. (Interview Ms. Gao 4 July 2013)
- The customer information systems or advanced methods are not used in the daily management. Hence, the manager needs to manage everything by the manpower that will be some inconvenient in some situations. (Interview Ms. Gao 4 July 2013)
- The shop area is not spacy enough. It became restriction for the product display and hand inventory reserving in shop (Interview Ms. Gao 4 July 2013)

### **Opportunities**

- Bamboo fiber industry is a sunrise industry. And bamboo fiber has not fully developed market yet. It is a new material applying in human daily life coming into public view. (bamboo fabric 2013)
- Because of improved economic conditions, bamboo fiber industry also ONYOU brand will increase quickly in coming years. (bamboo fabric 2013)
- Technology. New forms of using bamboo fiber that are eco-friendly and good for human health. That is all realized through high-technology to applying such a novel material in human life. These products will appeal strongly to many of today's bamboo fiber clothes buyers, who concern their health and/or protect the environment. (bamboo fabric 2013)

## Threats

- There will be more and more competitors trying to enter this bamboo fiber industry, making the competition more intensive. Some of those competitors are using inferior product or fake and counterfeit pretending good quality bamboo fiber product to enter the market. It causes confusion and misguidance among customers that they cannot distinguish the good from the bad. (Interview Ms. Gao 4 July 2013)
- Because of the inflation during recent decades, the price of rent and commodity ordering are also increasing year by year which brings much pressure of normal operating of ONYOU franchise store. (Interview Ms. Gao 4 July 2013)
- The headquarters have not given enough support and guidance during operation time of the ONYOU franchise store. (Interview Ms. Gao 4 July 2013)
- ONYOU online shop in Tmall is becoming a vital 'competitor' for the franchise store in reality. Sometimes, the product have special offer with super cheap price to attract customers who enjoy online shopping. It has a dramatic impact on selling of physical store. (Interview Ms. Gao 4 July 2013)

To sum up, the internal factors of ONYOU franchise store should maintain the strengths and improve the weaknesses. ONYOU franchise store in Hefei can benefit from strong brand influence, utilize the special features and functions of bamboo product as the prominent selling point and keep providing high quality product and rich product series. On the other hand, ONYOU franchise store has the vital disadvantage because its location lacks large flow of people and the shop space is not big enough. The customer information system should be improved also.

As for the external factors, ONYOU franchise store should pay attention to threats and try to eliminate its effects on the store. The growing numbers of competitors and online shop have very significant influence and potential threats to ONYOU physical store. However, ONYOU franchise store should seize the opportunities. Due to the bamboo fiber industry is a sunrise industry and ONYOU brand increase quickly in recent years, no matter ONYOU brand or ONYOU franchise stores need to take the chance, using the advanced technology for producing the high quality bamboo fiber product.

### 3 CUSTOMER RELATIONSHIP MANAGEMENT IN ONYOU FRANCHISE STORE

The product is not the only important factor that enterprise needs to take into account, the customer is also an essential part. Customer Relationship Management (CRM) means the core business strategy in order to offer value to target customers with profit. It integrates internal process, external networks and functions. A narrow perspective of customer relationship management is database, marketing emphasizing the promotional aspects of marketing linked to database efforts. What is more, CRM is based on accessing to customer-related data by functional information system. (Buttle 2009, 15)

#### 3.1 The Satisfaction—Profit Chain

Customer perspective is in CRM most concerned. It can be seen as a technology-enabled way to management the transacting and communicating with customer. The origin initiative for enterprise is the profit motive, developing a long-term relationship with customers, because long-term customer relationships could bring comparable commercial benefits. The satisfaction-profit chain demonstrates that satisfied customer would like to become loyal customer, and high levels of customer loyalty can contribute to brilliant business performance.

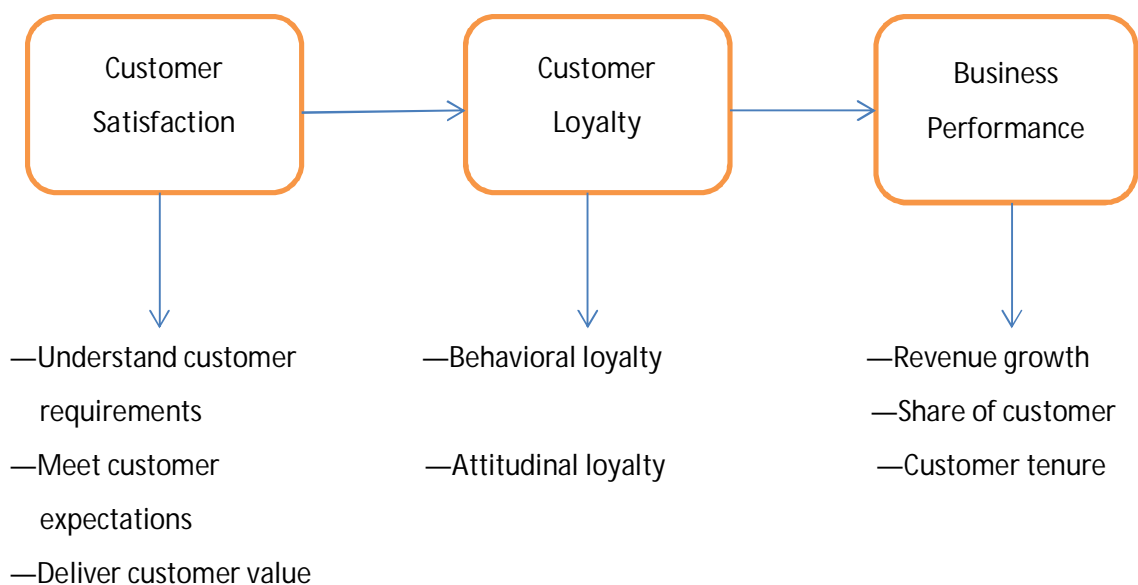


FIGURE 5. The satisfaction-profit chain (Buttle 2009, 43)

It is clear from 'satisfaction-profit chain' that enhance customer satisfaction and increase customer loyalty can give rise to excellent business performance. Satisfaction increases results in firms by understanding customers better and stimulating customer value. When customer satisfaction rises and their demand have been met, they would tend to repurchase. At last, it will have a great influence on business performance by affecting actual purchasing behaviour. (Buttle 2009, 43)

Figure 5 reflects the chain the relation between customer satisfaction and business. As for ONYOU franchise store, it is important to know customer needs, serve customers well, meet their demand and requirements, realise their expectations of product and deliver customer value to create customer satisfaction. Then turn to next step—customer loyalty. It consists of two sectors: behavioural loyalty and attitudinal loyalty. Thus, ONYOU franchise store must develop their own loyalty program to maintain their loyal customers. If it realised customer loyalty, that will enhance business performance, including the revenue growth, share of customers and customer tenure finally.

### 3.2 IDIC Model

There are a number of comprehensive CRM models that have been developed. It is important to choose one suitable CRM model for the business. The IDIC Model has been developed by Peppers and Rogers, the consultancy firm, and has completed in a number of their books. According to IDIC model, companies should take four actions in order to build closer one-to-one relationships with target customers:

- **Identifying** who your customers are and building a deep understanding of them.
- **Differentiating** your customers in order to identify which customers have most value now and which offer most for the future.
- **Interacting** with customers in order to ensure that you understand customer expectations and their relationships with other suppliers or brands
- **Customizing** the offer and communications to ensure that the expectations of customers are met. (Buttle 2009, 19)

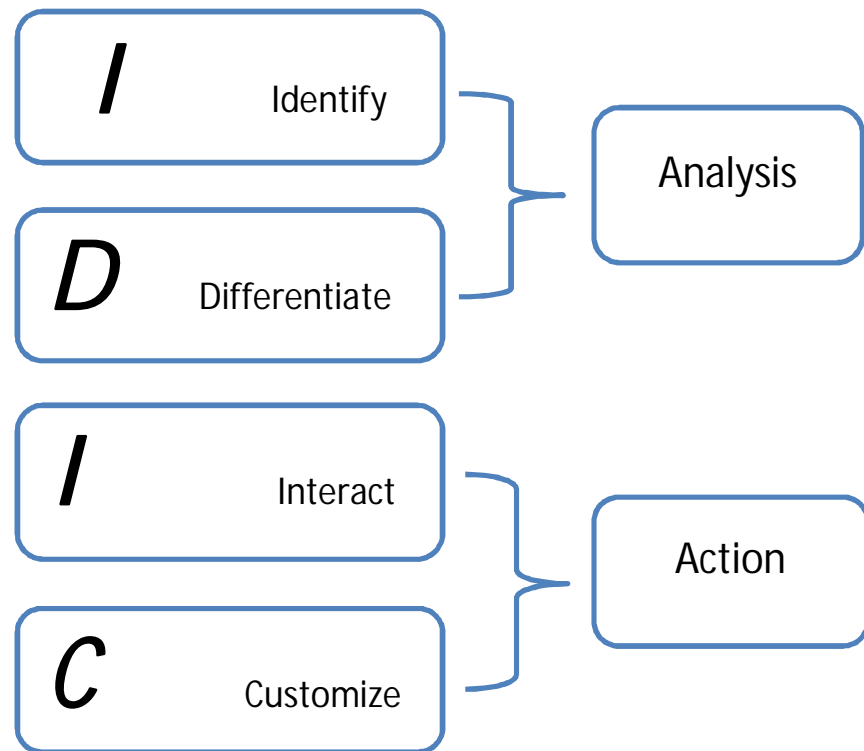


FIGURE 6. The IDIC model (Buttle 2009, 19)

