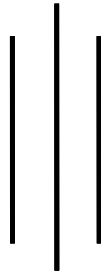
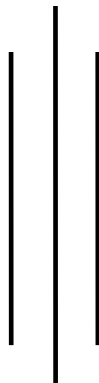


CUSTOMER RELATIONSHIP MANAGEMENT IN THE NEPALESE BANKING SECTORS



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September, 2011

RECOMMENDATION

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"Customer Relationship Management In The Nepalese Banking Sectors", and found the thesis to be the original work of the student and written according to the prescribed format of Faculty of Management, Tribhuvan University. We recommended the thesis to be accepted as partial fulfillment of the requirements for Master's Degree in Business Studies (M.B.S).

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DECLARATION

I hereby declare that the work reported in this thesis entitled "Customer Relationship Management In The Nepalese Banking Sectors", submitted to Hari Khetan Multiple Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement of Masters Degree in Business Studies (MBS) under the supervision of Mrs. Barjit Kour Lecturer Hari Khetan Multiple Campus, Birgunj.

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MBS

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EXECUTIVE SUMMARY

Banking industry is considered as the most valuable in every country. This idea does not only promotes the critical idea of banking procedures or processes, but also in the idea of the building a strong customer relation. The banks and its other affiliates are doing financial strategies to cope with the various changes in the society and at the same time meeting the customers' demands.

The role of CRM in banking sector and the need for it is to increase customer value by using some analytical methods in CRM applications. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making.

The results drawn from this study should be viewed in the light of the research methods employed and is valid for these samples. The study provides substantial support as to the applicability of the many variables and respective conceptualizations provided in theory to the study of CRM in organizations. The frame of references was also shown to be well suited to the investigation of how organizations utilize CRM. The research demonstrates two interesting findings regarding CRM objectives in e-Business. The first finding is that both organizations have very similar CRM objectives. However, the second finding is that both organizations do not divide those into any specific detail objectives instead; they view CRM objectives as a part of their daily work.

From conducting this study, some main findings have been found. Firstly, Banking Business CRM objectives exist within three categories, cost saving, revenue enhancement, and strategic impact objectives. However, they are not divided into specific detailed objectives, instead Banking Business view CRM objectives as a part of their daily work. Secondly, Banking Business concentrates in three areas when managing their customer relationships. These areas are implementation, initiatives, and channel management even though strategies might not be same for the different organizations and that Banking Business do not view outsourcing of their CRM as an option. Thirdly, the researcher has found that Banking Business evaluate the effectiveness of their CRM

in four areas, customer knowledge, customer interaction, customer value, and customer satisfaction and that none of the organizations measure and evaluate secure service. Finally, Banking Business state that improved customer satisfaction rates and establishing relationships with customers are of major importance but only measure and evaluate fragments of it.

ABBREVIATIONS

&	:	And
A.D	:	Anno Domini
BOK	:	Bank of Kathmandu
B.S	:	Bikram Sambat
CRM	:	Customer Relationship Management
CVC	:	Central Vigilance Commissioner
\$:	Dollar
ECS	:	Electronic Clearing Services
GIS	:	Geographical Information System
ICT	:	Information Communication Technology
IT	:	Information Technology
IVR	:	Interactive Voice Response
Ltd.	:	Limited
NBL	:	Nabil Bank Limited
NEPSE	:	Nepal Stock Exchange
No.	:	Number
%	:	Percentage
Rs.	:	Rupees
WAN	:	Wide Area Network

CHAPTER- I

INTRODUCTION

1.1 Background

Banking industry is considered as the most valuable in every country. This idea does not only promotes the critical idea of banking procedures or processes, but also in the idea of the building a strong customer relation. The banks and its other affiliates are doing financial strategies to cope with the various changes in the society and at the same time meeting the customers' demands.

Bank merely an organization it accepts deposits and lends money to the needy persons, but banking is the process associated with the activities of banks. It includes issuance of cheque and cards, monthly statements, timely announcement of new services, helping the customers to avail online and mobile banking etc. Huge growth of customer relationship management is predicted in the banking sector over the next few years. Banks are aiming to increase customer profitability with any customer retention. The role of CRM in banking sector and the need for it is to increase customer value by using some analytical methods in CRM applications. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making.

