ISCTE ⬡ Business School
Instituto Universitário de Lisboa

NIKITA CABELEIREIROS WANTS TO IMPROVE THE EFFICIENCY OF ITS CUSTOMER RELATIONSHIP MANAGEMENT BY ADOPTING AN APPROPRIATE CRM STRATEGY.

Cláudio Bessa Gomes

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Supervisor:

Dra. Helena de Sousa

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SUMÁRIO EXECUTIVO

O papel desempenhado pelas empresas designadas por PMEs (Pequenas e Médias Empresas), tem vindo a crescer nas economias nacionais, sendo extremamente importantes para o desenvolvimento das mesmas. Devido ao papel financeiro que representam, a procura de aplicações tecnológicas para uma gestão de clientes mais eficiente nas PMEs tem vindo a aumentar. Por esta razão, a estratégia de CRM tem apresentado um rápido desenvolvimento nos últimos anos.

A minha tese de mestrado, consiste num estudo aprofundado sobre a implementação de uma estratégia de CRM na Nikita Cabeleireiros, uma PME estabelecida num mercado comum. Examina, também, os principais riscos e benefícios da implementação de estratégias de CRM. Outro conceito é apresentado, CEM (Gestão das experiências do cliente), como o próximo factor competitivo e elemento de diferenciação entre PMEs.

A revisão da literatura resulta de uma pesquisa intensiva e analisa artigos e documentos referentes aos tópicos anteriormente mencionados. O resultado desta pesquisa mostra que PMEs, neste caso a Nikita Cabeleireiros, devem "abraçar" uma estratégia focada no cliente, tal como a estratégia de CRM, com a finalidade de melhorar o serviço ao cliente, o que irá aumentar a taxa de retenção dos clientes e a respectiva lealdade.

Este estudo, acredito que pode servir como um bom suporte teórico para as PMEs adoptarem uma estratégia de CRM e, também, iniciar mais investigações relativamente a estes tópicos.

SUMMARY

The positions SMBs (Small and Medium Businesses) have in national economies have been increasing, being extremely important to the development of the economies. SMBs are seeking more and more CRM applications, for this reason, CRM as been having a rapid development in the last years.

My master project will study a CRM implementation on Nikita Cabeleireiros, a small business in a common local market, and examine the CRM key risks and benefits. Another concept is presented, CEM (Customer experience Management), as the next competitive advantage and differentiator factor between SMBs.

The literature review resulted from an intensive research and will analyze previous research concerning the topics mentioned above. The outcome of this research shows that SMBs should embrace a customer-centric strategy, as CRM strategy, in order to achieve higher customer service which will lead to higher customer retention and customer loyalty.

This study should be a useful tool to SMBs adopting CRM and to initiate further investigation regarding these topics.

Key Words:

SMBs (Small and Medium Businesses)

CRM (Customer Relationship Management)

CEM (Customer Experience Management)

NIKITA CABELEIREIROS

SUMÁRIO

A posição que as PMEs (Pequenas e Médias Empresas) ocupam nas economias nacionais tem vindo a crescer, sendo extremamente importantes para o desenvolvimento das economias. A procura de aplicações de CRM nas PMEs tem vindo a aumentar, por esta razão, a estratégia de CRM tem apresentado um rápido desenvolvimento nos últimos anos.

A minha tese de mestrado, consiste num estudo aprofundado sobre a implementação de uma estratégia de CRM na Nikita Cabeleireiros, uma PME num mercado comum. Examina, também, os principais riscos e benefícios da implementação de uma estratégia de CRM. Outro conceito é apresentado, CEM (Gestão das experiências do cliente), como próximo factor competitivo e elemento de diferenciação entre PMEs.

A revisão da literatura resulta de uma pesquisa intensiva e analisa artigos e documentos referente aos tópicos anteriormente mencionados. O resultado desta pesquisa mostra que PMEs devem "abraçar" uma estratégia focada no cliente, tal como a estratégia de CRM, com a finalidade de melhorar o serviço ao cliente o que irá aumentar a taxa de retenção dos clientes e a respectiva, lealdade.

Este estudo acredito que será uma evidência útil para as PMEs adoptarem um estratégia de CRM e iniciar mais investigações relativamente a estes tópicos.

Palavras-chave:

PMEs – Pequenas e Médias Empresas

CRM – Gestão de Relação de Clientes

CEM – Gestão das Experiências dos Clientes

NIKITA CABELEIREIROS

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__Chapter I__

1. Introduction

1.1. Background

"The most meaningful way to differentiate your company from your competition ... is to do an outstanding job with information. How you gather, manage, and use information will determine whether you win or lose."

- Business @ the Speed of Thought, Bill Gates

In order to compete in the global market, a key factor for companies, either large or small, is their most important asset, the Customer. In the SMBs sector, customer retention is crucial, since, SMBs do not have the same resources and financial power of big enterprises.

SMBs play an important role in the development of the economies, having in Portugal ninety-five point five percent of all businesses and provide almost sixty percent of national business volume. For this reason, even more companies are trying to adopt customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management.

Customer Relationship Management consists in a Management approach, originated in the United States. CRM is emerging as a key element that performs a major role in realizing corporate strategy of many organizations, large and small. The market trends reveal that focus on customer service is back into the spotlight and companies are investing more in their more important asset. CRM SaaS (software-as-a-service) are gaining market share and strengthen their position in the SMBs sector.

In this competitive market, companies need a differentiator element to distinguish them from others. Other trend of the market is based on the fact people are seeking more and more for receiving an experience rather than a simple product. A customer's experience with an Apple device begins before the purchaser turns it on. This is why CEM is been indicated as the next competitive advantage.

My Master Thesis will be based on the application of CRM management strategy in a Small business and the importance of Customer Experience for SMBs. This study will analyze the benefits these management strategies can provide to SMBs and the importance of having a strategy focused on the customer.

1.2. Purpose of the Study

The purpose of this Study is to understand CRM management strategies applied to SMBs, specifically in Nikita Cabeleireiros. Following this purpose, engage SMBs for the implementation of CRM management strategy.

1.3. Main Question

MQ: *How can Nikita Cabeleireiros improve the efficiency of its Customer Relationship Management?*

__Chapter II - Literature Review__

2. Objective

The aim of the Literature review is to study the viability of CRM management concepts and technologies to implement in the SMBs sector. To achieve this objective with accurate information, the literature review is based on previous research regarding CRM in SMBs, CRM definitions, approaches and benefits as well as the crucial role SMBs have in national economies, the characteristics and definition regarding SMBs.

3. SMBs embraces CRM

3.1. Definition of SMBs

Micro, small and medium-sized businesses play an important role in the development of the economy. They represent 99 % of all enterprises in the EU. In the specific case of Portugal, they represent 99,5%, providing 74,5% of national employment and gathering 59,8% of national business volume.

In Portugal, the definition of SMBs is based on the "European definition". Enterprises qualify as micro, small and medium-sized enterprises (SMEs) if they fulfill the criteria laid down in the Recommendation 2003/361/EC[1] which are summarized in the table 1. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Table 1 – SMBs Definition

Enterprise	Headcount	Turnover	OR	Balanced Sheet
Medium	« 250	≤ € 50 million		≤ € 43 million
Small	« 50	≤ € 10 million		≤ € 10 million
Micro	« 10	≤ € 2 million		≤ € 2 million

Source: Ministério da Economia, da Inovação e do Desenvolvimento (MEI)

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[1] **COMMISSION RECOMMENDATION of 6 May 2003, concerning the definition of micro, small and medium-sized enterprises**
(notified under document number C(2003) 1422)
(Text with EEA relevance)
(2003/361/EC)

3.2. SMBs' characteristics

Micro, small and medium-sized businesses represent one widely heterogeneous segment, which agglomerates several industries. According to David Carson et al (1995), SMEs have different characteristics from those of large companies.

The *Bolton Report* (1971) claims, SMBs do in fact have many different characteristics that set them apart from large firms, such as:

a. ***Personalized management***

The owner/ manager of a small company should always be involved in material decisions and take an active role on all aspects of management.

b. ***Small Market Share***

SMEs, predominantly, serve a local or regional market and tend to have a limited small market share.

c. ***Customer Loyalty***

Small businesses, especially those occupying a niche market often become reliant on a small but loyal customer base.

d. ***Finance***

Small businesses often find it difficult to raise the finance to grow, and are very dependent on customers prompt payment in order to survive.

3.3. CRM importance for SMBs

The concept of Customer Relationship Management (CRM) is rising among organizations and represents a key issue for large, medium and small businesses. Long-term relationships with customers are one of the most important assets of an organization (Miruna Marinescu, 2007).

Business growth brings the small and medium-sized enterprise (SME) to the realization that it can no longer sustain the informal, regular personal interaction with its customers, often a differentiator that allowed it to compete successfully with larger rivals. Close customer understanding allows SMEs to tailor their offerings in response to customer needs and new competitors (Ayman Abouseif, 2006).

As a recent Microsoft study points out, customer acquisition and customer retention are the biggest challenges in this segment (Wash. Redmond, 2009). Under these circumstances, a CRM system can be a strategic tool for retaining customers and acquiring new ones as the business grows (Ayman Abouseif, 2006).

4. Customer Relationship Management Research

4.1. What is Customer Relationship Management (CRM)?

Customer relationship management (CRM) is a management strategy that unites information technology with marketing. It originated in the United States in the late 1990's, and, to date, has been accepted in a significant number of companies worldwide (Satoshi Ueno, 2006).

CRM is one of the fastest growing management approaches being adopted across many organizations (Adebanjo, 2003). Darrell Rigby and Barbara Bilodeau developed a recent study regarding management tools and trends, where CRM occupies the fourth position in the top ten most used management strategy in companies.

There have been a large number of attempts in order to define the domain of CRM, even with the significance for the three-letter.

"CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer-related data and enabled by information technology." - **Francis Buttle**

"CRM is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers" - **PWC Consulting**

"CRM ...an enterprise wide business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-satisfying behaviors and linking processes from customers through suppliers." - **Gartner Group**

4.2. Types of CRM

4.2.1. Strategic CRM

"Strategic CRM is a core customer-centric business strategy that aims at winning and keeping profitable customers." (Francis Buttle, 2008)

Strategic CRM is based on a customer-centric business culture that aims to win and keep customers by delivering value better than competitors. This type of CRM is directly connected to customer satisfaction, customer retention and to collect customer's information.

4.2.2. Analytical CRM

"Analytical CRM focus on the intelligent mining of customer-related data for strategic or tactical purposes." (Francis Buttle, 2008)

This type CRM helps business by capturing, analyzing and applying the knowledge about customers and ways to approach them. It is responsible for processing the internal data regarding enterprise repositories and connects it with external data factors. Analytical CRM concerns the technologies that aggregate customer information and provide analysis of the customer data to improve managerial decision making and actions. It is based on technologies such as data warehousing and data mining tools. (Foss, Stone and Ekinci, 2008)

Analytical CRM allows a more powerful, for businesses, cross-selling as well as provide a higher customer retention and customer acquisition.

4.2.2.1. Data Mining

This concept can be defined as *"Data Mining is the application of descriptive and predictive analytics to support the marketing, sales and service functions."* (Francis Buttle, 2008)

The support that Data Mining provides to CRM is extremely important since it finds correlations among data and converts to decision-making models that can help predict the future based on data analysis in the past.

4.2.3. Operational CRM

"Operational CRM represents the automation of costumer-facing processes such as, selling, marketing and service automation." (Francis Buttle, 2008)

Operational CRM aims to reduce operating costs while enabling these functional areas to provide a higher level of value to customers. It contains all applications directly in contact with the customer. (Foss, Stone and Ekinci, 2008) According to Gartner Group (2004), Operational CRM plays an important role for any company in three major areas:

I. *Sales Force Automation (SFA)*

SFA is responsible for automating all sales related processes. It's basic purpose is to improve the productivity of sales departments, which improves company's sales processes.

II. *Customer Service and Support (CSS)*

CSS is responsible for automating processes related to different services like product complaints, service requests and product returns.

III. *Enterprise Marketing Automation (EMA)*

EMA is responsible for automation of marketing related processes. Its key role is to improve efficiency for marketing departments, which improves company's marketing processes.

4.2.4. Collaborative CRM

"Collaborative CRM applies technology across organizational boundaries with a view to optimizing company, partner and customer value." (Francis Buttle, 2008)

Collaborative CRM is an approach to customer relationship management in which the various departments of a company, such as sales, technical support, and marketing, share any information they collect from interactions with customers. The purpose of collaboration is to improve the quality of customer service, and, as a result, increase customer satisfaction and loyalty.