Additionally, the differentiation allows the firm to formulate and implement certain customer strategies that are designed to satisfy individually different customer needs. The consumers stand for different levels of value to the enterprise and their needs are entirely not the same from the business. According to Peppers and Rogers, the customer differentiation part contains an enterprise in assorting and classifying its customers by both their value and what needs they have. (Buttle 2009, 19)

Thus, enterprises need to improve the effectiveness of their interactions with their customers. Effective customer interactions are able to provide better insight into customers' needs successfully. (Buttle 2009, 19)

The enterprise should adapt its behaviour toward a customer which is based on that individual's needs and value. Furthermore, a company needs to adapt its behaviour to satisfy the customer's expressed needs so that involved a customer in a relationship. In other words, it is mass-customization a product or tailoring some aspects of its service. (Buttle 2009, 19)

Following the IDIC model, firstly, it should be making sure who are the target customers. On ONYOU Company official training class, it is known that people pursue and

enjoy high-quality life standard are ONYOU brand target customers. Secondly, differentiations among customers who are educated and/or with high income have most value for ONYOU compared with other customer groups and is hoped to offer most value in long-run.

As the ONYOU franchise store in Hefei, there also are quite many interactions and communications towards sales people and customers. It is crucial to gain feedbacks from customers to understand the level of customer satisfaction and if product meet all the customer requirements and other aspects. Through knowing the customers' real expectations and demands from their feedback, the store is paid special attention, and corrections some parts from ordering, product display etc. are made immediately. In order to maintain these profitable relationships, it is necessary to customize the offer for purpose of trying to meet customers' expectations and ensure customer satisfaction.

### 3.3 Customer Management Strategy

Because of differences in perspective, the concept can be explained by an amount of various types of CRM. Those have been identified: strategic, operational, analytical and collaborative. In next sectors, it will be described about operational CRM, and strategic CRM in chapter 5.

#### **Operational CRM**

Operational CRM enhances customer-facing and customer-supporting business processes and makes them automated. The marketing, selling and service functions are automated and integrated because of the CRM software applications. (Buttle 2009, 6)

##### 1) Marketing Automation

It could be easily understood that marketing automation (MA) uses the technology to realistic marketing processes. In order to improve, execute and evaluate target communications and offers, marketers are allowed to use customer-related data by campaign management. The reason why customers focus on campaign purposes is creating possibility that enable to design unique communications at the level of the individual customer.

Campaign management is especially challenging in multichannel environments. Some retailers who work in fashion fields, for instance, own multiple transaction channels such as department store permission, independent store, online websites, home-shopping catalogues or even a shopping channel on TV. Some of the customers might be special to one channel, but the majority of them will be potential customers of several channels. It needs a great amount of technology-aided orientation across these channels if combining communication and offer strategies and evaluation of performance. (Buttle 2009, 7)

Event-based, or strike, marketing is used to represent messaging and provide customers with description at a certain point in time. An event strikes the communication and offer. Customer operations and contextual conditions could cause event-based campaigns start. Buyer behaviours and a marketing response changes both of these indicate potential. Event-based marketing also happens in the business-to-business environment. The event could be the approaching the due date of a contract, an adjustment of personnel on the customer side or a request for information. (Buttle 2009, 7)

## 2) Sales-force Automation

Sales- force automation (SFA) was the initial form of operational CRM. SFA aims to apply theory technology to the management of selling activities of a company. The selling process can be disintegrated into a great deal of procedures, such as lead generation, lead qualification, needs identification, development of specifications, proposal generation, proposal presentation, handling objections and closing the sale. SFA software can be installed thus it is made of a mould on the selling process of any industry or organization. (Buttle 2009, 7)

To enhance and standardize the selling process so the automation of selling activities is usually connected with efforts. This contains the achieving of a sales methodology. Sales methodologies let sales team members and management to agree with a standardized opinion of the sales cycle and kind of language that everyone can speak to discuss about sales issues. Users are enabled to realize and grasp the opportunities to sell from lead condition through to end and beyond, into after-sale support because of the opportunity management. Opportunity management software often contains two parts: lead management and sales forecasting applications. Users can qualify leads and distribute them to suitable salesperson by using lead manage-

ment functionality. Sales forecasting application usually analyses transactional histories and estimates of salesperson to predict the future sales. (Buttle 2009, 7)

Users are allowed to manage their communications program with customers if they use contact management. Customer contact histories were contained by digital customer records. Sales person is allowed to automate the production of prices and suggestions for customers by the help of quotation and proposal generation. The software creates a priced quotation after the salesperson inputs information such as product codes, volumes, weight, and customer name and delivery requirements. Product configuration applications make it possible for salespeople, or even the customers themselves, to design and price customized products, services or solutions to problems. (Buttle 2009, 8)

### 3) Service Automation

Service automation allows companies to manage their service operations, whether delivered through call centre, contact centre, web or face-to-face. CRM software enables companies to handle and coordinate their service-related inbound and outbound communications across all channels. Software vendors claim that this enables users to become more efficient and effective by reducing service costs, improving service quality, lifting productivity and increasing customer satisfaction. (Buttle 2009, 9)

Things are totally different for service automation when it comes to large capital equipment. Basically this contains diagnostic and reformative action to be taken in the field, at the location of the equipment. Air conditioning and refrigeration are two typical examples. For these cases, service automation may possibly consist of providing diagnostics for the service technician, fixing manuals, job information on a laptop and inventory management. This information will then be brought into step at regular intervals to update the central CRM system. (Buttle 2009, 9)

ONYOU franchise store could apply operational CRM to improve customer-facing and make it automated. Firstly, the marketing automation utilizes technology to realistic marketing processes. It requires plenty of technology-aided orientation across channels to integrate communication and provide strategies and evaluation of performance. In that case, it creates possibility to enable design unique communications at the level of the individual customers. The second step is sales-force automation. ONYOU franchise store can install the sales-force automation software in order to



apply theory technology into the management of selling activities of the shop. The ONYOU store staffs are allowed to manage communications program with customers to get customer records. It is easier for sales person to know customer needs clearly. The third step is service automation which let ONYOU store to manage their service operations no matter in which way. CRM software enables ONYOU store to deal with and coordinate its service-related inbound and outbound communications across all channels. All the information should be recorded and updated into the central CRM system.

### 3.4 Customer Value Chain

Francis Buttel's model as shown in FIGURE 7, formed from five primary stages and also four supporting conditions leading towards the end target of increased customer profitability. It can be found that primary stages consist of customer portfolio analysis, customer intimacy, network development, value proposition development and managing the customer lifecycle, which all of them are sequenced to guarantee that a business with support of its network of suppliers, partners and employees, devise and delivers value propositions that create and keep profitable customers. What is more, the supporting conditions including leadership and culture, data and information technology, people and processes, which could ensure the CRM strategy to be running orderly, functioning effectively and efficiently. (Buttle 2009, 20)

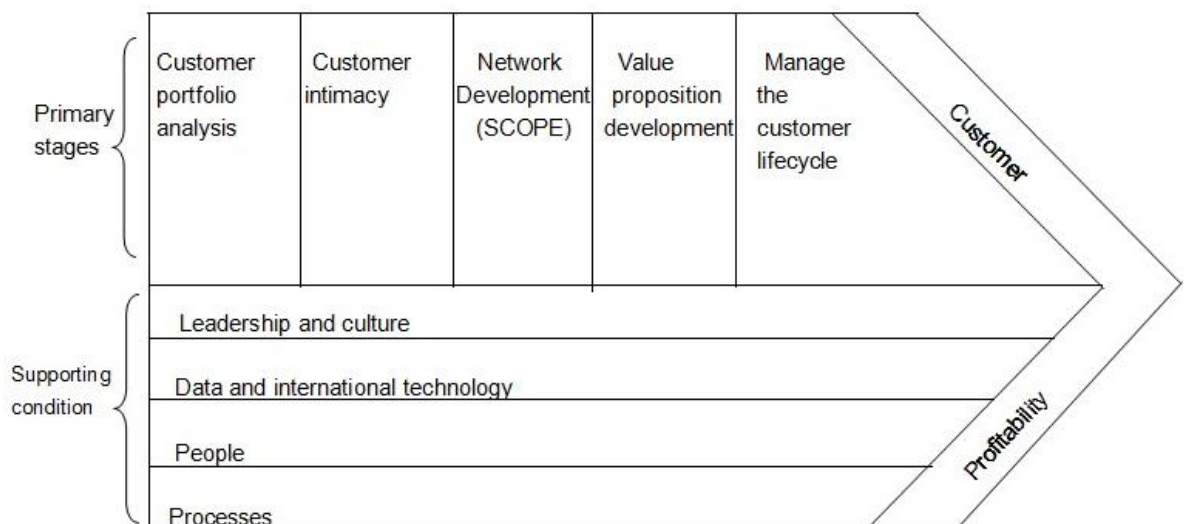


FIGURE 7. The CRM value chain (Buttle 2009, 20)

It is clear that there are five primary stages to conduct to reach the goal in this chart. The first step is about analysing the customer base to identify customers to target with different value propositions. The second step contains the business in getting to know the selected customers as segments or individuals and establishing a customer data-base which is accessible to all those decisions or activities impact upon customer attitude and behaviour so that to create customer intimacy. Step three means building a strong network of relationships with employees, suppliers, partners and investors who understand the requirements of the chosen customers, which is very essential for a company. Step four refers to developing, with the network's compliance, propositions which create value jointly for the customer and company. The fifth and final stage is to manage the customer relationship. The focus here is on both structure and process.

