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Customer Relationship Management based on Employees and Corporate Culture

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Abstract

This paper provides the overview on Customer Relationship Management that is strongly influenced by corporate culture, corporate identity and employees. Different theoretical approaches to CRM are included in the first part of the paper. Second part of the paper presents the results of research based on Delphi method, which was aimed at finding actual CRM definition and customer's characteristics in the future. Third part of the paper presents four main areas company should focus on when engaging customers. It aims on People and Corporate Culture which is one of the four areas, when building customer experience with company.

Keywords: Customer Relationship Management; CRM; customer characteristics; corporate culture; corporate identity

1. Current views on CRM

There is no exact CRM definition, because CRM is perceived differently among companies and experts. Some authors define CRM as technology, others as data mining process. Firth (2006) and, Lager (2008) consider CRM for technology. This technology should enable a company to sell more effectively (Tan, Yen, Fang, 2002). Others connect CRM with data management processes, which lead into higher company profitability and better relationships with customers (Berson, 2000; Johnston and Clark, 2008). Other authors see CRM as a process that

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helps to reach the highest possible profit on both sides (Carachova, 2004; Chlebovsky, 2005; Kotler and Keller, 2007). Meanwhile Berson (2000), Chlebovsky (2005), Johnston (2008), Kotler and Keller (2007) characterise CRM as a process, which is aimed at economical profit on both sides, Buttle (2010), Greenberg (2010), Payne (2007), Bokorova (2003), Croteau and Li (2003), Pan and Lee (2003), Seybold (2002) define CRM as strategic approach to the customer, which integrates all processes in the company in order to create value for customer and company.

So the CRM is perceived as the technology connected with data, which enables higher profits, or as strategic approach that brings value.

Relationship between company and customer can be seen differently. According to Buttle (2010) and Lehtinen (2007), there are five "main" CRM schools": First of them is rooted in B2B marketing in the USA and this school believes that relationship is built by three main areas: connections, sources and human interaction. The Second – Nordic school emphasizes on human element of the relationship like interaction, dialog and value. The third one is Anglo-australian school sees relationships as all connections that company has with its environment. The next one, Asian school believes in good personal contacts. North American school believes that all relationships with customers are based on trust and open communication that brings value to company (Buttle, 2010; Lehtinen, 2007).

The CRM in the company should be supported by different well running parts of the company. Berson (2002), Dohnal (2002), Peelen (2005), Torggler (2008), Buttle (2010) believe that company's CRM should be supported by three main parts: operational, analytical and collaborative. Operational CRM helps to improve customer processes like enterprise marketing automation, sales force automation and customer service automation (Buttle, 2010; Torggler, 2008). Analytical CRM helps to gain, proceed and use data that create value for customer and for company (Buttle, 2010). It is aimed at gaining data that were created by operational CRM and its further usage in strategic and tactical decisions (Buttle, 2010; Torggler, 2008; Berson, 2002). Collaborative CRM includes all communication channels with customer. It implements technology through all parts of organization, so the value brought to the customers is higher (Buttle, 2010; Torggler, 2008).

Based on previous information customers have transformed from unknown mass to individual, to company's partner with particular needs. There are questions occurring: How has customer changed and how will change in following years?

According to previous information and authors, customer relationship management is currently seen as technology and by others as philosophy. Some authors believe that relationship should lead into economical profit; others believe relationships should lead into customer satisfaction and loyalty. This result should be supported by the three main parts of the CRM, and it is operational, collaborative and analytical one. There are two main questions concerning previous information. How could be currently defined CRM? What would be the areas that company should concentrate on to achieve that best-possible relationship with customers?

2. Research methodology

Research held in years 2011 – 2012 was aimed at previous questions and the expert Delphi method has been used. This method is based on collective intelligence, with the aim to find a common consensus. The anonymity of the respondents needs to be ensured. It has to be held at least in two separate rounds Reichel (2009), Zavadsky (2006), Hsu, Stanford (2007). In the beginning, forty experts were asked to participate in first round via email. Fifteen of them were willing to participate within first round. The experts were from Europe 60%, USA 33%, and Australia 7%. Some experts – 40% had previous experience in CRM management in company. 60% of experts were experienced as CRM consultants and CRM researchers. The participants from Slovakia and Czech Republic have in average 8.7 years of experience in the field of commerce, retail, marketing, CRM. The experts from other countries were experienced in following areas: CRM, CRM strategies, CRM, analysis, customer experience, customer lifecycle, social CRM, business architecture, CRM safety, social strategies, and in average they have 20.57 years of experience in Customer Relationship Management. Research was aimed at changes in customer characteristic and characterizing current CRM that could help build deeper and long term relationships between two sides.