4.3. CRM Trends 2010

A. *Companies investment in their most important asset*

Forrester Research shows that companies are increasing their investment to achieve a higher customer loyalty rate. In the B2B segment, companies are more interested in capturing new customers and the B2C is looking to provide better customer experience.

B. *Social CRM*

The use of online social tools has been increasing over the years. For this reason, businesses have jumped to this area in order to engage costumers using Social Computing solutions.

C. *CRM evolves to become the Customer Management Ecosystem*

Companies need to offer solutions that go beyond the Traditional CRM and incorporate capabilities like billing and order management.

D. *Price/Value Trumps functionality in Purchase Questions*

CRM SaaS (software-as-a-service) will continue to gain market share, but, buyers are more insecure due to the last couple years of recession. As consequence, first-time buyers will have a higher Bargaining Power and arrange better contract arrangements.

E. *Customer Service moves back into the Spotlight*

Several customers' research online information related to company products and services. To fulfill their expectations, it's crucial to provide a better real-time support to better serve customers.

F. *The Struggle to Integrate Customer Data continues*

Poor data management is one of the biggest barriers to obtain value from the CRM system. It is important to choose the right approach to CRM.

G. *Scrutiny of Business Cases remains Intense*

There is not a business case that can prove value in CRM system, especially in the SMB segment, before investments are made. There is a need to know how to pinpoint the best opportunities for creating business value and the right metrics to achieve success.

H. *Following Best Practices separate Winners from Losers*

Successful companies focus on five CRM fundamentals:

→ Promoting user adoption
→ Focusing on business process
→ Establishing executive sponsorship
→ Practicing sound data management
→ Defining the right metrics

Source: *Trends 2010: Customer Relationship Management (2010),* Forrester Research.

4.4. CRM Benefits

The capabilities for CRM professionals, across B2B and B2C companies, for targeting, acquiring, serving and retaining customers are poor (William Band, 2008). Even so, CRM can provide to SMBs arguments to achieve better results in certain departments within the organization.

Table 1 – CRM Benefits

Financial	Sales	Customer Service	Customer Knowledge
Sales Growth	Cross-selling	Customer Retention	Collect vital data
Cost Reduction	Up-selling	Customer Satisfaction	Create Detailed Profiles
Higher ROI	New selling prospects	Customer Loyalty	Better Communication

4.5. CRM Key Risks

The research made concerning the key risks of CRM implementation detects other "deadly sins". Several experts in this field share the same opinion (CRM guru, 2006; Kale, S.H., 2004; S. Nelson, J. Kirkby, 2001). According to their view, it is possible to create a list of key risks, as you can see in Table 2.

Table 2 – CRM Key Risks

CRM Key Risks		
Kale S.H.	S. Nelson, J. Kirkby	CRM Guru
CRM initiative as a technology initiative	Data Is Ignored	CRM as a software solution rather than a planned business strategy.
Lack of customer-centric vision	Politics Rule	High Total Cost of Ownership and acquisition costs
Insufficient appreciation of customer lifetime value	The IS Organization and Business Users Can't Work Together	Passive employee resistance and low user adoption rates
Inadequate support from top management	There Is No Plan	Hard to customize and integrate traditional CRM software solutions
Underestimating the importance of change management;	CRM Is Implemented for the Enterprise, Not the Customer	Incomplete or poor data
Failing to re-engineer business processes	A Flawed Process Is Automated	
Underestimating the difficulties involved in data mining and data integration.	No Attention Is Paid to Skill Sets	

In the European market, seventy to eighty percent of CRM implementations fail to meet their objectives. Bryan Foss, Merlin Stone and Yuksel Ekinci (2008) present several arguments that have been put forward for the failure of CRM systems. They comment that capturing the wrong customer information, unclear goals, inappropriate selection and use of technology, inability to integrate people and processes and use of misleading metrics or improper measurement approaches are the major barriers in implementing and managing CRM projects.

5. Customer Experience Management Research

5.1. Definition of Customer Experience

"Customer experience is the cognitive and affective outcome of the people customers' exposure to, or interaction with, a company' people processes, technologies, products, services and other outputs."(Francis Buttle, 2008)

"Customer Experience Management is the process of strategically managing a customer's entire experience with a product or a company." (Bernd Schmitt, 2003)

Customer Experience Management has been indicated as the next competitive advantage between companies (Bernd Schmitt, 2003). This management strategy can be measured with the internal and subjective response customers have to any Direct or Indirect contact with a company, as you can see in Table 3 (Christopher Meyer and Andre Schwager, 2007).

Table 3 – Company' Touch Points

Touch Points	
Direct	*Indirect*
Purchase	Word-of-mouth (WOM)
Use	Advertising
Service	Reviews

Source: *Understanding Customer Experience (2007),* Harvard Business Review.

5.2. Relation between CEM & CRM

Customer Experience Management is a new concept that differs in certain issues, when compared with Customer Relationship Management. The main goal of having CEM is to understand what a costumer thinks about the company. This information is collected in specific "Touch Points" and to be used in order to enhance the customer experience with products or services. CEM can locate gaps between expectations and experience, using them, to gain some competitive advantage (Christopher Meyer and Andre Schwager, 2007).

CRM main goal is to gather information to the company about the customers' behavior. This information is collected after each interaction, direct or indirect, the customer has with the company products or services. The information is used by company customer-facing groups in order to be more efficient and effective.

The most brilliantly designed and insightful customer offerings can be rendered impotent by poor execution. To ensure effective delivery, cross-functional teams must deliver their value proposition across the entire customer experience. Second, they must treat customer interaction as a precious resource. Data mining and customer relationship management (CRM) systems can be valuable for creating hypotheses (James Allen et al, 2005).

Both CEM and CRM purpose is related to increase higher customer satisfaction which, eventually, will drive to create higher levels of customer loyalty (↑ customer retention). By fulfilling the expectations of the customers and knowing what they really appreciate in products or services, give the company the possibility of creating cross-selling opportunities and gain positive word-of-mouth, which is one of the most powerful marketing tool.

5.3. Customer Lifetime Value (CLV)

"The purpose of business is to create and keep a customer."

- Peter F. Drucker

The customer Lifetime Value is made up of three core customer management processes: Customer Acquisition, Customer Retention and Customer Development.

5.3.1. Customer Acquisition

It can be considered that there are two kinds of costumers, new to the product/service category and new to the company (Francis Buttle, 2008).

In Nikita Cabeleireiros specific case, it is only considered the costumers new to the company. These are customers won from the competitors since they believe better solutions are being provided by Nikita.

The cost of new costumers is evaluated according to the industry, since it can be very subjective depending on the switching costs. In the Business-to-Costumers (B2C) industry, there are several tools for attracting new customers. Advertising, sales promotion or Word-of-Mouth (WOM) are common ways for companies to attract new customers. Although, it is very important for companies that the message delivered gains the customers' attention.

5.3.2. Customer Retention

Improving Customer Retention is an important objective for many CRM implementations and ensures that the company maintains relationships with value-added customers.

"Customer Retention is the number of Customers doing business with a firm at the end of a financial year, expressed as percentage of those who were active customers at the beginning of the year."(Francis Buttle, 2008)

Either in B2B or the B2C context, there are three measures of customer retention:

Raw Costumer Retention Rate:

"The number of customers making business with a firm at the end of a trading period, expressed as percentage of those who were active customers of the beginning of the period." (Francis Buttle, 2008)

Sales-adjusted Retention Rate

"The value of sales achieved from the retained customers, expressed as a percentage of the sales achieved from all customers who were active at the beginning of the period."

Profit-adjusted Retention Rate

"The profit earned from the retained customers, expressed as a percentage of the sales achieved from all customers who were active at the beginning of the period." (Francis Buttle, 2008)

5.4. CEM' importance for SMBs' business performance

In today's business world, either on large enterprises or small-medium businesses there is a need to possess something that distinguishes one from the other. Due to the extreme competitive market, there is a need to create a strategy or approach that provides a view of total customer experience (Bernd Schmitt, 2003). Not only focus on product or service features, but, really understand what the customer feels and desires when confronted with our products.

CEM is "a process-oriented satisfaction idea. CEM goes far beyond CRM by moving from recording transactions to building rich relations with costumers." (Bernd Schmitt, 2003).

CEM like CRM is also concerned about achieving high levels in sales but the main difference is that CEM provides value to the customer by offering the service they really desire. This way, it will enhance positive Word-of-mouth, which will build loyalty with costumers and bring value to the business.

Chapter III – Development of a conceptual framework of reference

6. General Conclusions

In the theoretical part of this thesis, several authors and literatures were studied in order to provide relevant information of the SMBs contribution on the development of the national economy, CRM approaches and technologies, and, the CEM concept in SMBs as a business performance.

The definition of Micro, Small and Medium Businesses was established in May of 2003 according the Recommendation 2003/361/EC. The Bolton Report (1971) stated that SMBs differ from large firms in several characteristics. Due to this, SMBs have been having a rapid development in national economies. They assume ninety-nine point five percent of all businesses and represent almost sixty percent of national business volume. For this purpose, many companies are seeking more tools for efficient and effective customer relationship management.

Customer Relationship Management is a customer-centric approach and is rapidly emerging as a corporate strategy for many organizations, either large or small. In the CRM approach four branches have been identified: Strategic CRM, Analytical CRM, Operational and Collaborative CRM. This management strategy has shown results in certain organization areas, such as, Financial, Sales, Customer Service and Customer Knowledge.

The market trends show that companies are increasing their investment in Customer Service. The demand of CRM software is increasing in the SMBs segment, since, customer service is coming back to the spotlight and the "boom" online social tools. The importance on having a good customer-related data management is crucial to become a successful company.

The CRM implementation, however, has a negative perspective. According to several authors reviewed, CRM fail when is implemented for the enterprise and not for the customer; lack of customer-centric vision by the top management or employees; poor data management; deny changing business processes; and, above all, believe it is just a CRM software initiative rather than a planned business strategy. Other aspects, none mentioned before, is the culture issue that can represent a threat for this strategy.

Another concept was introduced in my master project, Customer Experience Management. According to *Bernd Schmitt (2003)*, customer experience has been indicated as the next competitive advantage, either large or small. The aim of CEM consists in understanding what the customer thinks about the company in contrast with what the company knows about the costumer (CRM).

CEM is management tool where customer interaction must be treated as a precious resource with the purpose of discovering gaps between the customers' expectations and the experience offered. CRM software collects and analyzes this information, in order to, gain competitive advantage.

6.1. Research Questions

RQ 1: What are the benefits of CRM implementation?

RQ 2: What are the risks of CRM implementation?

RQ 3: What does CRM mean for different organizations?

RQ 4: What are the benefits of CEM?

RQ 5: What does CEM mean?

6.2. Research Questions Answers

RQ 1: What are the benefits of CRM implementation?

→ Cost Reduction
→ Improve Sales
→ Higher ROI
→ Cross-selling opportunities
→ Up-selling opportunities
→ Collect vital data
→ Create detailed profiles

RQ 2: What are the risks of CRM implementation?

→ Insufficient appreciation of customer lifetime value

→ Inadequate support from top management

→ Underestimating the importance of change management

→ Failing to re-engineer business processes

→ Underestimating the difficulties involved in data mining and data integration

RQ 3: What does CRM mean for different organizations?

Some consider CRM to be branded CRM software, others as loyalty programs or simple tools to manage and satisfy customers. This confirmed that CRM meant different things to different organizations. In general, CRM stands for a customer-centric strategy where the customer is the most important asset.

RQ 4: What are the benefits of CEM?

→ Increase Customer Loyalty

→ Increase Customer Retention

→ Positive Word-of-Mouth

→ Better knowledge of Customer' Needs and Preferences

Chapter IV – Data Collection, analysis methods & techniques

7. Research

7.1. Research Methodology

My master project' main objective is based on the implementation of CRM Management Strategy in SMBs. In Chapter II explains the theory for the achievement of this objective.

Part 3 reveal the definition of Small-Medium Businesses and provides a perspective of their importance and characteristics; **Part 4** explains the meaning of Customer Relationship Management (CRM), demonstrates the several branches of CRM, analyzes the benefits and key risks, and, future trends of CRM in the market; **Part 5** introduces Customer Experience Management as a new concept for SMBs and respective definition. Highlights the relation between CEM and CRM and exhibits the importance of SMBs embracing CEM as a business performance.

This project literature review shows the value of SMBs have in national economies, and, tries to create a connection between the Management concepts mentioned and the benefits it can provide concerning SMBs.

Due to the lack of statistical information concerning this implementation in SMBs, in order to achieve the objective, a case-study based on Nikita Cabeleireiros was performed.