For some, CRM is simply a bridge between marketing and information technology (IT): CRM is therefore an IT-enabled sales and service function. The final objective of the CRM value chain process is to assure that the company builds long-term mutually-beneficial relationships with its strategically-significant customers. In fact, maybe not all the customers are strategically significant. Indeed, some of customers are simply too expensive to acquire and service to keep them. Because there are so many reasons, such as they buy products very few and infrequently; they pay late or default; they make extraordinary demands or hardly achieved requirements on customer service and sales resources; they demand expensive, short-run, customised output; and then they defect to competitors.

ONYOU franchise store also should follow the steps from CRM value chain. Firstly, it should analyse the customer base to identify customers to target with different propositions. After the research of marketing and CRM situation of ONYOU franchise store, ONYOU store would find the specific position for that. Secondly, ONYOU store should create customer intimacy in order to build customer relationship. The third step require ONYOU store to establish a strong network of relationships with employees, suppliers and partners. Then create value jointly for the customer and the store. Finally, ONYOU store should manage the customer relationship into long term customer relationship with profit.

### 3.5 Customer Retention

Customer retention is the number of customers doing business with a firm at the end of financial year expressed as percentage of those who were active customers at the beginning of the year. For ONYOU franchise store, it is in order to prevent the loss of customers and build customer loyalty by the use of a set of strategies and methods. It is known that retain an old customer costs is to obtain a new customer costs 1/5, almost all of the sales staff will know that selling products to an existing customer than constantly looking for new customers is much easier. (Buttle 2009, 257)

Customer retention refers to keeping all or the majority of customer's business for a continuous number of purchase cycles. It is showed that just a 5 per cent increase in customer retention could lead to a massive net present value profit increase. In brief, it is assumed that retention for as long as the customer exists in the market. (Godson 2009, 72)

In order to keep ONYOU franchise store existing customers, there are some measures that need to be taken, such as managing loyalty programs, developing customer satisfaction programs and overseeing customer communications. Considering about ONYOU franchise store current situation, the management should work to develop effective customer retention programs and then expend effort to take charge in those programs are likely to form more positive relationships with customers; customers are likely to become loyal to the store and are less likely to change to other competitors. Customer retention programs are essential when a customer has a complaint about service. Having a negative encounter or experience with a brand can cause a customer to lose loyalties and maybe switch to other brand. Marketing departments may also improve and create retention or loyalty programs in conjunction with other marketing efforts.

### 3.6 Customer Loyalty Programme

It is a well-known fact that it takes much more resources and time to acquire new customer than to keep an existing one. Marketing analysts estimate that repeated customers could generate between 5 to 15 times revenue for the business than first time or one time buyers alone. It is important to understand that for customer it is often a challenge to find merchant whom he trusts and once first time customer has positive experience – he is willing to come back for more. (wiseGEEK 2013)

Loyalty programs are structured marketing efforts that reward, and therefore encourage, loyal buying behaviour – behaviour which is potentially beneficial to the firm. Loyalty programs are initiated by businesses with two main goals: getting information relating to customers spending habits and to actively cultivate loyalty among customers to ensure that they continue patronizing the business. While some companies do reverse these priorities, the above hierarchy holds true for most. Good quality loyalty program takes very little effort to launch and yet has potential to deliver immense residual benefits for any business. (wiseGEEK 2013)

In marketing generally and in retailing more specifically, a loyalty card, rewards card, points card, advantage card, or club card is a plastic or paper card, visually similar to a credit card or debit card, which identifies the card holder as a member in a loyalty program. Loyalty cards are a system of the loyalty business model. (wiseGEEK 2013)

ONYOU franchise store in Hefei has its own membership card system which was not successful system. Because it did not record the completely information of customer when he/her join in this membership in the first place, sometimes the sales staff could not recognise and find the customer identification in the customer information system. The other reason is the standard of becoming the membership is a little bit high for most people. Thus, ONYOU franchise store did not have many memberships. The original reason of the whole loyalty system lack of organized is that the CRM system has flaw, which should be improved in the future. (Interview Ms. Gao 4 July 2013)

## 4 RESEARCH IMPLEMENTATION AND RESEARCH RESULTS

Marketing research refers to the a series of process contains systematic and objective identification, collection, analysis, dissemination, and use of information in order to develop decision making related to the identification and solution of problems and opportunities in marketing. Marketing research trying to offer correct information that could reflect a true fact and state of issues is the purpose and should be conducted impartially. (Malhotra 2010, 39)

The research was mainly about marketing and CRM. The research was done with the cooperation with ONYOU franchise store owner. The aim of the research was to understand what customers want and what are their needs, and doing an analysis about it to give suggestions to improve customer relationship management.

### 4.1 Research Methods

The research purpose was to find out what the customers really need and want, and are they satisfied about ONYOU franchise store marketing and customer relationship management now. After collecting the data with a questionnaire, there were some interviews with some in-depth questions to gain the customer opinions in deep. The collected data was put to excel data base and analysed to find the result.

Totally, 250 questionnaires were delivered to the customers in the store, and there were 203 respondents by the end of July. After that, according to the feedback, respondents who showed more interest and gave many comments were selected to be also interviewed. Thus, 19 customers were chosen for some further questions.

Actually, in this research, both quantitative method and qualitative method were applied. Quantitative research is defined that by entailing the collection of numerical data and exhibiting the view of relationship between theory and research as deductive, a predilection for natural science approach and as having an objectivist conception of social reality is created. Therefore, the quantitative research uses the quantitative data for analysis. Quantitative research survey was organised by a questionnaire. The questionnaire was divided into two parts, nine questions totally. The first part is about the basic information concerning the respondents, like gender, age, education background and so on. The second part is the main part, where the topic of questionnaire is concerning which kind of marketing customers can accept with satisfaction.

The questionnaire was delivered in the shop, where the target group is the customers who are interested in the product or brand.

Qualitative research is a method of inquiry employed in many different academic disciplines, traditionally in the social sciences, but also in market research and further contexts. Qualitative researchers aim to gather an in-depth understanding of human behaviour and the reasons that govern such behaviour. Hence, smaller but focused samples are more often used than large samples. After collecting the survey results, some customers who showed many interests to the shop and gave many opinions were 19 people in August. The main qualitative research methods included: group interviews with several people access, requiring detailed answers to in-depth interviews. Therefore, those customers were contacted and interviewed. The interview was mainly implemented by face-to-face contacts or by telephone call. The topic of interview was mainly about what needed to improve in customer relationship management and marketing to acquire more detailed description.

## 4.2 Results from the Questionnaire Survey and Interviews

The results were collected by questionnaires and interviews. The results were summarised into data and diagrams. Overall, 203 respondents have joined the survey and wrote their opinions of ONYOU franchise store while 19 of them have been chosen to become our interviewers in order to give more deep thoughts.

### 4.2.1 Results from questionnaire survey

#### **Background of the respondents**

The first part is the background of total 203 respondents' basic information from age group, gender, education background three sectors. The data displays that the dominate gender group is female representing almost 80 % of respondents. Only 20 % of the respondents are male who came into ONYOU store and answered the questionnaire. The majority proportion was gathered from three age groups: 20-29 with 20.2 %, 30-39 with 33 % and 40-49 with 32.5 %. And age group more than 50 accounts for 10.8 per cent and few customers less than 20 years old around 3.4 per cent. The age group distribution is showed on the Figure 8.

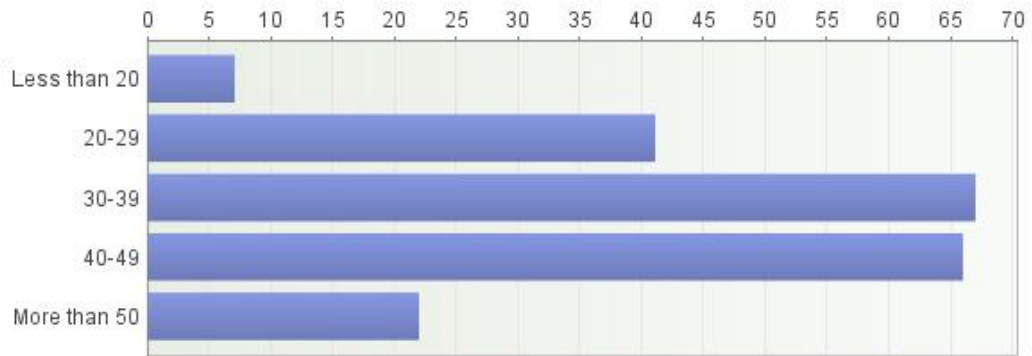


FIGURE 8. The number of respondents in different age groups (n=203)

The third question was asking the education background of the respondents. The following pie chart in Figure 9 illustrates the proportion distribution.