3. Research results

3.1. Current changes in customer characteristic

As we have mentioned above, customer characteristic has been changing. That's one of the challenges for the companies to adapt and to interact with new customer. In the first round we asked experts to name at least three differences between customer than and customers now. We asked them to define how customer behavior will change in next five years. In the second round of the expert interviewing, we profiled main customer characteristics they provided, and we ask them to mark level of agreement. Results are shown in the table 1.

Table 1. Current changes in customer characteristics.

Current changes in customer characteristic	%	Consensus (%)
Customers become more active in bargaining and take pride in negotiating the price and conditions, alone or together with others.	100	100
Customers are more unstable - less loyal	100	100
Customers are adopting and adapting to social and mobile technologies in an accelerating rate	100	100
Customers are more informed about competitors, its prices and products	83	100
Customers are more demanding regarding on quality of product and service	83	100
Customers are more resistant to offers and adds due to higher amount of commercial information they receive	83	100
Customers expect a response in much shorter timeframes from the company	83	100
Customers are becoming members of social groups and communities	83	100
Customers rely more on information published by their peers with no commercial interest in the information	83	83
Customers are more confident/ they have more powerful voice - they become active publishers	67	83
Customers trust their peers when it comes to opinions about a brand, more than they trust the brand.	67	83
Customers don't trust corporate advertising as much as they used to	67	83

The results shown that there are 3 top customers' characteristics that have been accepted by the expert group and these could be defined as flexibility and self-confidence of the customer. Customers are becoming more flexible, due to technologies are able to bargain and search for new information. So the customers are becoming less loyal and more demanding (100% consensus.) The results shown, that customers nowadays should be characterized as ones who less trust corporate brands. The type of trust: I trust... "a person like me" is rising and they are becoming active publishers (83% consensus). According to results, customers in next five years will have strong impact on new the technologies which will affect customer characteristic. Customers will be probably more socializing and more collaborating with companies in creating products, services and customer experiences they want. Customers will be searching for companies they are comfortable with, but they will continue to have high expectations of service experience (100 % consensus). Customers will be more likely interested in depth of the product rather than in length of the product, when searching for products they prefer. Due to too many offers and rising saturation of information, customers will become more apathetic and that can lead into short-term and impulsive decisions (83% consensus). It will be probably harder to develop long lasting relationships with younger customers who are becoming more price and quality sensitive (67 % consensus). According to results interaction with customer is and will become more dynamic. That's why we have searched for the way companies should keep their customers and build up long term relationship with customers.

3.2. Current change in CRM characteristic

As we have mentioned above, first and second round was as well aimed at finding current definition of CRM. During this round the experts were asked to characterize CRM. 73% of them consider CRM for strategy or strategy of cooperation, philosophical approach to customer. "Customer Relationship Management is programmatic approach, which creates and builds up relations with customers...", "…is strategy with aim to create value…" The emphasis was set on the connection between strategy and value creation. According to experts the main aim of CRM is to create value (80%), "to co-create value", "to ensure meaningful relationship between customer and company", to engage customer into cooperation (60 %). The experts pointed at fact that success of the CRM depends on high quality data. "…CRM is a strategy, technology and processes, that are running in order to provide partners with data about past, current and future customers…", "…data that customer requires and creates needed to be processed and integrated…" Most of the experts haven't defined CRM as only technology, they agreed on that CRM is not technology however "…deep interconnection…" is needed. However the experts haven't defined CRM as technology, they consider technology as strong factor which affects company on one side, and the customer on the other side. "Customer position is shifting from a passive receiver to an active influencer: "…it is active collaboration with customer based on trust and honesty…" where customer can influence communication:"…where customer chooses its own way of interaction and collaboration with company…", and can easily approach company: "… nowadays it is important that current and new customers can find company easily, when searching for the solution of their problem…". 93% responses agreed on idea that, due to continuous development in information technologies, it is the customer who controls communication.