Sampling Plan

Figure 1

Target Population:
SMBs' Sector & SMBs' Customers

The Survey Population:
SMB Local Market & Nikita' Customers

Sample Size:
a. 20 companies b. 30 Customers

Data Collection Methods:
1. Surveys

Final Sample:
Determine how efficient SMBs are in CRM Gain customer perspective
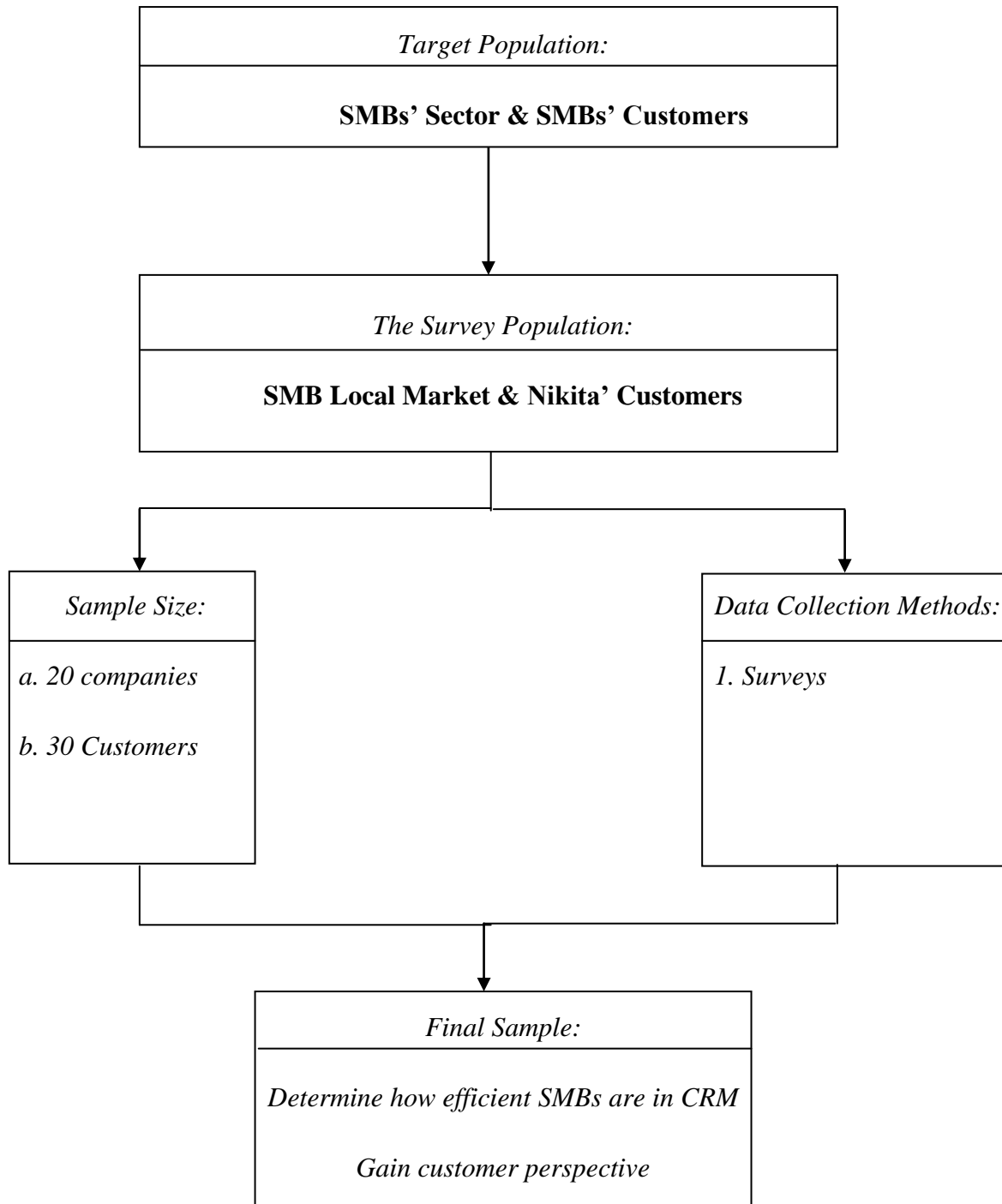
Two surveys were prepared directly to SMBs' owners and Nikita' customers to understand and compare the perspectives, as shown in Figure 1 – Sampling Plan. Surveys are considered to be an effective tool for searching and find correlations between the information provided.

With the purpose of acquiring the appropriate CRM software, I thought it was suitable to issue a Request for Proposal (RFP) to analyze and compare CRM software based on the program features, functionality and budget.

7.2. Research Methods and Techniques

Nikita Cabeleireiros is a family business, one common SMB, and to evaluate the profitability and current problems, an economic and financial analysis was made to have a deeper knowledge of these issues.

The economic and financial analysis was based on the last three years for the purpose of comparing results among years, in order to, determine Nikita Cabeleireiros problems.

These accurate analyses provided by Nikita Cabeleireiros accountant, a further examination was completed for the present work. The results' demonstration and the respective analysis could not be showed, due to, confidential clauses.

To understand the current situation of SMBs, and due to the lack of statistical information, the realization of a survey was an effective tool to search and gather customer-related information. Two surveys were prepared for SMBs owners and Nikita customers to understand both perspectives and needs.

7.3. Research Limitation

This study was conducted with the aim of revealing the benefits of implementing a Customer focused strategy on the SMBs segment in a specific local market and gaining perspective on the SMBs' customers.

The research which has been done to the target population could be seen as the beginning to understand the SMBs quality management. It can be reliable for others to initiate further investigation, even so, more statistical information and quantitative research methods are needed.

The validity of this research has some limitations, due to, the method used to gather information. The surveys created were prepared for this local market, where Nikita Cabeleireiros is placed. The survey population has the purpose of capturing information on this specific location. Although the sample size can seem small, it can be representative concerning the SMBs owners, even so, further investigation related to the customer' survey was not possible, since, some customers made some restrictions in answering the proposed survey.

Chapter V – Information Analysis and Conclusions

8. Nikita Cabeleireiros – Case Study

8.1. Company History

Nikita Cabeleireiros started in 1991 by Maria Manuela Gomes, as a young entrepreneur. Over time, has been always a beauty salon dedicated to guarantee a high customer satisfaction by providing an excellent service, quality products, and furnishing an enjoyable atmosphere at an acceptable price/value relationship. We will also maintain a friendly and creative work environment, which respects diversity, ideas, and quality work.

8.2. Company Overview

Nikita Cabeleireiros began as a family business, the purpose of their mission was stated as the improvement of the citizens' image, provide a personalized service in a professional environment. Nikita's owner had the ambition to be recognized for excellent service by providing continuous formation to the employees, gain the customers' confidence enhancing, this way, customer loyalty and continually offering a professional environment. Although being a Small business and with limited resources, Nikita Cabeleireiros presents a collection of quality products & services, keeps regular updating of professional needs (innovations and trends) and support social responsibility events.

Table 4 – Nikita' Mission, Vision and Values

Mission	Vision	Values
Improve the image of the citizens	Recognition for excellence service	Family Environment
Provide personalized service	Continuous professional formation	Personalized Service
Provide a professional environment	Clients Loyalty	Quality Service & Products
	Professional Environment	Regular updating of professional needs (innovations and trends)
		Social Responsibility

8.3. SWOT Analysis

Nikita Cabeleireiros has gained it's position in this local market by working with high experience professionals and providing training programs for their employees regarding new trends. This hair salon provides a Professional Environment for their employees and customers and offers high quality service at medium price with the newest equipment and practices. Even so, by being a "family" business, it does not have a strong marketing campaign in order to attract potential customers. There should be an evaluation system, for employees and customers, with the purpose of really understand the customers needs and to encourage employees to achieve higher goals.

Nikita Cabeleireiros should have a stronger image with a better decorative style with the aim of being more appealing to customers and embrace web technologies to achieve a higher positive word-of-mouth (WOM).

Regarding external processes, most of Nikita Cabeleireiros customers belong to Generation Y, also known as the Millennial Generation, and this generation is generally marked by an increased use and familiarity with communications, media, and digital technologies. With the "boom" of social networks Nikita Cabeleireiros should embrace this trend and other web technologies to expand its brand in the market and gain potential customers or, even, future partners.

Nowadays, there has been a higher concern with personal care and personal image, and this is true for both women and men. Nikita Cabeleireiros should embrace this opportunity to create possible joint ventures with related business in different industries, such as, *Manga* or *Zara* in the clothing industry. Other opportunity, but requires higher investments, is to expand nationally in to new specific and target areas.

Today, the international crisis has been a huge reason for customers spending less money. Customers have a lower purchase power and this affects directly the company' sales and profits.

This trend is seen as a market opportunity since the business model is easy to replicate and the buy-in or the buy-costs are low, which implicates few entry barriers, leading to a high competition in this sector.

Table 5 – Nikita' SWOT Analysis

Strengths	*Weaknesses*
Professionals	*CRM system*
Professional Environment	Marketing Campaign
Experience	Evaluation System
Medium Price	Web Technologies
Products & Equipment	Decorative style
Opportunities	*Threats*
Generation Y	International Crisis
Higher Concern with Personal Care	Competitive Market
Join with other related companies	Business model easy to replicate
Expand nationally	

8.4. Nikita Cabeleireiros Current Situation

An economic analysis was performed to Nikita Cabeleireiros and it demonstrates that in the last years, Nikita Cabeleireiros have been showing some financial losses which decreased the value of the company (Graph 1).

Nikita Cabeleireiros has a considerable number of customers and do not have implemented an appropriate way of collecting relevant information about their customers, in order to understand what the customers' needs are.

Graph 1 – Company' Profitability

	2007	2008	2009
■ Global Profitability	-1%	-52%	-36%
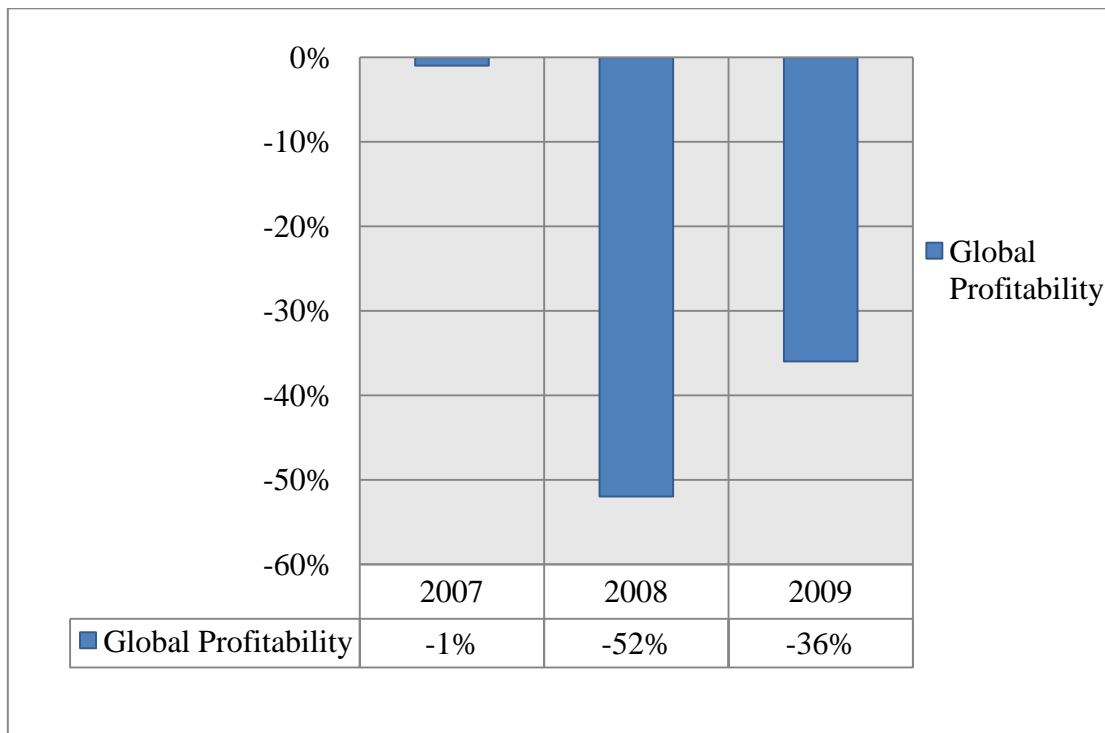
9. Description of the current situation on SMB segment regarding CRM in one common local Market

In this topic, information will be provided relating to SMBs in a local market, using a representative sample. The aim of this research is to analyze this companies' present relation with their customers, and their willing to improve this relationship through a CRM strategy and tools.