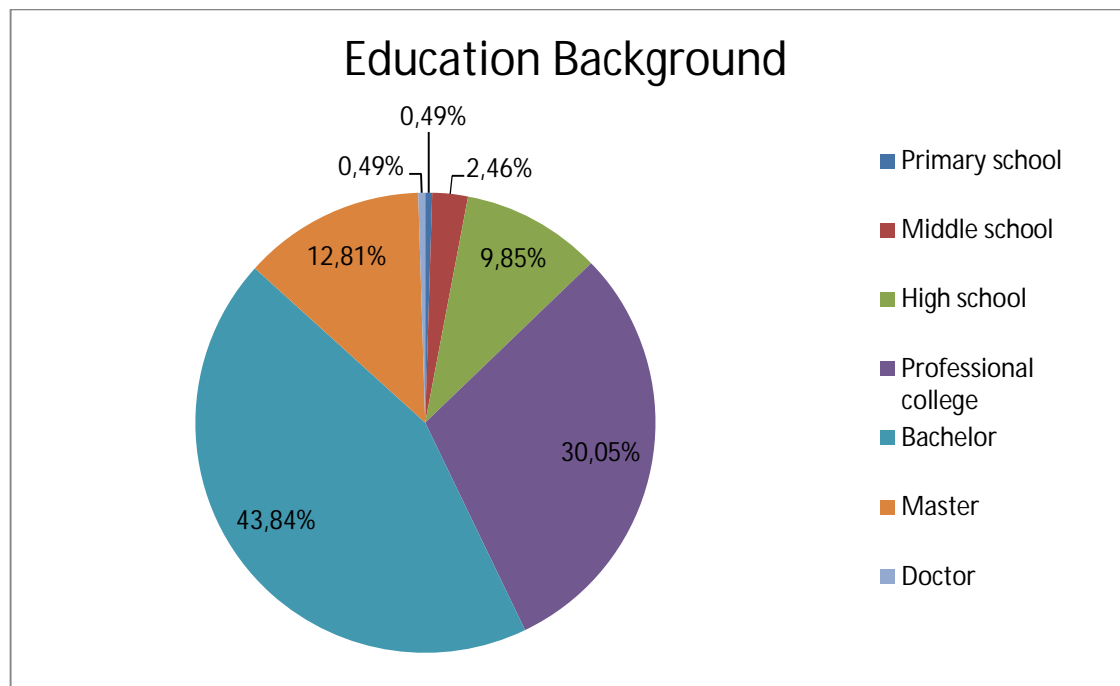


FIGURE 9. Education background of the respondents (n=203)

The percentages of the education level on the respondents could be demonstrated in this pie chart. According to the chart, the greatest proportion is with bachelor degree which accounts for 43.8 %. The people with professional college also comprise approximately 30 per cent. Then, there also are some high education level people which are master and make up a part which cannot be ignored, 12.8 %. This pie chart shows most of ONYOU franchise store customers have high education background.

### Issues related to ONYOU marketing

The fourth question was “Do you often come to ONYOU Store to buy products?” Because the questionnaires were delivered randomly, the result of this question would indicate the frequency of customers to come to the store. There were five options to represent for five levels of frequency described in Figure 10. It can be classified as three significant customer relationship situations. The answer of “very seldom” and “seldom” constitute about 38 per cent together. The people who answered “sometimes” are the largest percentage at 35.6 %. Lastly, the total number of answer “often” and “very often” are nearly on the same level with the first group, approximately 36 per cent.

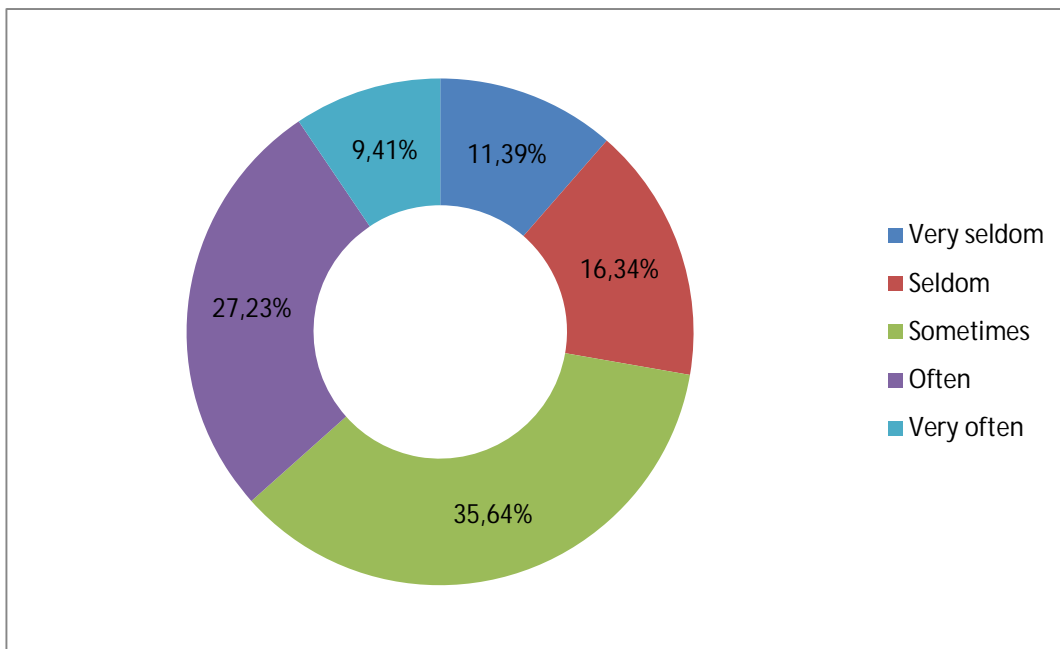


FIGURE 10. The frequency of coming to ONYOU store to buy products (n=203)

The fifth question was a multiple choice about “What attracts you to visit our store?” Through this question it could be known what kind of marketing tools are effective to attract customers. The data gathered is illustrated in bar chart in Figure 11.



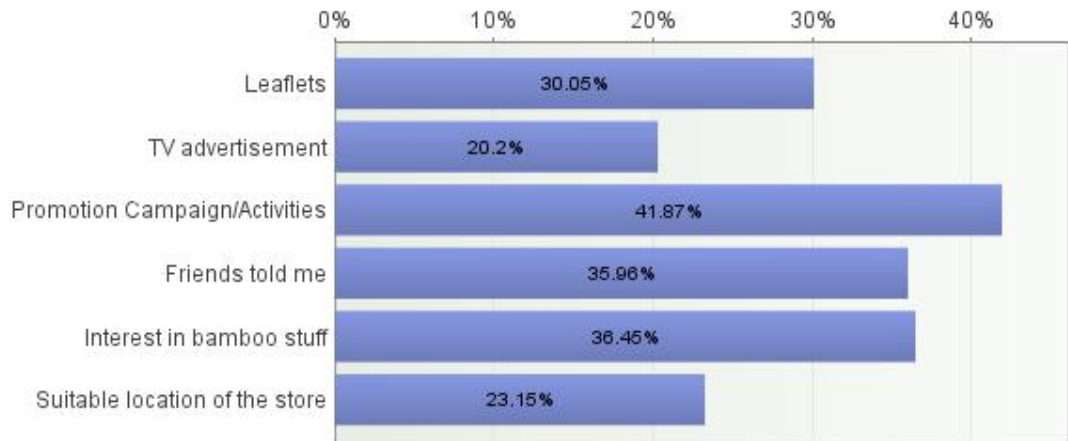


FIGURE 11. Attraction to visit the store (n=203)

According to the chart, we can see that promotion campaign/activities is the most attractive method of marketing at 41.8 %. It is worth mentioning that answer “friends told me” is nearly as common as “interest in bamboo stuff” with approximately 36 per cent. The leaflets accounts for 30 per cent contribute to marketing. The answer of “suitable location of the store” is substantially more than “TV advertisement” with 23.1 % and 20.2 % respectively. It shows the promotion activities combining with leaflets and customer friends are the resultful marketing to implement.

There was also a multiple choice question: “What is your favourite product series in ONYOU Store?” to search the most popular product series among customers.