1.2 Customer Relationship Management

The hype surrounding CRM has only been pervasive within business, technology, media, and academic communities since early 1997 (Fayerman, 2002). According to Wilson (2002), the influential study by Reichheld and Sasser (1990), which showed the large impact on profitability of small increases in customer retention rates, was the start out, making the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale.

CRM technological initiatives are most commonly implemented in functional areas such as customer support and service, sales and marketing to optimize profitability and revenue. However, there is no universal explanation of what CRM is, since the area is fairly new and still under development. It is therefore important to know that numerous

attempts of defining CRM exist and that many organizations adapt the definition to their own business and their unique needs.

The emergence of the Internet heralded a new opportunity for customer relationship building. For one thing, search engines made it easier for customers to find online merchants and interact with them. Moreover, the Internet simplified bi-directional communication, for the first time offering a better way for consumers to relay personal information to the merchant. Instead of waiting to be mailed a form to open an account or order by phone, a prospective customer needed only to send an application through cyberspace, resulting in shorter delivery time, proved accuracy, and quite often a higher positive perception (Strauss & Hill, 2001). In fact, the Internet is an environment of zero latency, offering real-time information, and often on-demand product delivery (Bradshaw & Brash, 2001).

The traditional view is, that CRM is a technological system for information handling and analysis (Croteau & Li, 2001). Others view CRM as a sales or marketing function only. However, according to Fayerman (2002) the critical interface is somewhere between CRM technology and marketing and an understanding of the perspective from both of these areas is a requirement for cross-functional integration. It must be remembered that effective CRM is more than a software solution; it is about how customer information is used to create an ongoing relationship with the customer. To achieve that outcome, different relationship approaches, and perhaps even different CRM technologies, might be needed for the different types of customer relationships found in business to business or business to customers markets (Ragins & Greco, 2003).

1.3 Introduction to the Organization under Study

Nabil Bank Ltd.

Nepal Arab Bank Ltd. the first joint venture commercial bank was established in 1984, Dubai Bank Ltd. was the initial foreign joint venture partner with 50% equity investment. Later on, the shares owned by Dubai Bank Ltd. were transferred to Emirates Bank International Ltd. Again Emirates Bank International Ltd. sold its entire 50% equity holding to National Bank Ltd, Bangladesh. At present National Bank Ltd. Bangladesh is managing the bank in accordance with the technical services agreement signed between it (NBL) and the bank on June 1995 (Financial Statement, 1997/ 98:9). Now National Bank Ltd. Bangladesh has 50%

share, Nepal Industrial Development Corporation has 10% shares, Rastriya Beema Sansthan has 9.66% shares, Nepal Stock Exchange has 0.31% shares and the Nepalese public has 30% shares.

Bank of Kathmandu Ltd.

Bank of Kathmandu Limited has become a prominent name in the Nepalese banking sector. It has put in conscious efforts to glorify our corporate slogan; “We make your life easier”.

BOK started its operation in March, 1995 with the objective to stimulate the Nepalese economy and take it to newer heights. BOK also aims to facilitates the nation’s economy and to become more competitive globally. The vision of the bank is “To become a significant contribution to the economic development of Nepal by distinguishing the bank as an efficient competitive, safe and top quality financial institution”. BOK’s IT infrastructure has been designed, to facilitate internal and customer convenience. Nationwide, all the branches are connected to central database via Wide Area Network (WAN) powered by Finacle, state-of-the art banking application software supported by hardware like SUN Fire V880 RISC Server, VSAT etc. Internally, BOK relies on Information and Communication Technology (ICT), for a quick, reliable, efficient system. Banking operations are powered by Finacle which that have reshaped the global economy as per the wired magazine (www.bok.com.np).