The main goal of this study is to determine how efficient SMBs are regarding CRM approaches and how interested they are in receiving information related to CRM strategies. Additionally, and specifically in this sector, how they manage their customers' experience has found to be relevant to include in this study.

9.1. Description of the current situation - SMBs Survey

This survey was performed to 20 companies in order to understand the relationships SMBs have with their customers in this specific location. In the SMBs sector, companies have a simple system to track their relationships with their customers, such as, excel worksheets or personalized methods. Even so, 50% of SMBs do not have any tool or system to track any information related to their customers, as you can see in Graph 2.

Graph 2

CRM in SMB's — Yes 50%, No 50%
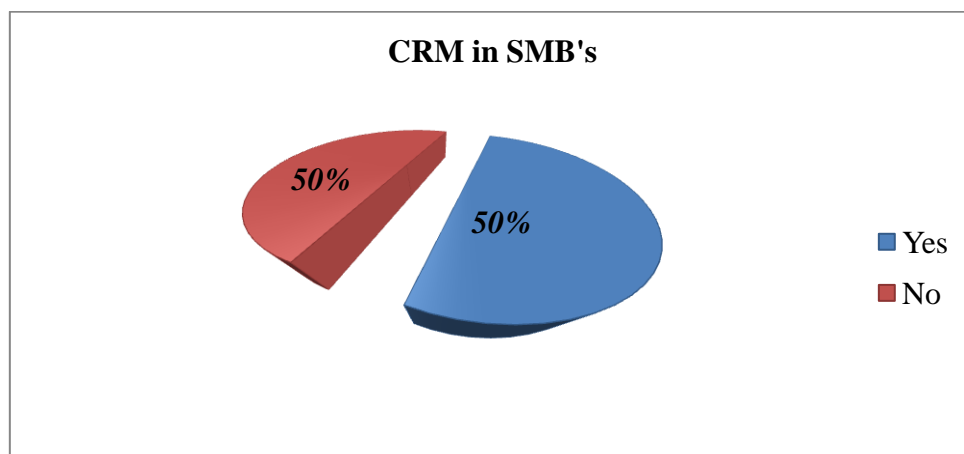
SMBs, normally, are family businesses which have limited resources for investments. In 2010, as showed before, first-time buyers will have a higher bargaining power and possible arrange better contract arrangements for the implementation of CRM software's.

The results gathered from the survey, show that 50% are interested in receiving information related CRM management Strategies for possible future software implementation (Graph 3).

Graph 3
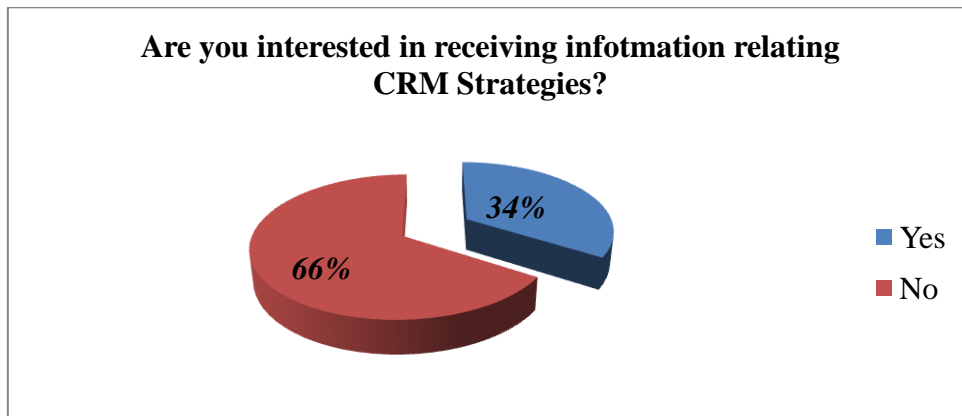
In the SMBs segment, most companies have a numerours group of customers. In Graph 4, it is possible to see that 66% of SMBs have more than 100 clients and 34% have a group of costumers between 50 and 100 customers.

Graph 4

	< 50	[50;100]	> 100
◾ Total Customers	0%	34%	66%
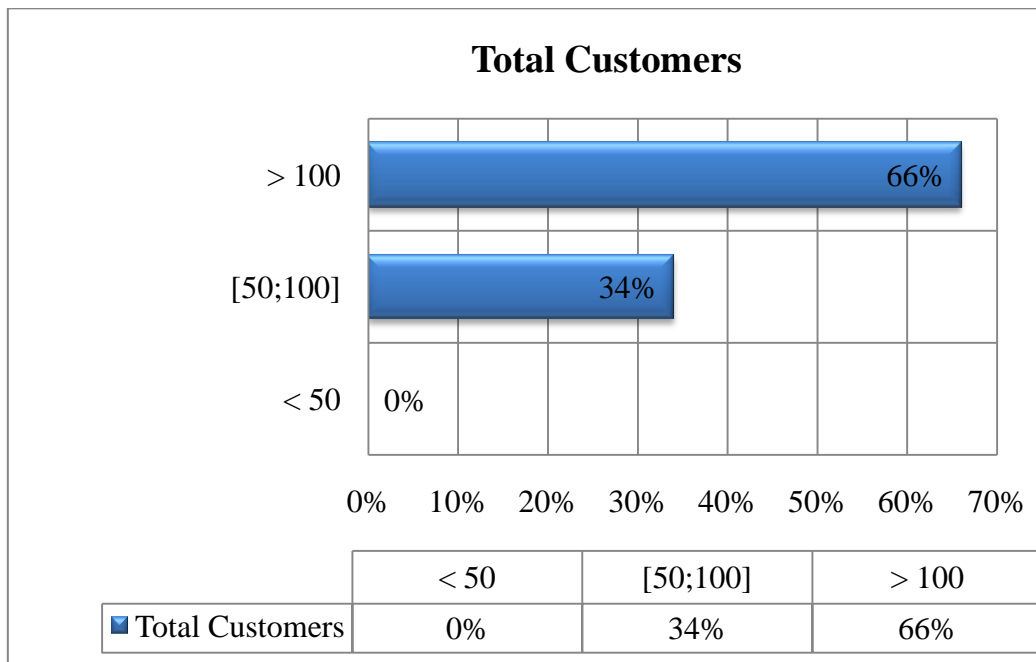
Since 50% of SMBs do not have any method to track their relationships with customers, the implementation of Data Mining Tools were important to gather information, track consumer behaviours, understand their preferences and needs.

Graph 5 provides a view regarding the average revenue per customer in this local market, where 50% of SMBs costumers spend an average of 50€ to 100€ per month, 34% spend 100€ to 200€ and 16% spend 200€ to 300€ per month. 50% of customers frequent SMBs services 3 to 6 times per month, as you can see in Graph 6, which means the SMBs should try to provide better customer service in order to enhance higher rate of customer assiduaty and average revenue per customer by understanding the customers' needs.

As showed in this survey, in the SMBs segment the financial resources are limited, which implies the necessity of an efficient and effectiveness management strategy focused is the most important asset to achieve financial profits and create a sustainable process to ensure the future of the company.

Graph 5

Graph 6
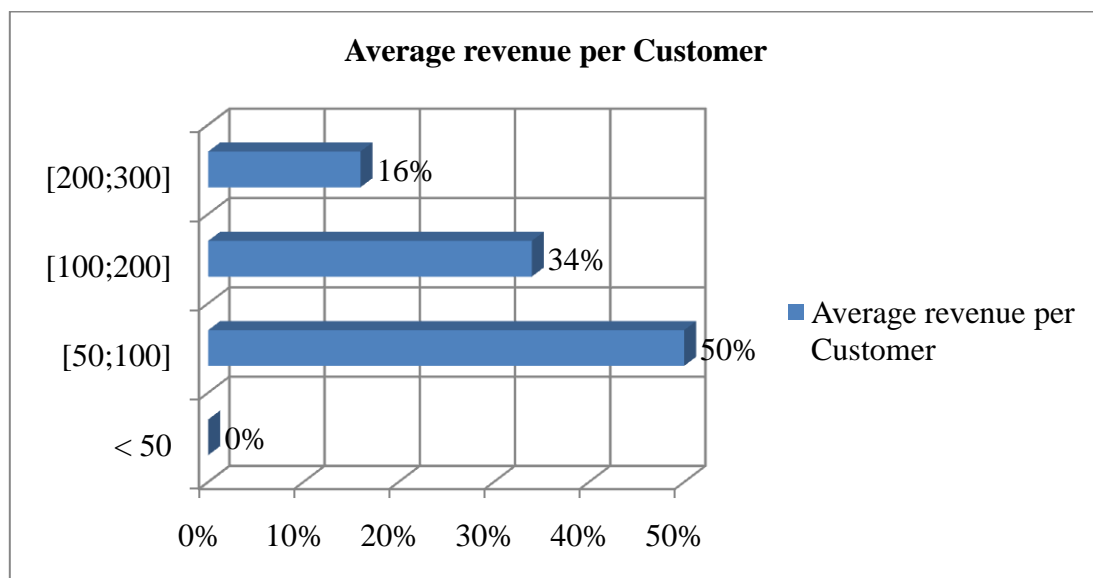
	≤ 3	[3 ; 6]	[6 ; 9]	≥ 9
Customer Assiduity	34%	50%	0%	16%
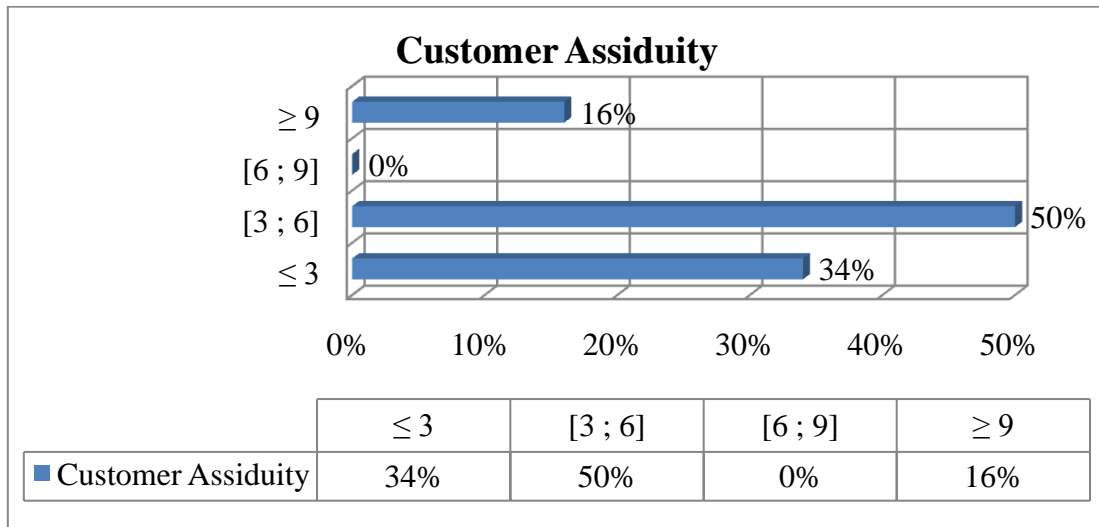
In my master project, also, was focused the concept of Customer Experience Management, for this reason, I tried to understant how SMBs see this concept and how the experience offered is an important factor for business performance.

The concept of Customer Experience Management is still unknowed for 66% of SMBs interviewed in this survey. Graph 7 can provide us with this information.

Graph 7
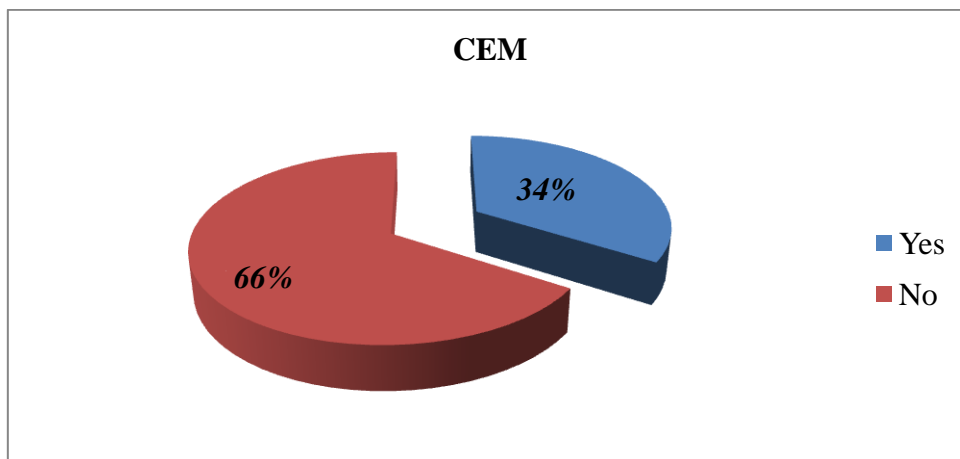
Even this new concept being unknown to most SMBs, their respective owners believe the experience offered by their company is a competitive factor and atribute a big importance to this issue regarding their customers. Nonetheless, there is still 17% of SMBs that do not believe the experience offered for their customers can be a performance indicator.