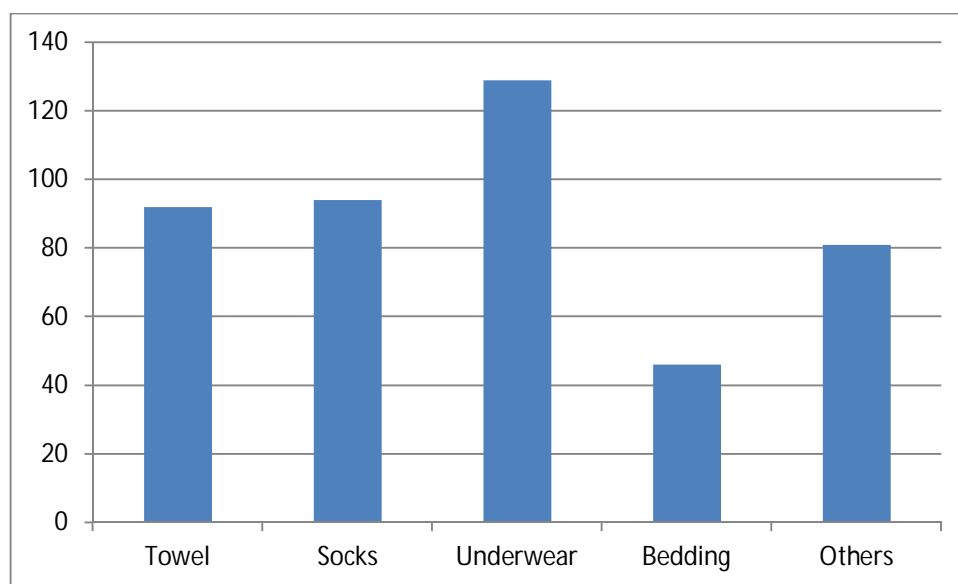


FIGURE 12. Favourite product series in ONYOU store by responders (n=203)

It can clearly be seen from the Figure 12 that underwear is the most popular product series by the respondents. And some respondents have mentioned the reason is because of its superior functions and features almost 130 people have chosen it. Secondly, the towel is nearly as popular as socks at 93. Then, others product series contain a variety of products such as pajamas, men's T-shirt, base shirt, vest, leggings and so on. 81 people chose it as their favourite product series at. The bedding product series is relatively more expensive than the other four product series, bedding comprises nearly half of number of people who chose towel.

The seventh question was "How much you like the home textiles made of bamboo?" The purpose is to know people's opinion about bamboo fiber products and their acceptance level of home textile product made of bamboo.

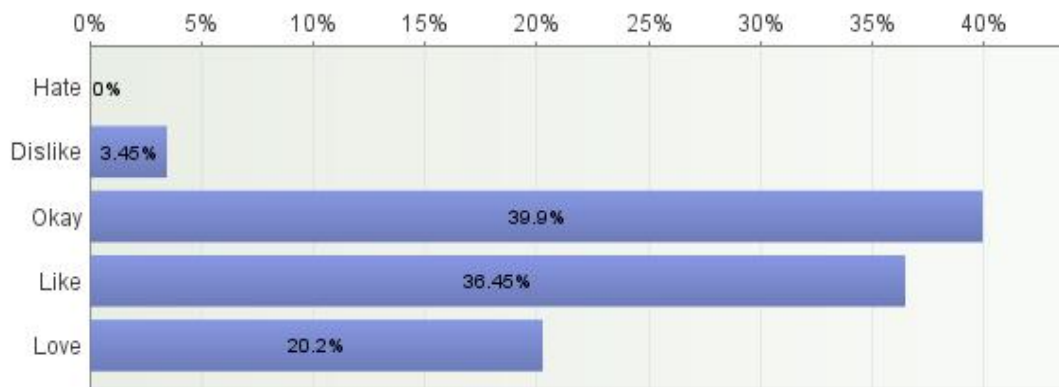


FIGURE 13. Likeability of ONYOU products by respondents (n=203)

It is apparent from the bar chart at Figure 13 that the strongest emotion of "hate" has been chosen by no one. There are 3.4 % people 'dislike' bamboo fiber products. The middle one represents the neutrality accounts for almost 40 per cent. 36.4 % people 'like' home textile made of bamboo. Lastly, there are 20.2 % people of respondents showing their 'love' and support towards bamboo fiber products.

The next question is kind of related to the previous question. The question is about "Will you buy ONYOU products again in the future?" in order to find out customer willingness to repurchase of ONYOU products.

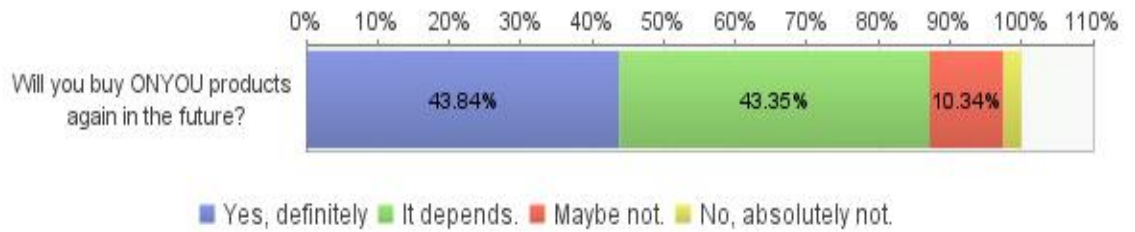


FIGURE 14. Willingness of rebuying of the respondents (n=203)

As is demonstrated in the chart, we can find that people choosing “yes, definitely” is the highest percentage with 43.8 % while people choosing “it depends” is slightly less common than it with 43.3 %. There are two negative answers which are “maybe not” and “no, absolutely not” account for nearly 13 per cent together. So, most customers are willing to rebuy ONYOU products in the future.

The last question was a multiple choice of “What needs to be improved for ONYOU store in your opinion?” so that make certain ONYOU improvement is exactly what the customers expected.

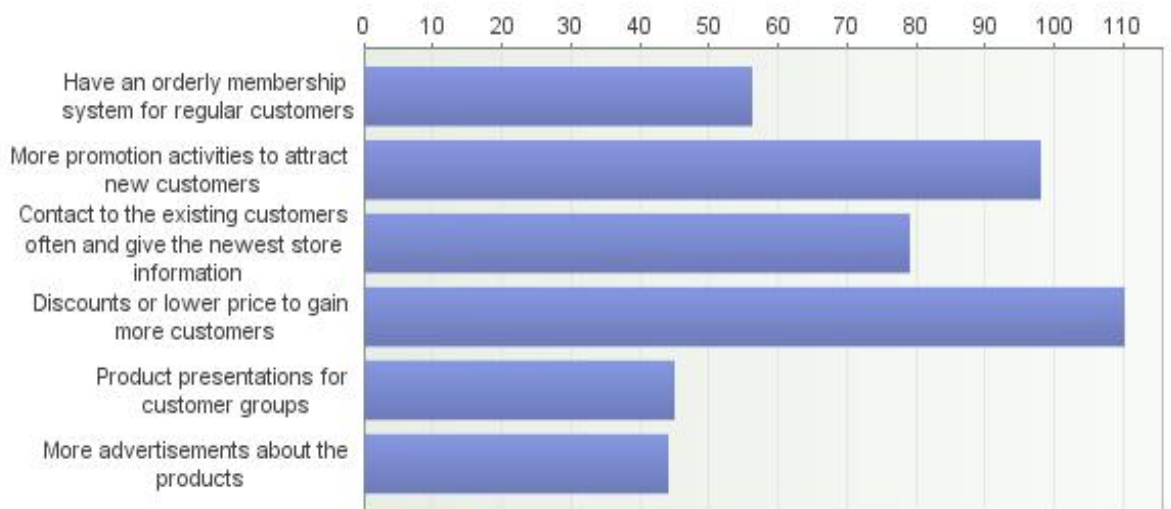


FIGURE 15. Improvement suggestions by the respondents (n=203)

From Figure 15, it is easy to find out that the greatest proportion of the bar chart is the answer “Discounts or lower price to gain more customers” with 110 people. The second largest proportion is the answer of “More promotion activities to attract new

customers” with 98 people. A proportion cannot be ignored is that answer of “Contact to the existing customers often and give the newest store information” accounts for 98 respondents. 56 people think that “Have an orderly membership system for regular customers” is important to ONYOU franchise store. Eventually, the people who chose “Product presentations for customer groups” is just as prevalent as people chose “More advertisements about the products” at 45 and 44 people respectively. Therefore, it can be concluded that the majority of customers would like to have more discounts, lower price and promotion activities.

#### 4.2.2 Results from interviews

The interview has five questions totally, which was mainly implemented in the store in face-to-face discussions. Actually, the number of people interviewed was 19 in July 2013. All of them expressed their own opinions and most of them were valuable and worth to conduct in the future.

The first question was “Do you think that our marketing is effective now?” 72 % customers think the marketing of ONYOU is inadequate. 28 % of them think the marketing impact is okay.

The second question was a multiple choice question “What kind of marketing tools you think are the most appealing? (Leaflets? Radio? Television advertisement? Newspaper advertisement? Discounts? Nice products? Good quality products? Good customer service? Good opening hours? Nice lay out in the store? Etc.)” As it is shown on the Figure 16, the most popular recognition is that ten people think that good customer service is the best advertisement for a small business. There are two kinds of opinions to have the same result, which seven people of each opinion believe that good-quality products and nice product display are excellent ways to improve marketing effects. What is more, six people of two groups support that discount, TV and newspaper advertising would attract more customers. Other opinions such as using leaflets, social network and promotion activities could disseminate news or promotion activities information through these methods.