1.4 Statement of the Problem

What keeps a good customer coming back is good service and today’s economic climate demands more than ever that customer acquisition, profitability, and retention remain central to an origination’s business. But that cannot be done if customers are running out the door before organizations even discover who they were or, more important, what they potentially were. To keep them in store, organizations need to offer a better customer experience and they are turning to CRM applications and processes to do just that.

Intimate customer relationships offer organizations several advantages. To begin with, the relationship can create a committed customer. More than simply a repeat purchaser, the committed customer has an emotional attachment to the seller. These emotions can

include trust, liking, and believing in the organization's ability to respond effectively and promptly to a customer problem. Committed customers can be viewed as organizational assets who are likely to be a source of favorable word-of-mouth referrals and are more resistant to competitor's offers. Selling more services or products to an existing customer, increases revenue from that customer and costs less than acquiring a new one that it costs an organization six times more to sell a product to a new customer than it does to sell to an existing one.

Lately, emerging technologies offer organizations the potential to improve their ability to attract and retain customers, capture more information through the online channel than through any other customer point, and to practice CRM organizations have to integrate the Internet with the traditional front-office functions of sales, service, and marketing to be able to provide a good customer experience in the e-business world.

The World Wide Web has evolved into a medium with various generic relationship building attributes. The higher the quality of the information an organization can collect about its customers, and the more complete the information is, the better the organization will be able to use decision analysis to predict customer behavior. More targeted and customized relationships strategies can result in better predictions of customer needs. Online CRM can enhance the value of the relationship for both customers and the bank. Customers can receive more products and communications that are better suited to their needs and lifestyles, and the banks can benefit from a group of high value repeat customers.

It is difficult to evaluate tangible returns on the resources expended to plan, develop, implement, and operate CRM. Therefore, the intangible nature of benefits such as customer loyalty, service quality, value enhancement, innovation of operation, effectiveness of processes, service improvement, competitiveness, trust, and efficiency have to be measured.

Briefly, the researcher has high lightened the importance and potential impact of CRM on customer relationships in Banks. The focused is made on the objectives of CRM, management of CRM, and the evaluation of CRM. It should be remembered that CRM is not just a technology it is so much more and organizations that view their customers

as assets and deliver value in terms of convenience, quality, and a positive purchasing experience are the winners in today's competitive environment.

This study is therefore directed towards the research issues: Why and how Nepalese organizations manage, use, and evaluate CRM?

1.5 Objectives of the Study

Main objective of this research is to study the Customer Relationship Management in Nepalese banking sector under study.

The specific objectives of the study are as follows:

- To identify the objective of CRM that Nepalese banks define.
- To examine the management and usage of the customer relationship in banks.
- To evaluate the effectiveness of customer relationship management in the banking organizations.

1.6 Significance of the Study

This study is all about the CRM in commercial banks, which focuses on the three questions as its objectives. A sound CRM system should ensure that customers get the same fast response and the same service, no matter how they contact the company. The conclusion drawn from this study has the significance importance to all banking organization, consultants, managers and CRM initiatives, information management professionals who want to explore the ramifications of CRM on traditional information management practices and senior management who are planning to enter or expand their banking operations and the other researcher in the same field.

1.7 Research Questions

The following research questions have been developed to carry out this study.

1. How do Nepalese organizations define CRM?
2. How do Nepalese organizations manage CRM?
3. How do Nepalese organizations evaluate CRM?

1.8 Limitations of the Study

This study aims to find out the objectives of CRM in Nepalese banking sectors. No research is biased by any limitation. Thus this study is also limited by the following factors.

1. This study only covers the CRM objectives, CRM implementation, and CRM evaluation of the Nepalese commercial banks.
2. This study is limited to only two commercial banks of Nepal, namely Bank of Kathmandu Limited and Nabil Bank Limited.
3. This study is based on the primary sources of data. Therefore reliability and validity might affect by the respondent intension.
4. The time frame of the review period is only one year. i.e. 2010

1.9 Organization of the Study

The whole study has been organized into five chapters in the following order:

Chapter I: Introduction

This introducing chapter will provide the reader with an insight to the research area. This will begin by briefly discussing the general background of CRM associated with customers followed by the working of banks, historical background of CRM at a glance, introduction of the organization under study, statement of problem, and overall objective of the study. The overall objective is more specifically defined with three outlined research questions. Finally, the significance, the limitations and the organization of the study are presented.