Graph 8

CEM Performance Indicator

17%

83%

■ Yes
■ No
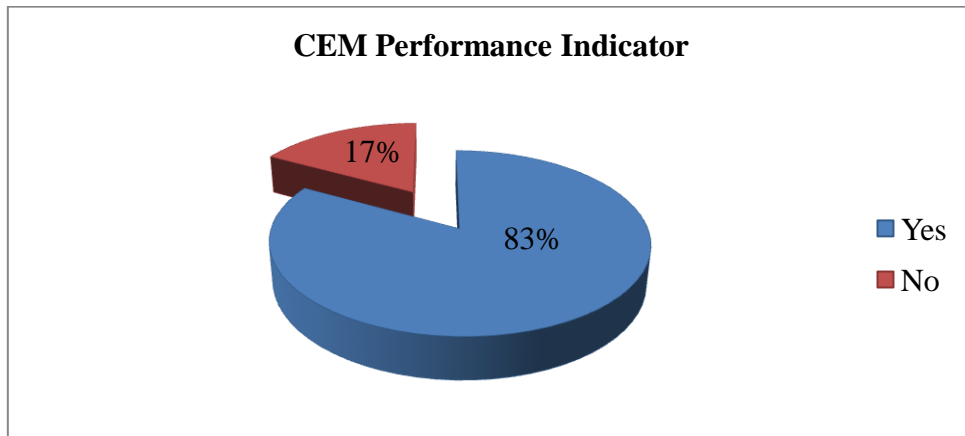
"Profit in business comes from repeat customers; customers that boast about project or service, and that bring friends with them." - W. Edward Deming

In this survey, 50% of *SMBs owners* claim that 40% to 50% are loyal to their company which means profits and positive word-of-mouth are ensured with these loyal customers. SMBs owners should try to improve their customer service in order to maximize their relationships with customers. Graph 9 can demonstrate the customer loyalty rate among SMBs companies.

Graph 9

Customer Loyalty

Range	Value
[40% ; 50%]	50%
[30% ; 40%]	0%
[20% ; 30%]	34%
[10% ; 20%]	16%

■ Customer Loyalty
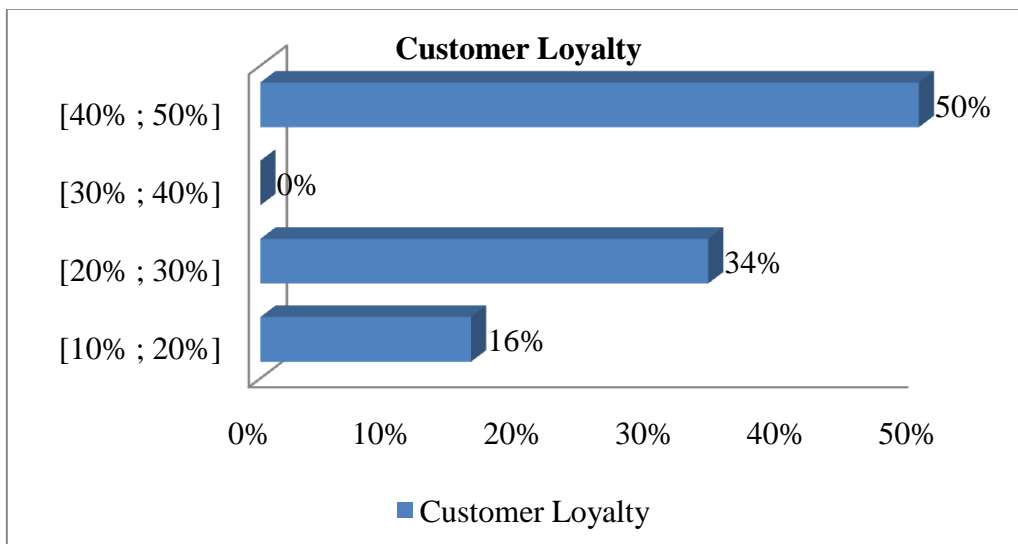
The rate of customer acquisition in 50% of SMBs is 5% to 10% of new customers per year in the company, and, 16% a rate of 1% to 5%, as you can see in Graph 10. With better customer service and positive word-of-mouth ensured, the number of new customers to the company will increase.

Graph 10

New Customer per Year

Range	Value
[20% ; 25%]	34%
[15% ; 20%]	0%
[5% ; 10%]	50%
[1% ; 5%]	16%

◼ New Customer per Year
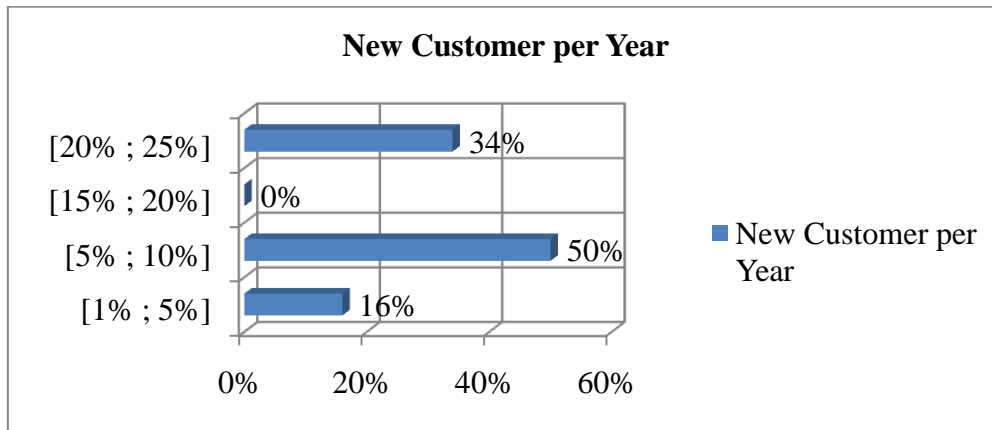
In Graph 11, 83% of SMBs customers are in the group age between twenty-five and forty years, only 17% of customers are over sixty years old. This group indicates that most of SMBs customers belong to Generation Y, also known as the Millennial Generation.

This relation between customers' group age and Generation Y is crucial for SMBs to understand the need to embrace web technology tools and provide online support. These connections will certain add-value to any Small and Medium Business.

Graph 11

Customers average age group

Answers	Value
> 60	17%
[40;60]	0%
[25;40]	83%
[10;25]	0%

	Answers			
	[10;25]	[25;40]	[40;60]	> 60
◼ Customers average age group	0%	83%	0%	17%
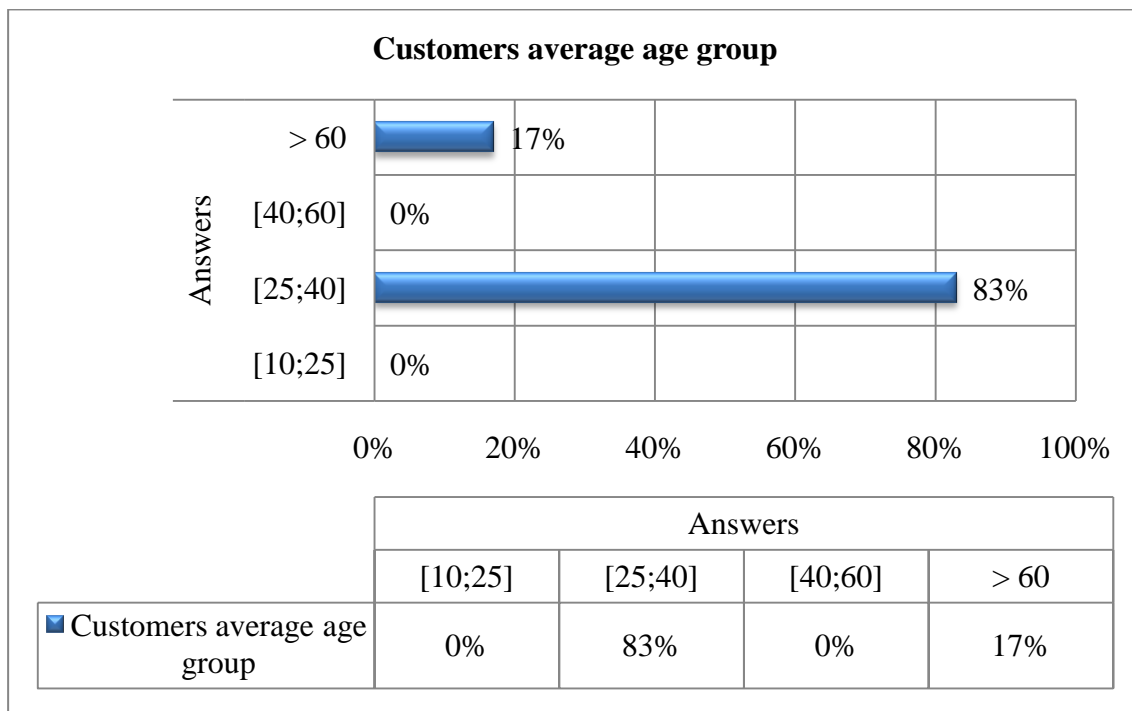
9.2. Description of the current situation - SMBs customers Survey

This survey was performed to a representative sample of Nikita Cabeleireiros' customers, in order to, provide accurate information. The aim of this study is to analyze the opinion of their customers and to understand their preferences.

The first question in this survey is related with customer satisfaction in Nikita products and services, where all the respondents stated that they were satisfied with the service and products provided (Graph 12), however, seventy percent of Nikita' customers would like to benefit from personalized service according to their needs, as showed, in Graph 13.

Graph 12

Are you happy with Nikita' product & service?

100%

■ Yes
■ No

Graph 13

Would you like to receive personalized service?

30%

70%

■ Yes
■ No
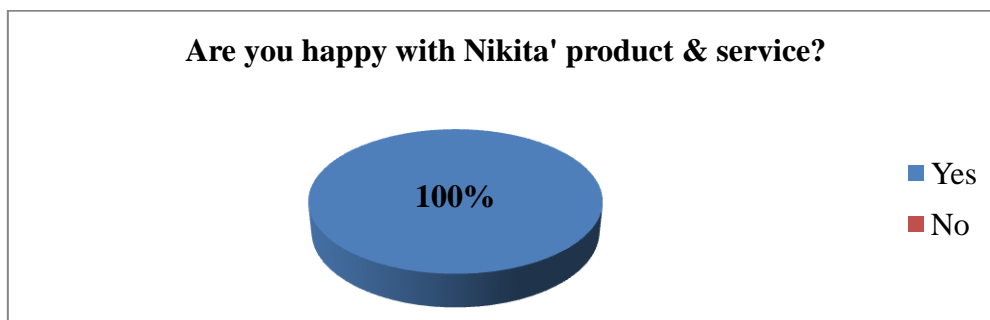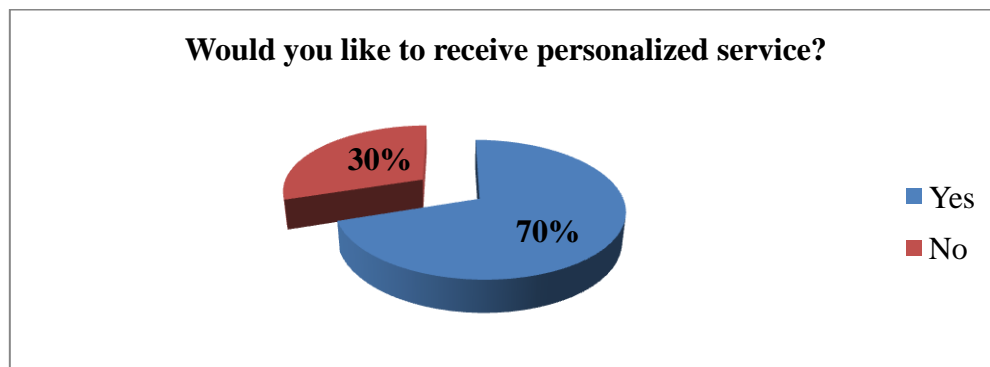
In a scale of 1 to 5, being 1 less important and 5 very important, customers rated Nikita' employees and the experience provided with the same worth and as key factors in the service offered. This information is demonstrated in Graph 14.