FIGURE 16. Marketing tools by the respondents (n=19)

The third question was “From your point of view, is the relationship satisfactory between customers and ONYOU store? If it is good, why? If it is not good, why?” More than half of respondents are satisfied with the relationship with ONYOU store as a result of the sales person’s friendly attitude and great communication skills when dealing with problems or other situations. Some of people think the relationship between customers and ONYOU store is just not bad the same like other stores, so ONYOU has not formed its own unique characteristics and does have superior customer service compared with other shops.

The next question was “From customers point of view, how we should improve our customer relationship management to make it better?” Like it is mentioned in previous question, good customer service is very important. There were 15 people talked about the key point to customer relationship management is maintaining and enhancing. 4 people proposed that developing customer loyalty program and orderly membership system are essential. Additionally, one of a common opinion is that warm reception and fluent communication skills of well-trained sales force would be helpful in improving ONYOU franchise store CRM. Some of interviewees emphasised on the follow up with customer satisfaction especially when confront problems, such as take responsibility for problems, embrace the complaints and thoughtful after-sale service and so on. There was some other various opinions worth to keep in mind. For example, an interviewee said a brilliant suggestion is that rewarding old and/or good customers to make them feel valuable and important.

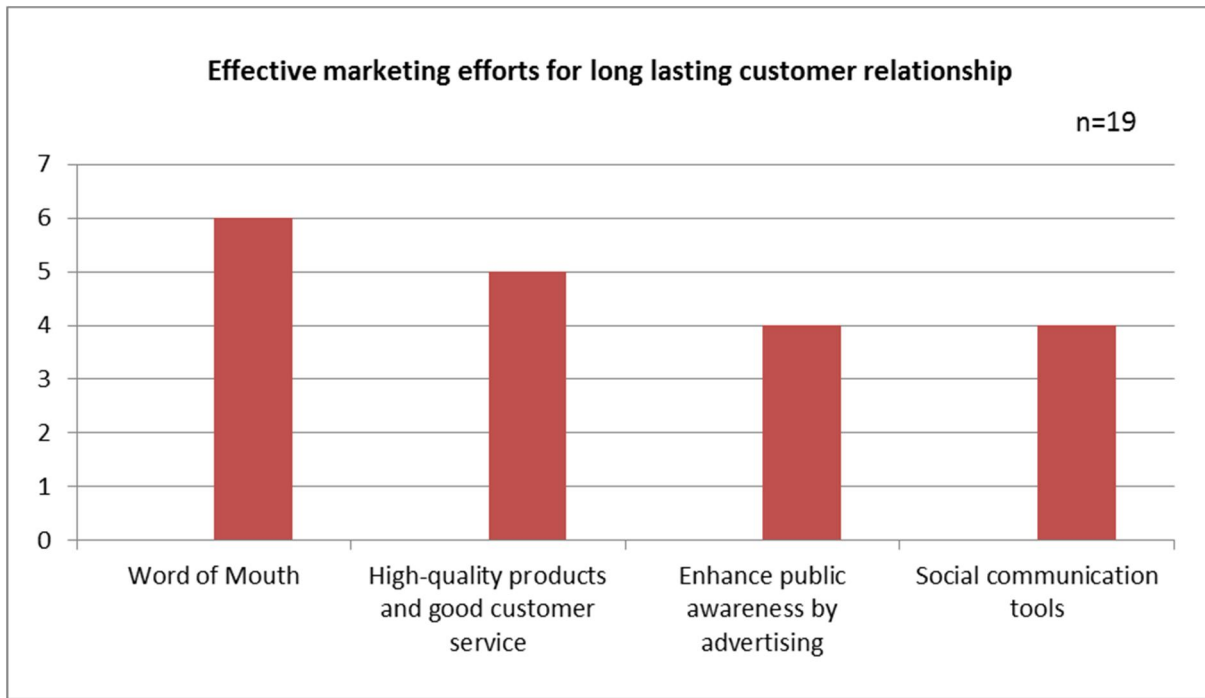


FIGURE 17. Effective marketing efforts for long lasting customer relationship by the respondents (n=19)

The final question was “In your opinion what kind of marketing efforts would be the most effective in building a good and long lasting customer relationship?” From Figure 17, it is obvious that the most frequent phrase is Word of Mouth as mentioned by six interviewees. They think that Word of Mouth is the most economic marketing effort for small business and more advertise and keep satisfying existing customers and let them become ONYOU's spread channel to recommend their friends to come. There are five people who believed that high-quality products and along with nice customer service is always source to attract customers.

Moreover, four interviewees' opinion is similar to the previous opinion that it is crucial to enhance public awareness of this brand through advertising the special functions and features by tools like leaflets, newspaper or social network. Four interviewees suggest ONYOU franchise store could apply social communication tools, such as social networking, mobile phone and text message, to enhance brand awareness and given the latest information of ONYOU store.

### 4.3 Summary Analysis of the Results

The analysis of results can be divided into two parts. First is about the summary of questionnaire results. The second part focuses on the interview results. ONYOU must consider how to best create value for its chosen target markets and develop strong, profitable, long-term relationships with customers. To do so, it needs to understand customers deeply by analysing the ONYOU questionnaires and interviews.

#### 4.3.1 Summary of questionnaire results

From the 203 questionnaires, it was found out that the ONYOU franchise store's main target customer group is female, over 20 years old, and has good education background. From Figure 18, female accounts for the most proportion while male only almost 1 / 5 of total respondents. The reason why the female is the main target customer group is that most female respondents told us they are always the decision maker of their family member's daily necessities, no doubt for underwear, pajamas, and socks and other home textiles. It can be concluded from Figure 19 that ONYOU main customer's education level are bachelor, professional college and master degree. Because the main part of ONYOU customers are with high education level, for this reason they may have more considerations about health and high-quality life standards than others, and more possible to accept new things.

Age group	Female	Male	Total
Less than 20	5	2	7
20-29	30	11	41
30-39	52	15	67
40-49	58	8	66
More than 50	17	5	22
Total	162	41	203

FIGURE 18. Crosstab of male and female age distribution (n=203)

	Very seldom	Seldom	Sometimes	Often	Very often	Total
Primary school	1	0	0	0	0	1
Middle school	4	0	0	0	1	5
High school	7	5	7	1	0	20
Professional college	2	11	27	17	4	61
Bachelor	7	12	29	28	12	88
Master	2	4	10	9	2	27
Doctor	0	1	0	0	0	1
Total	23	33	88	55	19	203

FIGURE 19. Crosstab of education background and frequency of buying (n=203)

A part of the respondents seldom come ONYOU franchise store. One reason can be that due to this brand it is still new-born and not familiar to public. Many people chose that promotion campaign/activities would help to increase public awareness. Another cause might be that the prices of ONYOU products are relatively expensive compared with some cotton products from few customers perspectives. It is particularly gratifying that most respondents do not have negative feelings about bamboo fiber products even more than half people like it. Thus, this overcome could be used in the future to enhance brand awareness.

As it is mentioned in previous chapter, bamboo fiber products have very special functions and features. For example, the towel has non-stick oil function and deodorant absorption feature and the dishcloths is one of ONYOU's towel series star product; the selling point of socks is because it have antibacterial function and deodorization function, it is especially benefit for men or children who love sports a lot; the underwear is popular and loved by customers as the result of its soft-touch and antibacterial function; as well as the bedding series and other series. The other series consists of many kinds of products, such as pajamas, men's T-shirt, base shirt, vest, leggings and so forth.

In essence, the most popular product is underwear series and favoured by far more than half respondents. Towel and socks also have numerous supporters. Furthermore, many of respondents are old customers said that they wanted to try bamboo fiber underwear and brought once then came to ONYOU again for its special features. That refers to customer retention is important to a brand. From the data of Figure 20,



we could find out that most of people chose “like” or “love” bamboo fiber home textiles, they chose to rebuy ONYOU product.

	Hate	Dislike	Okay	Like	Love	Total
Definitely	0	0	6	45	38	89
It depends	0	0	56	29	3	88
Maybe not	0	3	18	0	0	21
Absolutely not	0	4	1	0	0	5
Total	0	7	81	74	41	203

FIGURE 20. Crosstab of willingness to rebuy and Likeability of ONYOU products (n=203)

As for customer suggestions, the customers has been divided into two groups: new customer (who chose the frequency of coming ONYOU store is “very seldom”, “seldom” or “sometimes”) and old customer (who chose the frequency of coming ONYOU store is “often” and “very often”). From Figure 21, it is obvious that new customers prefer to choose more promotion activities and more advertisement for the product, while old customers tend to choose to have an orderly membership system for regular customers and contact to the existing customers often and give the newest store information. However, both of these two kinds of customers have the common choice to have discounts or lower price to gain more customers, which has the highest vote.