To conclude the first round: CRM wasn't characterized as internal partial process, or technology. It was characterized as a philosophy, strategic approach to customer that is supported by the newest technologies, which enable both sides to communicate equally. Based on first round the first draft of CRM characteristic was made:

After second round some corrections have been made, and final consensus was reached, and final characteristic of CRM was made:

„CRM is a philosophy and a business strategy, which tries to engage customer in mutual collaboration when creating value. It is based on high quality customer-related data and it is supported by company's leadership, people, technology platform, business rules, processes, social characteristics and metrics. It integrates internal processes and external networks so, that it is possible to create mutually beneficial value exchange between customer and company during the entire life cycle: starting with pre-acquisition to post-acquisition activities. The value is created continuously in products, services and the customer controls: communication channels, intensity of interaction and contacts. Customer controls channels, frequency and intensity of interactions, conversation, engagement and company's programmatic response".

This characteristic supports presupposition from the theoretical part, that CRM should be perceived as a strategic approach to creating value between two parties that enter into an interaction; between a customer and a company. Results pointed at importance of customer choice in the term of the depth of the engagement, in the term of level of collaboration and in the way of communication with the company. Customer is the one who is making choice.

3.3. Current changes in CRM model

Another part of the research was aimed at defining the main areas that should be performed in high quality level in order to support perfect CRM of the company. Based on theoretical approaches to CRM, there are several ways how the model can be understood. The model (Figure 1) in this paper is seen as Zott, Amit, Massa, (2010) did, who characterized the model as a collection of activities which happen in a company. The proposed CRM areas are based on research results and experts' comments, while the basic structure is inspired by Payne (2007). The research question was: "Ideally, companies would like to be able to have an optimal relationship with their customers. Realistically, what would be the four areas that you would concentrate on to achieve the best-possible relationship with those customers?"

After the 1st round of questions, we were able to profile four areas that a company should focus on:

- Customer strategy,
- Processes and technology,

- People and Culture and
- The Customer.

The results of the 1st round showed that customer area was very strong. Sixty percent of the suggested areas were connected with the customer. More concretely, they were connected with following areas: Building unique products for customer, creating unique customer experiences, creating products that are unique for the customer, communicating with the customers. Figure 1 shows suggested areas in the company.
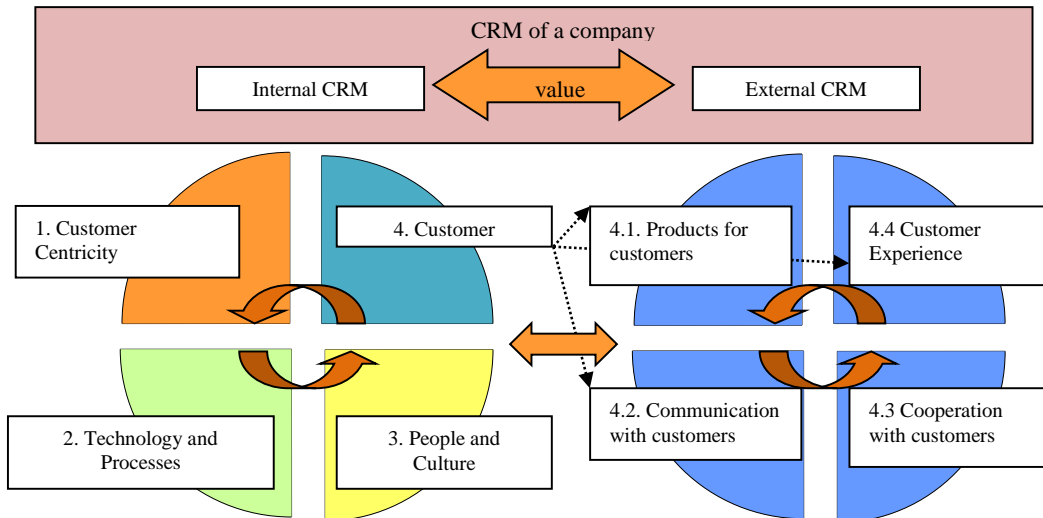

Fig. 1. Proposal CRM in the company.

Company should focus on and they were mainly connected with following areas: to create an individual product for each customer; to communicate with the customer: to communicate the way customer chooses, and with intensity customer wants; to create unique and over-expected experience for customer with product, with service or with company; to cooperate with customer in product improvements, in company's improvements, with the aim to enhance value delivered to customer; Create unique company culture, which is rooted in empathic customer oriented employees; Support customer centricity of the company by customer oriented strategic and tactic decisions; Create processes that are supported by the newest technologies enabling their automation.