Graph 14

Average Rate

	Products&Services	Experience	Employees
■ Average Rate	4,2	4,4	4,4

- Employees: 4,4
- Experience: 4,4
- Products&Services: 4,2
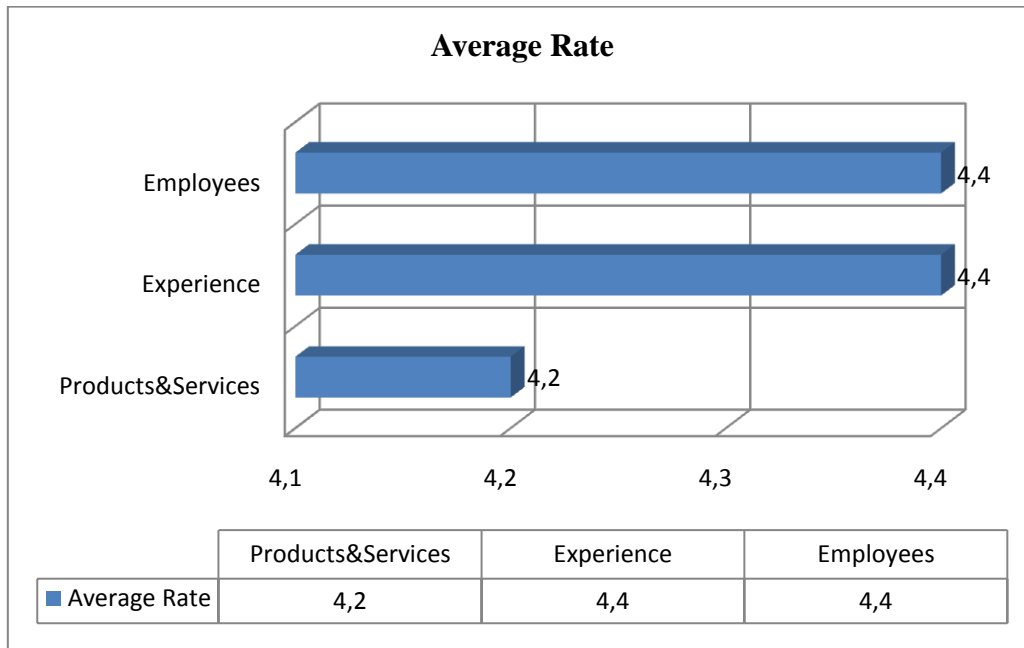
Since products and services had a lower rate determined by the costumers, a research to the positive and negative factors is needed to better understand this situation. Sixty percent of Nikita' costumers display as main negative factor the localization of this hair salon, although, forty percent show as key negative factor to Nikita services.

Graph 15

Nikita' Negative Factors

- Image: 0%
- Price: 0%
- Localization: 40%
- Services: 60%
- Products: 0%
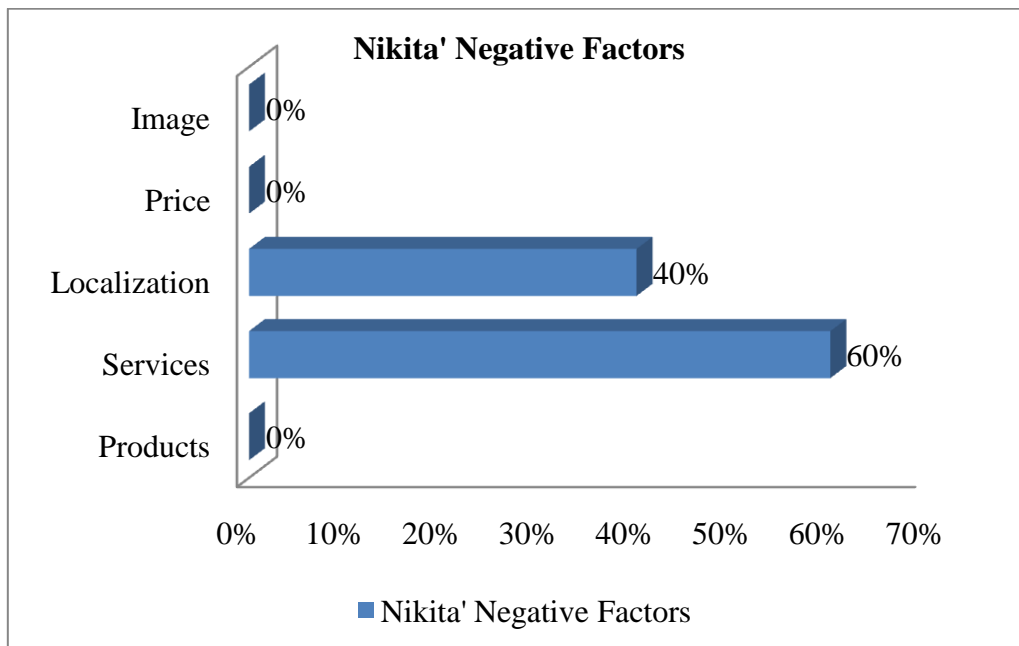
■ Nikita' Negative Factors

On the other hand, for Nikita' positive factors, customers' opinion are more widespread. Thirty-five percent of Nikita' customers claims the most important positive factor is the Localization, twenty-five percent say is services, twenty percent for either products and image, as you can see, in Graph 16.

The localization factor can be explained by the proximity, in terms of distance, to customers that the hair salon has within the community. However, service should have a higher rate since it is the core business of Nikita Cabeleireiros.

Graph 16
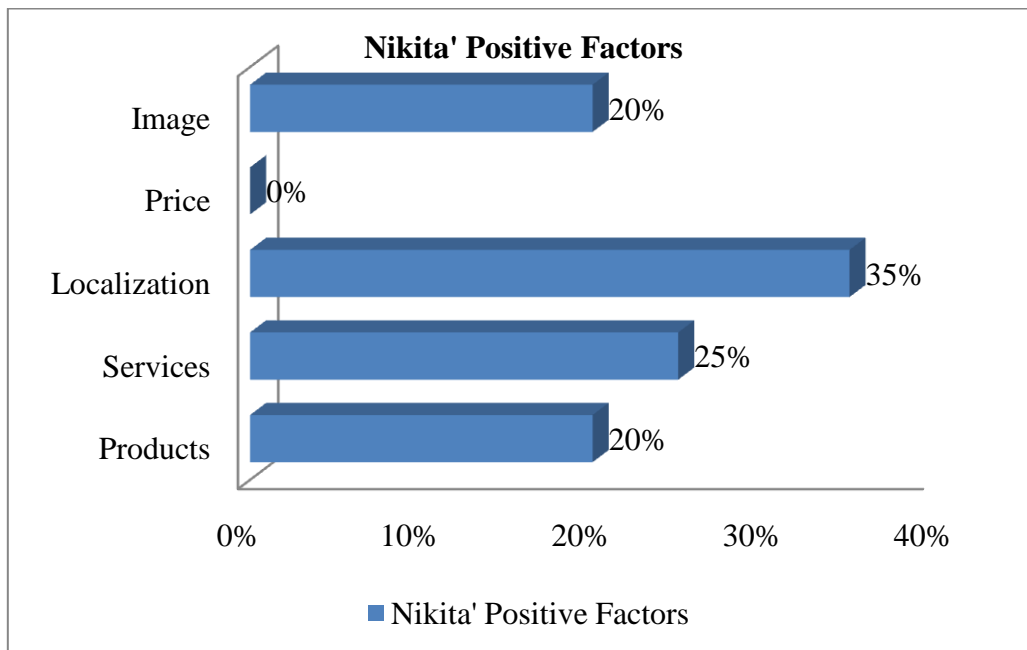
In Graph 17, the results provided by the costumers were not the expected. According to the characteristics of Nikita' customers regarding their group age, the creation of a website to provide online support and information should be a positive factor to improve customer service. Sixty percent stated that the creation of Nikita' website was not needed (Graph 17) and this can be linked with the factor of Nikita' proximity to their customer, as mentioned before.

Graph 17

Would you like to have a Nikita' website?

40%

60%

■ Yes
■ No
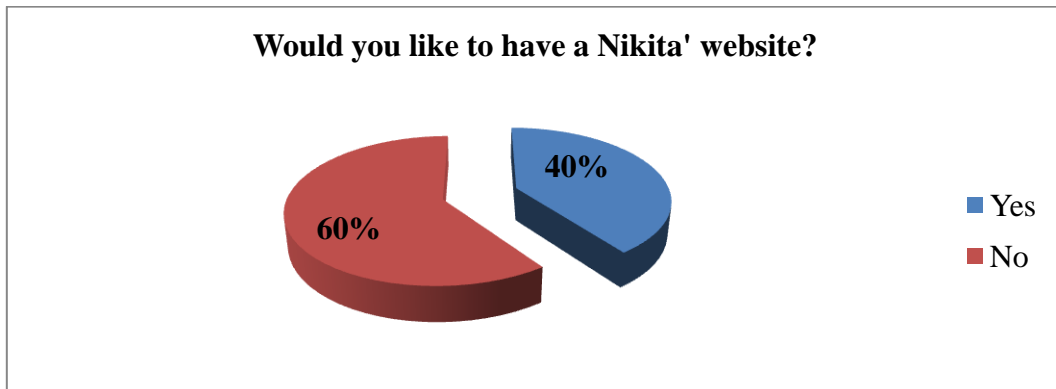
In this research, the experience offered was also a study object, in order to know if customer expectations are being met. Ninety percent of Nikita' customers believe the experienced provided can play an important role in their decision. This information can be a sample to show that customers are seeking more an experience and, that, customer experience is becoming a competitive advantage.

Graph 18

Do you believe the experience offered can be a factor in your decision power?

10%

90%

■ Yes
■ No
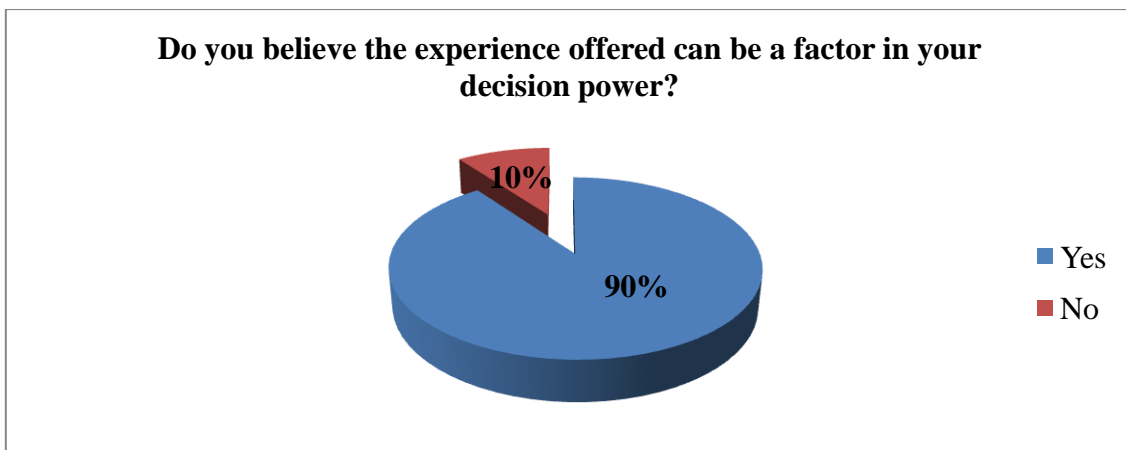
In order to study the consumer behavior of Nikita' Costumers, the next question was to establish a connection concerning customer loyalty. Sixty percent claims that, in the last year, they did not go to other hair salon, as Graph 19 shows. This information can be associated with customer loyalty rate where fifty percent of SMBs owners stated that forty to fifty percent of their customers are "loyal" to their companies.

Graph 19

In the last year, did you went to another hair salon?