Improvement suggestions (multiple choice) N=203	New customers	Old customers	Total chosen times
Orderly membership system	22	34	56
More promotion activities	64	30	94
Contact customers often and give more information	35	44	79
Discounts or lower price	75	34	109
Product presentations	29	16	45
More advertisements	31	13	44
Total chosen times	256	171	427

FIGURE 21. Crosstab of improvement suggestions from new and old customers

To sum up, from the survey results, it can be concluded that ONYOU franchise store's main target customer group is female, over 20 years old, with good education background. The most favoured product series are underwear product series, then is towel and socks. Two possible reasons for respondents seldom come to ONYOU store: first is ONYOU company lack of brand awareness among public; then is ONYOU products prices might be comparatively expensive than other cotton products. Data expressed a fact that respondents who have positive feelings for bamboo fiber products would buy ONYOU product again. No matter new customers or old customers, they are all expecting to have discounts or lower price of ONYOU products.

#### 4.3.2 Summary of interviews

As feedback from the 19 interviewed customers, it is apparent that ONYOU franchise store's marketing is not successful in their mind. In fact, it is not possible for small business to advertise on television because of its expensive costs even though it is a very effective way for marketing. Therefore, interviewees proposed some ideas which are capable to do by ONYOU franchise store, such as disseminate leaflets with promotion activities or discounts information on it; keep providing good-quality products and superior customer service; delicate and nice lay out in the store and so on. One of these ideas is innovative, which is applying social network. Actually, the social network is becoming more and more common in human daily lives. For instance, 2-dimensional bar code have been used everywhere especially in modern business so that ONYOU store could take advantage of this technology and make it realise spreading information channel to public. In China, ONYOU could use social communication tools like Wechat and Sina Weibo etc.

According to the interviewee's opinion, the relationship between customers and ONYOU franchise store is quite satisfying. Most of interviewees said they enjoy the shopping experience in ONYOU store, and the sales staff has very kind and friendly attitude towards customers which meets customer needs and create a comfortable shopping atmosphere.

From customers' point of view, the interviewees' suggestions are concluded into few significant categories to improve ONYOU franchise store customer relationship management.

- 1) Some interviewees pointed out that it is vital to train the sales staff better so that customers would like to communicate with them and they would understand customer needs and requirements in a deep manner. Many skills are required and needed for the sales person because it is the first impression for customers, such as excellent communication skills, taking responsibilities for problems when dealing with complaints, responding quickly to customer queries and warm reception and so forth.
- 2) Several people expressed their opinion about follow up and after-sales service, which they emphasised on keeping in touch with regular customers and developing ONYOU store's loyalty program.
- 3) It is worth to mention that some interviewees suggested rewarding old and/or good customers to express a sign they are important and valuable to ONYOU store. As we all known, establishing a new customer relationship is more difficult than keeping an existing customer relationship, and it is more time consuming and need more invest and resources. As Kolter (2009) said, attracting a new customer may cost five times as much as doing a good enough job to retain an existing one.
- 4) Surprisingly, about marketing efforts for long lasting customer relationship, many interviewees come up with the same opinion: Word-of-Mouth, which means keeping satisfied existing customers and let them become ONYOU spread channel so that they are able to recommend their friend and/or relatives to come here. It is the most economical marketing effort for ONYOU to conduct without expensive advertising costs.
- 5) Some people mentioned the power of social network again and suggested ONYOU owner through this huge influence of social communication tools, the store could take a chance of inexpensive advertising and propaganda to affect a wide range and large coverage. For example, ONYOU franchise store could use Wechat or Sina Weibo to post some words of the benefits of ONYOU bamboo fiber products, small tips of protect and wash bamboo fiber product or even some promotion activities news. In that case, it would attract people who concern about health and environmental in order to enhance public awareness of this brand as well as ONYOU franchise store.

- 6) What is more, high-quality product and superior customer service are also essential marketing effort that ONYOU could do to build and keep long-term profitable customer relationships.

## 5 FUTURE DEVELOPMENT SUGGESTIONS FOR ONYOU FRANCHISE STORE

At present, after analysing the results of questionnaires and interviews, it could be known that ONYOU franchise store did not have effective marketing but CRM is quite satisfactory. In that case, changes and measures are needed to be taken in order to enhance the impact of marketing and improve CRM to catch up with business development steps in daily China.

### 5.1 Strategic CRM

Strategic CRM is focused on the development of customer-centric business culture. This culture is emphasised on gaining and keeping customers through devising and delivering value better than competitors. The culture can be demonstrated in leadership behaviours, the design of formal systems of the company, and other parts within the company. The aim of strategic CRM is to concentrate and enhance the knowledge about customers and use this knowledge to improve and customize the interactions with customers to maintain a long-term relationship with them. In customer-centric culture, the resources can be allocated properly to enhance customer value, reward systems to promote employee behaviours that increase customer satisfaction and recall, and customer information to be collected and applied all over the business. (Buttle 2009, 5)

It is possible that heroes can be expected to appear of the company to be someone who provides brilliant value propositions or service. Some businesses claim that they want to be customer-orientated, customer-focused, customer-centric or customer-led, however, only few of them can be. Actually, there are just few enterprises of any scale that do need to claim their goal is to meet and satisfy customers' requirements with profit. (Buttle 2009, 5)

Customer-orientation is different from other business orientations. Philip Kotler has classified three other main business orientations. There are product, production and selling orientation.

**Product-oriented businesses** think that product with best quality, design, presentation and functions would be chosen by customers. Mostly, at the beginning phase, new business are tend to be product-oriented, especially some innovative and entre-

preneurial firms. It is believed that customers' opinions don't need to be taken into account when important marketing, selling or service decisions are made, and maybe no implementing customer research. The firms only rely on estimations about customer needs. At last, it might generate products are over specified or overengineered for the market without meet its requirements. (Buttle 2009, 5)

**Production-oriented businesses** think that product with low price would be chosen by customers. Thus, these businesses take efforts to maintain low costs in operation and develop low-cost tactics on the market. This may be suit for developing economies or subsistence segments of developed economies. However, most consumers have more requirements for the product. (Buttle 2009, 5)

**Sales-oriented businesses** think that if there are enough advertising, selling, public relations, sales promotion, and other motivations, and then customers will be attracted and persuaded to make purchase decision. Although sales-orientation business is relying on an assumption, it follows the production orientation in normal case. It has to sell and promote the products heavily to alleviate inventory result of producing mass low-cost products. (Buttle 2009, 5)

A customer or market-oriented business have the same goals is that customers enjoy the priority. These orientations would collect, spread and apply customer information to improve and providing optimal value propositions for their target customers. Constantly adapting themselves to customer or market requirements and competition situations, which is a customer-centric company will learn and implement. Some people of management level might not support that customer-oriented business is definitely right for all enterprises. Nevertheless, these different orientations will perform its advantages when it comes at a certain phase of whole development or the market conditions. (Buttle 2009, 5)

According to the strategic CRM, even if the ONYOU franchise store in Hefei is a small business in one city, it is easy to see that most of its target customers are people who have high income and think highly of life quality. In the shop, every shop assistant has known the culture of ONYOU spirit, which is always putting the customers first, to know what they want, to understand what they require, to deliver the best value of product for them, to collect their feedback after they have been using the product, and then to adjust the store's ordering and selling strategies. As far as it is concerned, what is important to ONYOU franchise store in Hefei, is to support its sales and service staff in considering client needs and satisfaction their major priorities.

What is more, business strategies of ONYOU franchise store tend to reflect a customer orientation including those aspects such as developing a quality product appreciated by consumers. In addition, it is also essential for ONYOU store that responding needs and demands promptly and immediately, respectfully to handling consumer complaints and queries, and as well as dealing sensitively with community issues.

If ONYOU franchise store wants to be a customer-oriented organization it places customer satisfaction at the core of each of its business decisions. Which is needed to know is that customer orientation is defined as an approach to sales and customer-relations in which staff focus on helping customers to meet their long-term needs and demands. Therefore, management and employees should work together and make it clear that their individual and team objectives are around satisfying and retaining customers.

Hence, sales people are front-line communicators of an ONYOU's customer-orientation, which means they are the first faces that interact with customers. As a result, efforts to implement customer-orientation strategies should encompass a strong training component for front-line employees occupying customer contact or boundary-spanning roles. That is why training and empowering sales staff is very important. Moreover, it also requires management empowering staff to use a wider range of individual initiatives to solve customer problems, especially when these sales people are confronted with customer complaints. For instance, a sales staff of ONYOU might be empowered to resolve product defects at a customer's work site under certain conditions, and know how to dealing with various cases of customer complaints. This approach impacts a customer's perception of the company's dedication to customer service.

## 5.2 Customer Loyalty Programme

First of all, ONYOU franchise store could start a customer register used for collecting the data about customer relationship with the store. The data contain many sectors: basic information, times of visiting ONYOU franchise store in a year, average spend of shopping and length of customership etc. After collecting these data, ONYOU store is able to construct a customer loyalty programme. Where a customer has provided sufficient identifying information, the loyalty card may also be used to access such

information to expedite verification during receipt of cheques or for other membership privileges.

In fact, ONYOU store has its own membership card system. However, it did not work very well because the preliminary marketing influence was not effective and it did not have the completed customer data. For the future, ONYOU store could improve its original membership cards system. By presenting the card, the purchaser is typically entitled to either a discount on the current purchase, or an allotment of points that can be used for future purchases.