Chapter II: Literature Survey and Theoretical Framework

The aim of this topic is to select relevant theories and concepts that the researcher will use in the research. Hence, the frame of reference will guide the researcher when collecting the data and help fulfill the objective of gaining a better understanding of CRM in banks. After presenting the conceptualization, the researcher will provide a visualization of the emerged frame of reference. For this, the researcher reviews earlier studies within the research objective, concluding the research gap. Researcher will review CRM, CRM objectives, management of customer relationships and CRM evaluation.

Chapter III: Research Methodology

In this Chapter, the selection of methodology is based on the research problem and stated research questions. Motivation and justifications for all adopted methodological choices will be given in each section. This chapter is followed by research approach, research design, data collection methods, sample selection, and analysis plan.

Chapter IV: Results and Discussion

The chapter present the empirical data collected from each of the organizations. The researcher will also during the analysis process begin to explain and discuss possible reasons, patterns, and tendencies that are found in the empirical data. The analysis contains both within case analyses of each organization as well as a cross case analysis, where the data from the different organizations are compared. The analyses are presented in a manner that addresses the three research questions of this study.

Chapter V: Summary and Conclusion

Chapter V contains the summary of the findings of the survey, the overall conclusions that can be drawn from the research. Conclusions will be given in relation to the three research questions and the chapter is ended with recommendations for further research within the area of CRM in banking business.

CHAPTER-II

LITERATURE REVIEW

This chapter deals with the theoretical aspect of the topic on CRM and CRM in banking business. In this chapter, the researcher reviews earlier studies within the research objective area. First, the researcher presents the introduction of CRM, discusses theories that are concerned with organization's CRM objectives. Secondly, review theories describing how organizations manage their customer relationships, and finally, present theories describing how organizations evaluate their CRM efforts, in order to conceptualize the theories reviewed. In short, researcher will review CRM objectives, management of customer relationships and CRM evaluation. After this, the researcher will provide a visualization of the emerged frame of reference to guide throughout the study.

2.1 Conceptual Framework

CRM is a concept that enables an organization to tailor specific products or services to each individual customer. In the most advanced scenario, CRM may be used to create a personalized, one-to-one experience that will give the individual customer a sense of being cared for, thus opening up new marketing opportunities based on the preferences and history of the customer. CRM is also a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized service to each customer (Fayerman, 2002)

CRM technological initiatives are most commonly implemented in functional areas such as customer support and service, sales and marketing to optimize profitability and revenue. However, there is no universal explanation of what CRM is, since the area is fairly new and still under development. It is therefore important to know that numerous attempts of defining CRM exist and that many organizations adapt the definition to their own business and their unique needs. The quotations stated below are three examples of how CRM is defined. The researcher has chosen to use the definition stated by Bose & Sugamaran (2003) as the foundation and as a general view of CRM for this study. The reason for this is that this definition is the most extensive one, the most recent one and that it makes no mention of any particular means of communication, or channels, whether traditional or new.

CRM is about managing customer knowledge to better understand and serve them. It is an umbrella concept that places the customer at the center of an organization. Customer service is an important component of CRM; however CRM is also concerned with coordinating customer relations across all business functions, points of interactions, and audiences (Bose & Sugamaram, 2003, p.4).

CRM is the infrastructure that enables the delineation of increase in customer value, and correct means by which to motivate valuable customers to remain loyal-indeed, to by again (Dyche, 2001, p.4).

CRM is an enterprise-wide mindset, mantra, and set of business processes and policies that are designed to acquire, retain and service customers. CRM is not a technology, though technology is a CRM enabler (Greenberg, 2001, p.14).