40%

60%

Yes
No
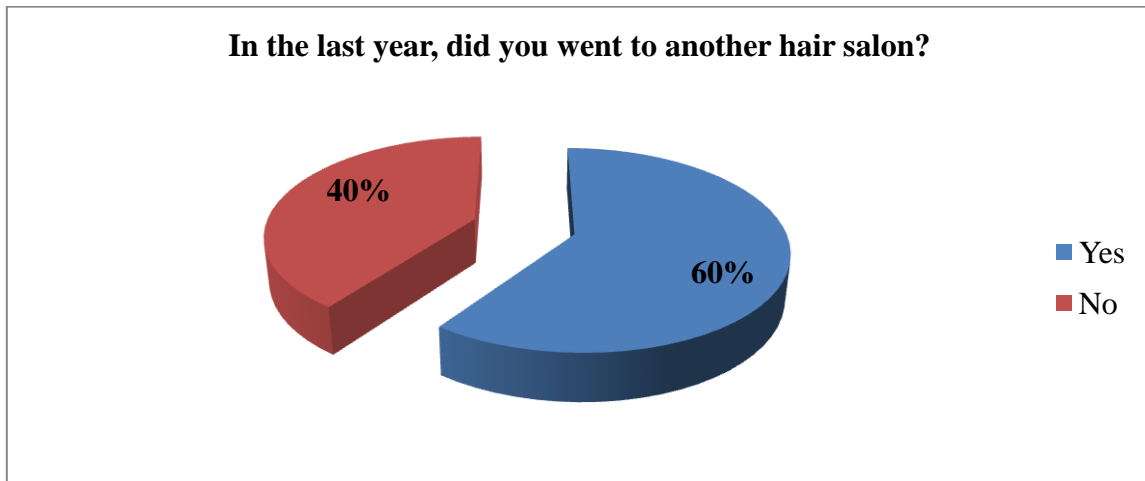
Nikita' customers recognize that Nikita' brand image is attractive, being considered for twenty percent (Graph 16) as the main positive factor. None of their customers declares Nikita' image as bad, and, the majority of their customers (fifty percent) stated that the brand image is Good, making it a brand value.

Graph 20

How do you classify Nikita' Image?

Very Good   30%

Good   50%

Reasonable   20%

Bad   0%

0%   10%   20%   30%   40%   50%

How do you classify Nikita' Image?
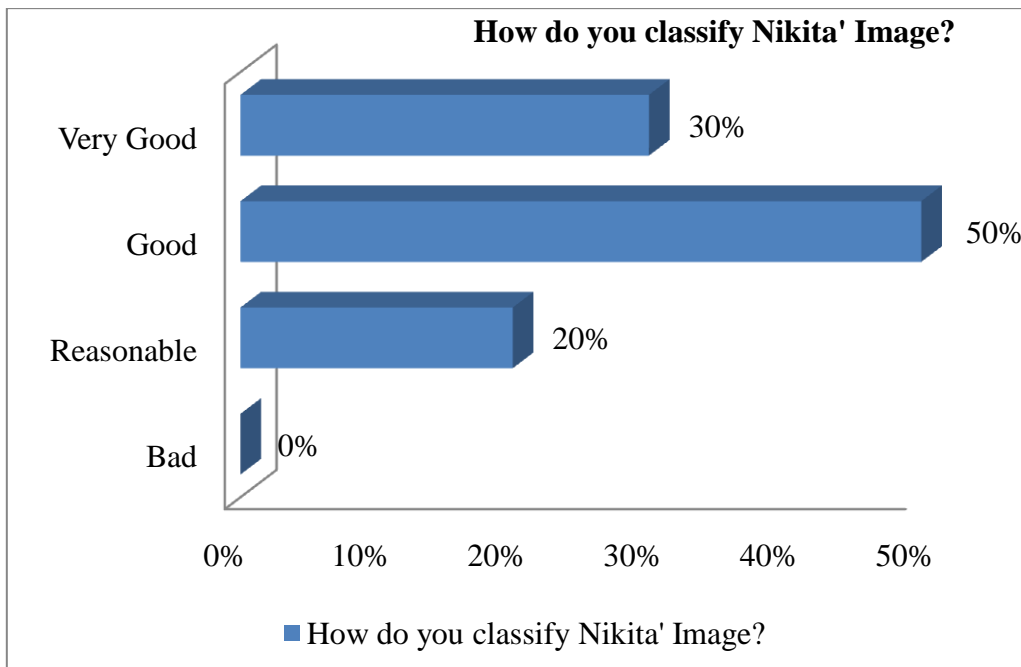
As Nikita do not have a strong marketing campaign, the opinion felt by their costumers are, extremely important to create a positive word-of-mouth marketing strategy. The research shows that all customers would recommend this hair salon to others, as you can

see in Graph 21. Although limited resources, Nikita' can attract new costumers with a positive WOM, which is one of the most powerful marketing tools.

Graph 21
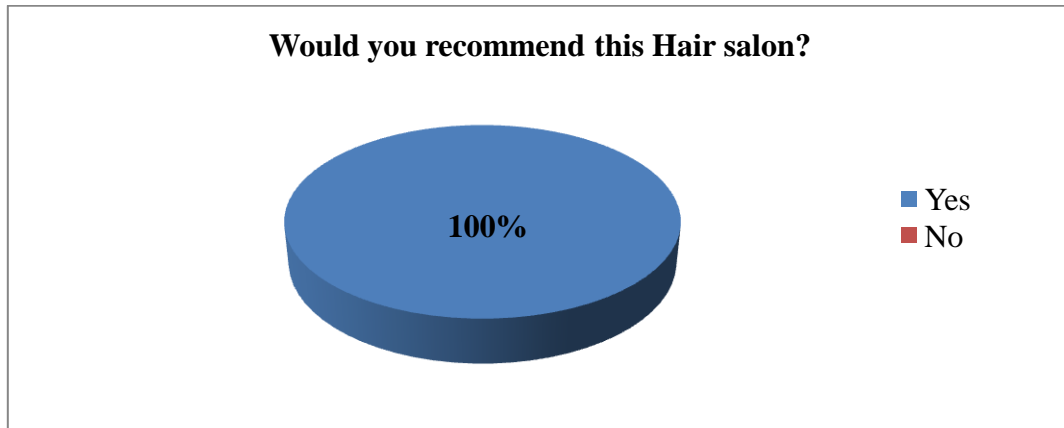
As customer experience is being indicated as the next competitive advantage, the creation of coffee space inside Nikita, where customer could network with others while waiting for their turn, was an opportunity to improve customer service and provide a better experience. Even so, the results provided through the costumers' survey reflect this may not be a good approach (Graph 22).

Graph 22
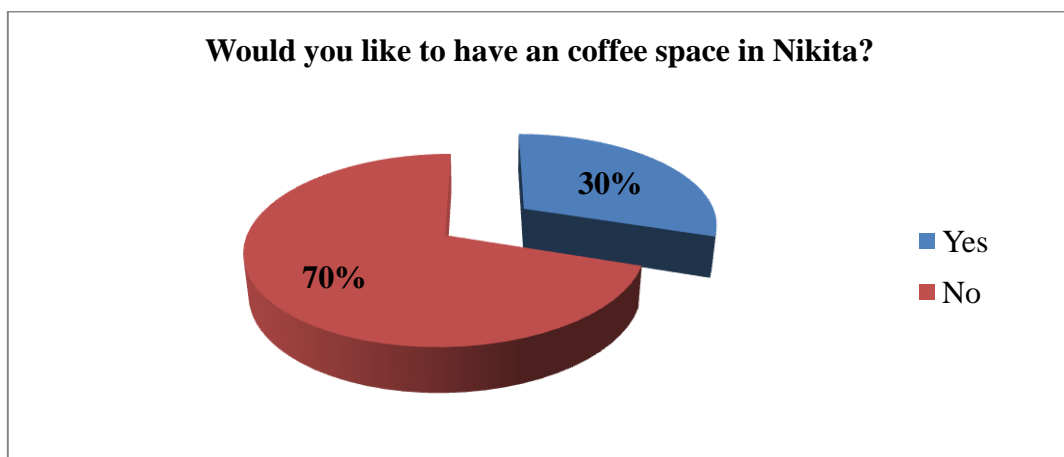
Chapter VI - Implementation Form

10. Implementation Process in Nikita Cabeleireiros

10.1.   Objective

Following the analysis of SMBs current situation, the aim of this chapter is to realize a practical application of CRM software in Nikita Cabeleireiros according to their needs and technical requirements in the requested solution.

10.2.   Acquisition of an CRM software for Nikita Cabeleireiros - RFP

Request for Proposal is an invitation for possible suppliers a product or service to provide that product or service to the individual or entity that issued the RFP. A RFP is issued when an organization demands a specific product or service and chooses to make the specifications available to many other companies so they can submit competitive bids.

In Nikita's situation, the CRM software requested in the RFP should have specific technical requirements in certain areas.

10.2.1.   Requested Solution:

10.2.1.1.   Customers

A. Insight keeps track of all your clients
B. Validates name, address, phone and email information
C. Birth date, Anniversary, First and Last Service Dates
D. General comments can be attached to each client
E. Comments can be set to "pop up" automatically when booking an appointment
F. Categorize your clients any way you want for better marketing
G. Automatically stores date and time of service as well as all professional products
H. Tracks all purchases of products, services, and gift certificates
I. Easily send targeted mailings to Non-Returning Clients, New Clients, Birthdays, Referrals, and many more options.

10.2.1.2. Sales

A. Compatible with Touch Screen input

B. Quick "Active Lookup" of Clients/Services/Products/Employees

C. One button "check-in" loads all services booked for the selected client

D. Fully integrated credit card processing

E. See client names, items on invoice, payment methods all on one screen

F. Automatically view any appointment comments at time of "check-in"

G. Easily add or modify information on the invoice at any time

H. Easily sell and redeem gift cards / gift certificates

I. Put multiple invoices "on-hold" to continue working with other clients

J. Multiple payment methods can be used on one invoice

K. Tracks cash taken out of the drawer for incidental purchases

L. Keeps track of drawer totals for multiple cash drawers

M. Automatically updates client history and inventory upon completion

N. Tracks discounts, edits, voids, and cancelled sales to stop employee fraud

10.2.1.3. Employees

A. Validates name, address and phone information

B. Comments can be attached to each employee

C. Group your employees by job title

D. Specify which employees should appear on appointment sheet

E. Set up flexible rotating work schedules for as many weeks as you need

F. Can adjust service eligibility, booking times, and prices to charge for each individual employee/service

G. Secure passwords to track the actions of each employee

H. Set up privileges to specify who can perform various tasks

I. Set up report privileges to indicate specific reports that each employee can view

10.2.2.   Information Required

i.   *References and proposed solution history:*

How many years is your company in the market?

How long are you implementing this software?

ii. *Financial Evaluation:*

Can you make me a budget for this software?

How much will you charge me for the implementation of this product?

How much will be the maintenance cost of this software?

iii. *Supplier Details:*

How long have you been trading this software?

How many subsidiaries do you have?

Do you have a physical presence in Lisbon?

Can you briefly describe your company background?

How many complains did you receive for similar projects?

What are your terms and conditions?

iv. *Technology Information Requirement*

Nikita Cabeleireiros require a detailed technologic report, to understand fully what your company and your software can add to our systems.

Do you provide free software update?

10.3.   Value Creation

The implementation of the CRM Software is important to start gathering relevant information concerning our customers' needs and preferences. By introducing a CRM management strategy, other changes must happen in order to be a successful implementation.

The CRM management strategy is not based only with the implementation of a CRM tool, that's a common mistake thinking that. The company' organizational culture must adapt to the new strategy, and the employees and manager focus on achieving the highest customer retention and customer loyalty rate.

10.3.1.   SWOT Analysis

Nikita Cabeleireiros is a hair salon where the most important asset in the company is the Customer. By working with experience professionals, Nikita provides a Personalized Service exclusively for each customer with the newest equipment and practices.

Nikita offers a quality service at medium price providing an experience within a friendly and family environment, where customers can feel at home. With their limited resources, Nikita Cabeleireiros do not have a strong marketing campaign but possess a positive word-of-mouth by the customers in this local market.

Regarding external processes, most of Nikita Cabeleireiros customers belong to Generation Y, and, with the "boom" of social networks Nikita Cabeleireiros should embrace this trend and other web technologies to expand their brand in the market and gain potential customers or, even, future partners.

In this global market, where many companies offer the same product or service, customers' needs are shifting from the best product to search a better experience during the interaction process within the company.

Nowadays, there has been a higher concern with personal care and personal image, this goes for women and men. Nikita Cabeleireiros should embrace this opportunity to create possible joint ventures with related business in related industries, such as, the clothing industry. Other opportunity, but requires higher investments, is to expand nationally in to new specific and target areas. Today, the international crisis has been a huge reason of customers spending less money. Customers have a lower purchase power and this affects directly the company sales and profits.

This trend is seen as a market opportunity since the business model is easy to replicate and the buy-in or the buy-costs are low, which implicates few entry barriers, leading to a high competition in this sector.

Table 6

Strengths	Weaknesses
CRM software	Web Technologies
Word-of Mouth	
Focus on Costumer	Limited Resources
Personalized Service	
Products & Equipment	Dependency of suppliers
Professionals Experience	
Friendly & Family Environment	
Opportunities	Threats
Generation Y	International Crisis
Experiences vs Products	
Expansion Nationally	Competitive Market
Partnerships in related industries	
Higher concern with Personal Care	Business model

10.3.2. The Decision-Making Process

The Decision-Making Process is a manger's system to achieve the expected result (John M. Ivancevich et al, 1994). This process can affect the decision effectiveness; however, it is a sequential process, structured in several phases or stages. Identifying steps is important for the manager in the decision-making process in order to structure the problem situation.