After knowing better of loyalty customers purchase habits, the ONYOU store could provide and recommend the exact products to meet customer needs. What is more, the loyalty customers can enjoy the VIP benefits and privileges than other random purchasers, such as more discounts, presents, and priority. And let customer would rather come back to ONYOU if he feels that he is getting more value and more appreciation compare to ONYOU's competitor.

### 5.3 Marketing Tools

According to ONYOU franchise store belongs to small business so that it can't operate marketing like big company. Hence, ONYOU store could still apply some aspects of marketing mix from product, price, promotion and place (4P's) to conduct in daily operation.

**Product:** From the store itself, there are several measures that ONYOU could take. Serving customer the products with high-quality, special features of bamboo fibre products. Fashionable design and nice packaging could also enhance marketing effect. Actually, the ONYOU store can provide a variety of package for use. Such as it have gift boxes for special festival or in case the clients need the gift set.

**Price:** ONYOU store could arrange discounts and several products on sale depending on the circumstances. Both the cash and credit card can be used for payment.

**Place:** The lay out is also important to the shop image and show the products. ONYOU store could make some changes two times a month or other interval time, for supplement new products or move the display position to present different product at



the main showing spot. Opening hours can be more flexible such as longer opening hours when approaching special festivals.

**Promotion:** ONYOU store could arrange discounts and several products on sale with the promotion activities according to the season changes and/or its stocks circumstances. If ONYOU store tends to advertise more, it can choose leaflets and newspaper but not expensive TV advertisement. The shop owner can take advantage of some important key personal relations to expand brand influence like social activist, local celebrity. About personal selling, it would be explained more detail in later paragraphs.

Moreover, just like the research results shows that thoughtful customer service could be an excellent way for small business to achieve success.

What ONYOU store needs to notice on this point is that sales persons are crucial impression of customers to the brand. That is vitally important if employees are to carry the brand forward in their hearts and minds as well as their actions. Their own personal take on some or all of its content and emerge as an even more dedicated and committed to the team, they can contribute to the brand becoming famous because they have an active role in that aspect of the brand. Hence, manager should pay attention to training sales staff well to deal with various situations, such as handling customer complaints, responding quickly to customer requirement, friendly and skilful communication ability, warm and comfortable reception and shopping atmosphere, and knowing how to develop rapport in a conversation with customers and so on.

*Customers have two critical points of conversation:*

1. *'People personal' wants and needs. It is about conversation with personal values, including dignity, pride, honour, self-esteems, credibility and competence. These might related to customers' desire for their families to have the same values accorded them.*
2. *'Social personal' wants and needs. It is about conversation with personal views on social inclusion or exclusion, fairness, entitlements, rights and equality. It have become one of the most significant purchasing criteria in the past decades. (Hammond 2008, 111)*

What is more, the most recommended advertising tool by interviewees is free social communication network, such as Wechat and Sina Weibo which are extremely popu-

lar social network in China. Social networks in the form of online virtual communities can be a crucial resource especially for small businesses. Nowadays, social networks have become an essential force in business-to-consumer marketing.

Additionally, a key sector of social networks is Word-of-mouth and the numerous natures of conversations and communications between different parties. Consumers talk about numerous brands each day. Word-of-mouth can be particularly effective marketing method for small businesses for which customers might feel a more personal relationship. As well as the existing old customers could have long-term memory of ONYOU brand. According to Hammond (2008), there are three circumstances to bring long-term memory of the brand. Firstly, the more intense the experience, the more possibility it is to get long-term memory. Secondly, the more 'real' as opposed to abstract the experience, the more accessible this perceptual information will become. Thirdly, the more often the customer experience is visited by the customer, the higher the opportunities of it maintaining in long-term memory. It could be economical and money-saving method of using these communication stages in order to attract public interests and enhance people awareness by advertising people about the unique functions and features, healthy advantages of ONYOU bamboo fiber products.

## 6 CONCLUSIONS

In this thesis report, the main objective is to find out the most suitable marketing and CRM for ONYOU franchise store through seeking theoretical literatures and conducting research about customer opinions. The practical research is based on the CRM and marketing theoretical comments and it introduced the basic information about ONYOU bamboo fiber home textile franchise store and its implementations of marketing and CRM programmes with the Chinese business background. In general, bamboo fiber industry is still sunrise industry, thus it is an crucial mission for the ONYOU franchise store to retain the good relationship with the main target customers, trying to pursue higher profits with the qualified products that able to meet the customers' expectations and ensure the customers experiences are so good that they are willing to maintain cooperation. Therefore, the loyalty could be enhanced through these relationships and that is why the different kinds of CRM programmes were taken to bring the value to the customers.

From the results of the research, it could clearly be seen that ONYOU franchise store's marketing influence is inadequate so that it needs to search other new and effective methods for it, while the customer relationship between store and customer is quite good. Making an attempt of applying social network with its benefits of free using, wide range and large coverage is an innovative suggestion that interviewees proposed. It is believed that the use of CRM in the future will help ONYOU franchise store to have a better business performance in maintaining the long-lasting customer relationship, to encourage optimistic word-of-mouth the store has to do more than simply service its products sold, which will help them acquire more stable profits and develop in a better way.

It is vital both for marketing and CRM to keep providing good-quality products and superior customer service. Nevertheless, the implementation of the CRM supposed to be built based on the realistic situations. The situations may contain the shop's own situation, the acceptance of the employers and the research from the customers' point of view. Understanding what is most suitable for the store is much more effective than using the most expensive way for marketing and CRM for the future development. Combining theoretical knowledge and the practical background is the key point to find the best method.

During the research period, it was also found that doing marketing is difficult for small business, so the companies cannot wait and do nothing until they have to make

changes to attract customer's interests, but instead, it needs to take steps positively in using the advanced methods before the customers turned to the competitors and find better solutions in meeting the customers' expectations and satisfying their requirements.

The rhythm of knowledge updating is speeding up. Using the advanced CRM system and applying innovative marketing methods compared with before of ONYOU franchise store for the future is just one possible way to catch up with the pace of the times. ONYOU franchise store hopes to achieve profitable growth, capturing a large share of each customer's expenditures by building high customer loyalty. When I was interviewing and communicating with the shop owner, she expressed a positive attitude towards the advanced management methods learned from the other successful business, she is willing to make changes and carry out new implementations following the instructions of those novel concepts. It is a good thing for the shop which could be predicted that the store will make more progress and make more profits by applying the most suitable marketing and customer relationship management system in the future.

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## **Interview**

Interviewer: Wanqing Gu (Degree student of International Business Department Savonia University of Applied Sciences)

Interviewee: Suying Gao (Owner of ONYOU bamboo fiber home textiles franchise store in Hefei City)

Type of interview: Face-to-face interview

Time: 4<sup>th</sup> July 2013



## APPENDICES

## Appendix 1: ONYOU Franchise Store Questionnaire

Please choose your answers by circling the answer.

1. What is your age group?
  - a) Less than 20
  - b) 20-29
  - c) 30-39
  - d) 40-49
  - e) More than 50
  
2. What is your gender?
  - a) Male
  - b) Female
  
3. Education background
  - a) Primary school
  - b) Middle school
  - c) High school
  - d) Professional college
  - e) Bachelor
  - f) Master
  - g) Doctor
  
4. Do you often come to ONYOU Store to buy products?
  - a) Very seldom
  - b) Seldom
  - c) Sometimes
  - d) Often
  - e) Very often

5. What attracts you to visit our store? (multiple choice)
- a) Leaflets
  - b) TV advertisement
  - c) Promotion Campaign/Activities
  - d) Friends told me
  - e) Interest in bamboo stuff
  - f) Suitable location of the store
  - g) Something else, what? \_\_\_\_\_
6. What is your favorite product series in ONYOU Store? (multiple choice)
- a) Towel
  - b) Socks
  - c) Underwear
  - d) Bedding
  - e) Others (including pajamas, men's T-shirt, base shirt, vest, leggings and so forth)
7. How much you like the home textiles made of bamboo?
- a) Hate
  - b) Dislike
  - c) Okay
  - d) Like
  - e) Love
8. Will you buy ONYOU products again in the future?
- a) Yes, definitely
  - b) It depends.
  - c) Maybe not.
  - d) No, absolutely not.
9. What needs to be improved for ONYOU store in your opinion? (multiple choice)
- a) Have an orderly membership system for regular customers
  - b) More promotion activities to attract new customers
  - c) Contact to the existing customers often and give the newest store information
  - d) Discounts or lower price to gain more customers
  - e) Product presentations for customer groups
  - f) More advertisements about the products

g) Something else, what?

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*Thank you very much for your co-  
operation!*

## Appendix 2: ONYOU Franchise Store Interview Questions

1. Do you think that our marketing is effective now?
2. What kind of marketing tools you think are the most appealing?  
(Leaflets? Radio? Television advertisement? Newspaper advertisement? Discounts? Nice products? Good quality products? Good customer service? Good opening hours? Nice lay out in the store? Etc.)
3. From your point of view, is the relationship satisfactory between customers and ONYOU store?  
If it is good, why?  
If it is not good, why?
4. From customer point of view, how we should improve our customer relationship management to make it better?
5. In your opinion what kind of marketing efforts would be the most effective in building a good and long lasting customer relationship?

*Thank you for your co-operation!*