To conclude, when building customer experience, company should create unique culture that is supporting customer centricity. This culture honesty and transparency should be supported by well-defined processes and technologies.

Customer is not external element of the interaction (Kalamarova et al., 2014; Dzian, 2014). It should be internal (i.e. insider) and important part of the company. Customer becomes a member of the company; we can say that we need customer who is identified with the company as well as employees. This can be done when a company has unique, strong corporate identity based on corporate culture and company's values. Company values should be internalized by employees and also by customers. In this case, employees and customers shared the same values. This sharing of company values among company stakeholders is: unique, intangible, valuable, rare and also it is costly to imitate by our competitors.

If the company is well organized then it can capture the value of such a resource and the company can create sustained competitive advantage (Kaputa and Supin, 2010; Loucanova et al., 2014; Drlickova et al., 1999; Kaputa et al., 2013).

4. Building up customer experience trough people and culture in the company

In order to build up long term relationship with customer and create unique customer experience, it is important to create good relationships in the company. We believe that experience between company and customer is based on human beings; that's why we assume that corporate culture and corporate values and company employees are ones who shape customer experience with the company. We believe that a company should concentrate not only on the quality of employees who frequently interact with customers, but it should also concentrate on building a unique culture within company. Any "outside" contact with a customer is being affected by internal relationships in the company. Building up long term relationship with customer and creation of unique customer experience is strongly associated with building up long term relationship with employees through their identification with the corporate core values and corporate culture.

Based on the results of the research, we profiled activities for each area. In following part, we present results for the third CRM area People and corporate culture, company should be actively implementing:

- We are the exact opposite of a bureaucratically structured company.
- All our employees are empowered to solve any customers' requests.
- Our employees receive regular training. We stress professionalism, and ethics.
- In our company, you will notice a high level of empathy towards our customers and us
- We all understand that a customer perceives value differently than we do.
- We know exactly which employees actively engage customers.
- We reward these employees.
- We always treat our customers honestly, fairly and transparently.
- We very carefully select employees who will be in touch with customer.
- We regularly measure goals that are connected with the company culture and its people.

5. Conclusion

The customer characteristic is changing. Relationships that customer was experiencing fifty years ago is not the same any more. Customers are becoming more self-confident, active. That's why customer relationship management is changing as well. The latest approaches to CRM were characterized in the first part of the paper. CRM was considered as technology or data mining, some authors approach CRM as philosophy, strategy, others as partial process in the company. According to research new characteristic of CRM was profiled as philosophy and business strategy. It confirmed idea that CRM should be approached in a wide perspective as philosophy on strategic level, and shouldn't be viewed as separate technology or separate process, on tactical level. Main aim of the CRM is not the profit, as it was defined in the theoretical part, but it is, as we found out in practical research, the value creation. It should be created on both sides on company's side and customer's side as well.

The important point is also customer position. Customer position is changing from unknown segment and partner to one who controls the engagement, communication and collaboration with the company. Customer is becoming more self-confident, active bargainer and publisher. Customers are strongly empowered by technologies, which enables them to make rational decisions. On the other side there are demanding more emotional engagement. They group together, they discuss, and they share ideas among each other. They expect same experience from the company. That's why company should focus not only on technology adaption, but on creating customer centric culture, that is deeply rooted in all the people in the company.

6. Limitation

Some study limitations should be acknowledged. There are eight areas in the model that have been researched and later described. Since the paper is limited, we have decided to characterize only third one – People and Culture. We invite other researches and professionals to communication and ideas exchange. Findings are based on the expert method, where group of experts was smaller than 100 participants. However it is recommended to put smaller group of experts, when dealing with new ideas or the topic is homogenous- the findings are based on qualitative

research. However, results can serve as the theoretical basis for further researches. We invite other researches to conduct quantitative large scale follow- on explorations.

7. Implication

This exploratory theoretical research contributes to better understanding of current approaches of CRM characteristic. Main characteristic of CRM can serve as basis in further theoretical research. It can help researches and organizations better understand and practically implement CRM in the companies. It includes practical implication for the companies in area of people and culture of the company.

Acknowledgements

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