Decision-Making Model: 9 Steps

```
┌──────────────────────────────────────────────────────────────────────────┐
│  ┌──────────────────┐      ┌──────────────────┐      ┌──────────────┐     │
│  │ 1. Establish     │ ───▶ │ 2. Identify and  │ ───▶ │ 3. Establish │     │
│  │ specific goals   │      │ define the       │      │ Priorities   │     │
│  │ and objectives   │      │ problem          │      │              │     │
│  └──────────────────┘      └──────────────────┘      └──────────────┘     │
│                                                                            │
│  ┌──────────┐  ┌──────────────┐  ┌──────────────────┐  ┌──────────────┐   │
│  │ 4. Select│◀─│ 5. Evaluate  │◀─│ 6. Develop       │◀─│ 7. Determine │   │
│  │ a        │  │ the          │  │ alternative      │  │ causes of    │   │
│  │ Solution │  │ alternatives │  │ solutions        │  │ the problem  │   │
│  └──────────┘  └──────────────┘  └──────────────────┘  └──────────────┘   │
│                                                                            │
│  ┌──────────────────┐      ┌──────────────┐                               │
│  │ 8. Implement the │ ───▶ │ 9.Follow-Up  │                               │
│  │ Decision         │      │              │                               │
│  └──────────────────┘      └──────────────┘                               │
└──────────────────────────────────────────────────────────────────────────┘
```
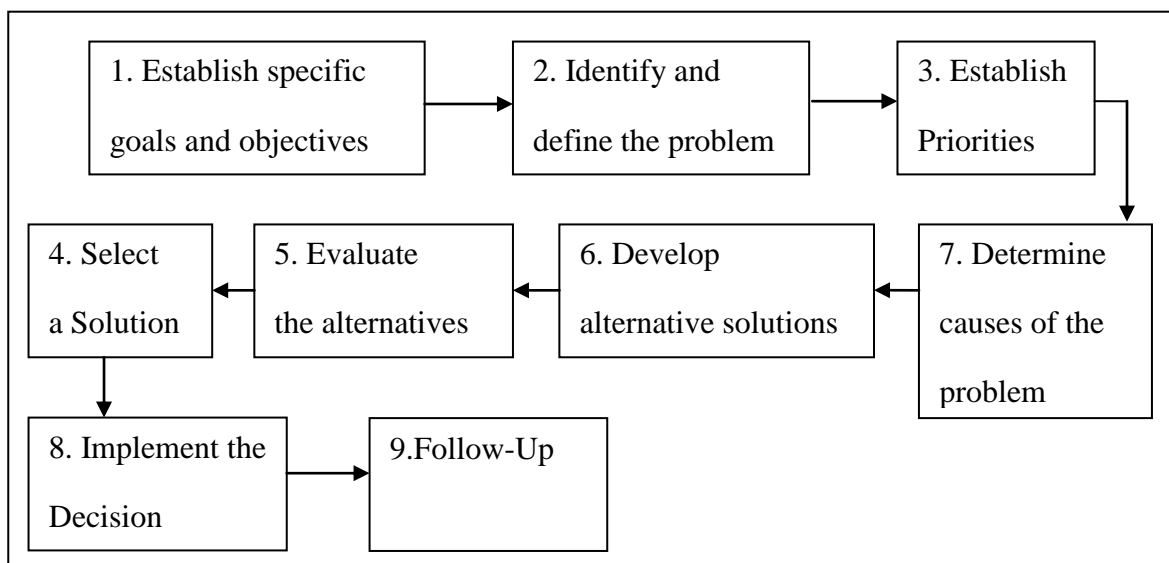
Source: *Management Quality and Competitiveness, 1994*

This decision-making model will be applied to Nikita Cabeleireiros based in the boundaries or limits in terms or available resources. In Figure 2 it is able to see the application of this model to Nikita current situation.

Figure 2

Step 1
Goals: 1. Increase customer retention   2. Increase customer satisfaction   3. Increase customer knowledge   *Objectives:*   1. Set up a CRM software   2. Set up a CEM strategy

Step 2
Problem: How can Nikita improve the efficiency of their CRM?

Step 3
Priorities: 1. Improve customer-related information management   2. Training programs for employees

Step 4
Causes of the Problem: 1. Lack of customer-information management system

Step 5
Develop alternative Solution: 1. Other CRM software   2. Other data mining tools

Step 6
Evaluate alternatives: 1. New survey   2. Return to the "beginning point"

Step 7
Select a solution: 1. Development of a Request for Proposal

Step 8
Implement the Decision: 1. Transform organization Behavior   2. Effective Communication

Step 9
Follow-Up: 1. Results Measurement: - Employees   - Costumers   - Sales

Chapter VII - Project Conclusions

11. Conclusions

11.1.   Final Conclusions

After finishing the research regarding the main topic of CRM in SMBs, an economic analysis was performed to Nikita Cabeleireiros with the objective of understanding the current situation. The results shows, Nikita' global profitability is decreasing for the last three years.

Hence, a customer-centric strategy could offer a form of increasing their profitability by being aware of the customer' needs and achieve higher levels of customer retention and customer loyalty.

Nikita Cabeleireiros do not have a proper system to track their relationships with costumers and to provide accurate information about the current situation in this specific SMBs sector. With this in mind two surveys were conducted for SMBs owners and customers, to understand how SMBs manage their relationships with customers in this specific location and be aware of the general opinion of Nikita' customers.

The findings in these surveys turn it possible to state that most SMBs in this specific market, including Nikita Cabeleireiros, do not have an effective and efficient method to properly analyze customer information, although most are interested in receiving information for possible future implementations.

Nikita Cabeleireiros have more than one hundred customers with average revenue per customer between 50€ to 100€. The average customer assiduity is three to six times per month, which makes the hair salon industry attractive for competitors.

SMBs customers' average age group fit in the Generation Y, the Millennial Generation, as Nikita' customers. This generation is related to the increased use of communications, media and digital technologies which should lead Nikita to embrace web technology.

In Nikita Cabeleireiros customers' survey, the results provide detailed information regarding their opinion, even being a small sample. It demonstrates that customers are

satisfied with Nikita' offerings, although, would like to receive a personalized service based on their preferences.

When comparing the employees, the experience and products & services all together, Nikita's customers attribute the worse classification to the last one, whereas, sixty percent, stated as the main negative factor the service provided. This result can reveal that most of their customers needs are not being satisfied, still customer' stated that they are satisfied with their services, which prove some discrepancy in the results gathered.

Location can be a crucial factor, as the survey results show, as being the main positive factor of Nikita Cabeleireiros. In contrast to what was expected, due to the average age group of Nikita's customers (25 years to 40 years), sixty percent claimed that the creation of Nikita' website was not needed. This object study had the purpose of making an improvement in the customer service and experience, which ninety percent declared the experience as an important factor in their decision.

In resume, and although Nikita Cabeleireiros do not have a strong marketing campaign, customers confirmed that they would recommend this hair salon to others.

Following the literature review, the research concerning Nikita Cabeleireiros current situation and the SMBs sector in this specific local market, a CRM implementation process in Nikita Cabeleireiros was studied.

With the aim of acquire an appropriate CRM software, a Request for Proposal (RFP) was issued to evaluate the best solutions. The requested solution should require some features in certain areas: Customer, Sales and Employees. With limited resources, various supplier details are needed to achieve a future settlement. However, after the CRM software implementation, a change in Nikita' organizational structure is required, in order to, be an efficient implementation process and to avoid employees resistance.

With a CRM strategy and data mining tools well implemented, the change in the internal environment is accomplished as the new SWOT analysis demonstrates.

The Decision-Making process displayed, reveals the CRM implementation form in Nikita Cabeleireiros. After the objectives and goals being decided and the priorities established, comes the solution implementation and where future measurements in certain areas are required, in order to, evaluate the performance of the current solution.

The findings in my master project demonstrate the benefits of a CRM implementation strategy in SMBs, specifically Nikita Cabeleireiros, and how customer experience can be a competitive advantage. As shown, in this specific location, most SMBs do not have an efficient and effective way to gather customer-related information. With the implementation of CRM strategy, Nikita could gain competitive advantage by improving their customer service through a personalized service according to their needs. By managing their customer experience and understanding the gap between their expectations and the experienced offered, it can provide also a new competitive advantage. These findings will improve the customer retention rate, which will lead to higher customer loyalty.

This study should be a useful support to this segment in investing in their most important asset, the Customer. The research which has been done could be seen as the beginning to understand the SMBs quality management. It can be reliable for others to initiate further investigation.

11.2.   Main Question Answer

The implementation of CRM strategy can provide Nikita Cabeleireiros an improvement in how the customer-related information is managed. Several studies and this master project can provide a deeper knowledge regarding a CRM implementation as well as other concepts.

11.3.   Suggestion for further Investigation

This study of CRM in SMBs should be further investigated from the practical perspective, specifically, market vendors. Also, the creation of businesses cases to provide support regarding CRM implementation in SMBs.

Chapter VII – References & Annexes

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13. Annexes

13.1.   Survey - SMBs' OWNERS

ISCTE ⬡ Business School
Instituto Universitário de Lisboa

SURVEY

An investigation related to SMBs concerning the Customer Relationship Management strategy, in order to collect a significant sample.

Objective of Study:

Evaluate the internal organization of SMBs.

Theme:

Customer relationship management (CRM)

Customer experience management (CEM)

The data provided is confidential and for the sole purpose of gathering information relevant to a study on CRM refers to a master thesis.

1. Does your company have some kind of customer relationship management?
   o Yes
   o No
2. Does your company any software to track your relationships?
   o Yes
   o No
3. How many clients does your company have?
   o Less than 50
   o Between 50 and 100
   o More than 100
4. What is the average age group of your customers?
   o [10,25]
   o [25;40]
   o [40;60]
   o More than 60
5. What is the average revenue of your customers per month?
   o < 50 €
   o [50 € ; 100 €]
   o [100 € ; 200 €]
   o [200 € ;300 €]
6. Percentage of new customers per year?
   o [1% ; 5%]
   o [5% ; 10%]
   o [15% ; 20%]
   o [20% ; 25%]

7. Percentage of loyal customers in your company?

    o [10% ; 20%]

    o [20% ; 30%]

    o [30% ; 40%]

    o [40% ; 50%]

8. What is assiduity of your customers per month?

    o [≤ 3 times]

    o [3 a 6 times]

    o [6 a 9 times]

    o [> 9 times]

9. Do you know CRM strategies?

    o Yes

    o No

10. Would you be interested in receiving information related to a CRM system?

    o Yes

    o No

11. Do you know the Customer Experience Management concept?

    o Yes

    o No

12. Do you consider experience as s competitive factor?

    o Yes

    o No

13. Does your company have a website?

    o Yes

    o No

14. Does your company have any presence in social networks?

    o Yes, which one?_____

    o No

THANKS FOR YOUR COOPERATION.

13.2.   Survey – SMBs CUSTOMERS

ISCTE ⬡ Business School
Instituto Universitário de Lisboa

The data provided is confidential and for the sole purpose of gathering information relevant to a study on CRM refers to a master thesis.

1. Are you satisfied with the product & service provided by Nikita Salon?
   - o   Yes
   - o   No

2. Would you like to receive personalized service?
   - o   Yes
   - o   No

3. In 1to 5 scale give your opinion about what he thinks is more important in service in Nikita Salon, with 1 being the least important and 5 the most important.
   - o   Products & Services
   - o   Employees
   - o   Experience

4. What issue in your opinion, represents the biggest disadvantage for Nikita?
   - o   Products
   - o   Services
   - o   Localization
   - o   Price
   - o   Image

5. What issue in your opinion, represents the largest advantage for Nikita?
   - o   Products
   - o   Services
   - o   Localization
   - o   Price
   - o   Image

6. Welcomes the creation of a web-site, so there can be some assistance to online customers?
    o Yes
    o No

7. Do you believe the experience provided can be an important factor in your decision-making power?
    o Yes
    o No

8. Last year, did you attend another hair salon?
    o Yes
    o No

9. Would you like to have at your disposal a coffee-place, inside the Nikita?
    o Yes
    o No

10. What do you think the image of Nikita Hairdressers?
    o Bad
    o Reasonable
    o Good
    o Very Good

11. Recommend this hair salon to anyone?
    o Yes
    o No

THANKS FOR YOUR COOPERATION.