CRM has been defined as the management approach that involves identifying, attracting, developing and maintaining successful customer relationships over time in order to increase retention of profitable customers (Bradshaw & Brash 2001). Fjermestad and Romano (2003) suggest that successful CRM requires attracting and keeping economically valuable customers while repelling and eliminating economically invaluable ones. Relationship marketing emphasizes building relationships that lead to customer retention and long-term customer loyalty, in just a position to traditional transactional marketing, in which making a one-time, immediate sale to the customer is the primary goal (Gronroos 1994, Buttle 1996). Reicheld (1996) has shown that a small increase in retention (5%) can yield a 95% increase on the net present value delivered by customers. Consequently, CRM is increasingly being related to e-service and even defined as the exploitation of ICT for increasing the scale and scope of customer service (Kotorov 2002, Riel et al. 2001). However, although CRM implementation is heavily dependent and driven by ICT tools and advances (Bradshaw & Brash (2001), it is widely argued that CRM is a combination of hardware, software, processes, applications, and management commitment (Sigala 2003, Rigby et al. 2002). The type of CRM tools and the aims of their exploitation were also used for classifying its adapters into four types (Karimi et al. 2001, Applegate et al. 1996): customer focused CRM businesses; operations focused CRM businesses; both operational and customer focused CRM businesses; and businesses that do not focus their CRM development at either front. Customer focused CRM applications enable firms in enhancing the efficiency and

effectiveness of customer service, marketing and online sales, by automating: 1) sales force processes to reduce information asymmetry and delays, and to improve efficiency; 2) call centers and integrating customer databases to reduce staff requirements and the total cost of ownership of call centers; 3) e-mail interactions with customers to improve customer service and service efficiency and integrate e-mail, telephone and web interfaces; and 4) customer responses and profiles, tracking marketing campaigns through various media across a number of channels and managing quote and proposal processes from negotiations to closing. Operational focused CRM processes benefit firms in supply chain management, order management and service field by: 1) using database information and supplier pipeline processes to forecast demand more accurately and create viable scheduling applications; 2) reducing overall production costs by streamlining the flow of goods through production processes and by improving information flow; and 3) improving lead time/quality and enabling more customization at a lower cost.

According to Gefen and Ridings (2002), CRM can be divided into three different types: operational, analytical, and collaborative. Operational CRM, also known as front-office CRM, enables and streamlines communications and involves the areas where direct customer contact occurs, for example, a call center or e-mail promotion (Romano, 2003). Operational CRM attempts to provide seamless integration of back-office transactions with customer interfaces and majority of self-described CRM products on the market today fall into operational category (Adebanjo, 2003).

Analytical CRM, also known as back-office or strategic CRM involves understanding the customer activities that occurred in the front office and enables an organization to analyze customer relationships through data mining (Gefen & Ridings, 2002; Shaw, 2001). Analytical CRM requires technology to compile and process the mountains of customer data to facilitate analysis and new business processes to refine customer-facing practices to increase loyalty and profitability (Adebanjo, 2003).

Collaborative CRM is almost overlay (Greenberg, 2001). It is the communication center, the coordination network that provides the neural paths to the customer and supplier (Schubert & Koch, 2002). It could mean a portal, a partner relationship management application, or a customer interaction center (Gefen & Ridings, 2002). According to Fayerman (2002) could it also mean communication channels such as the Web or e-

mail, voice applications, or mail? Fayerman (2002) further states that it also could mean channel strategies. In other words, according to Schubert & Koch (2002) it is any CRM function that provides a point of interaction between the customer and the channel itself. According to Greenberg (2001), the goal with CRM is to recognize and treat each customer as an individual using the three types of CRM.

The emergence of the Internet heralded a new opportunity for customer relationship building. For one thing, search engines made it easier for customers to find online merchants and interact with them. Moreover, the Internet simplified bi-directional communication, for the first time offering a better way for consumers to relay personal information to the merchant. Instead of waiting to be mailed a form to open an account or order by phone, a prospective customer needed only to send an application through cyberspace, resulting in shorter delivery time, proved accuracy, and quite often a higher positive perception. (Strauss & Hill, 2001) In fact, the Internet is an environment of zero latency, offering real-time information, and often on-demand product delivery (Bradshaw & Brash, 2001).

The traditional but to some degree incorrect view is that CRM is a technological system for information handling and analysis (Croteau & Li, 2001). Others view CRM as a sales or marketing function only. However, according to Fayerman (2002) the critical interface is somewhere between CRM technology and marketing and an understanding of the perspective from both of these areas is a requirement for cross-functional integration. It must be remembered that effective CRM is more than a software solution; it is about how customer information is used to create an ongoing relationship with the customer. To achieve that outcome, different relationship approaches, and perhaps even different CRM technologies, might be needed for the different types of customer relationships found in business to business or business to customers markets (Ragins & Greco, 2003).

Compared to the business to business market, where close supplier-vendor relationships built on performance, history, and trust as well as after-sale services are of great importance (Kaplan & Sawhnery, 2000), the small but rapidly growing business to consumer market may require different types of relationships, information, and contact approaches (Zeng, Wen & Yen, 2003). Businesses to customer relationships are typically shorter term with shorter sales-cycles and more transaction driven. The

business to consumer may be seeking a mix of convenience, price, and product capabilities. The information gathered about the consumer typically include demographics, past and current purchase behavior, preferences, and psychographics. (Fayerman, 2002) The contact strategy includes using past purchase patterns to anticipate new needs and wants that can be targeted with new offers as well as two-way communication on the Internet that offers immediate and direct consumer feedback (Wilson, et al.2002).

Customer Relationship Management (CRM) is a topic receiving much attention recently. It is enhancing the mutual cooperation of marketing, sales, service related organizations, and enabling individual responses to be made to customer needs in order to improve customer acquisition speed and customer retention rate, and as a result it is helping to boost sales figures and profits (Shuichi, 2000).

Bose and Sugumaran (2003) which state that, it is important to view CRM holistically as a part of all of the organization's processes from marketing to data collections, further support this. The tendency may be to view CRM narrowly as a tactical series of transactions, but effective and successful strategic implementation of CRM requires information from all relevant departments for using customer information intelligently to create relationships with customers (Ibid).

As organizations attempt to re-orient themselves around customers, individual employees will have to come to terms with changing cultural norms, organizational structures, and the way that their performance is measured and rewarded (Ryals & Knox, 2001). According to Croteau and Li (2001) is the CEO as well as the senior managements involvement singled out as a key success factor when it comes to CRM strategy. Investing in CRM technology without a customer-oriented cultural mindset inherited hierarchically throughout the organization from the CEO is like throwing money in the sea.

Lately, emerging technologies offer organizations the potential to improve their ability to attract and retain customers, capture more information through the online channel than through any other customer point, and to practice CRM (Fayerman, 2002).According to Bradshaw & Brash (2001) organizations have to integrate the

Internet with the traditional front-office functions of sales, service, and marketing to be able to provide a good customer experience in the e- business world.

It is difficult to evaluate tangible returns on the resources expended to plan, develop, implement, and operate CRM (Dyche, 2001). Therefore, the intangible nature of benefits such as customer loyalty, service quality, value enhancement, innovation of operation, effectiveness of processes, service improvement, competitiveness, trust, and efficiency have to be measured (Kim, Suh & Hwang, 2003).

The conventional financial or accounting methods of investment evaluation such as net present value and return on investment are currently the most widely used methods for marketing evaluation. These methods have the advantage of being investment evaluation settings. However, according to Grembergen & Amelinckx (2002) their major drawback of evaluation is that they focus on the estimation of cash flows and accounting criteria. They are not suitable for evaluating investments that are expected to yield benefits that are primarily intangible, indirect, or strategic (Ibid).

Multicriteria methods such as information economics and cost benefit analysis may solve this problem because they account tangibles as well as for intangible impacts. On the other hand, the major drawback of these methods is that they are necessarily based on substitutive measures of intangible costs and benefits (Lycett & Giaglis, 2000). To properly evaluate the effectiveness of CRM, an evaluation tool that can assess both tangible and intangible elements, as well as overcome the drawbacks of the financial, accounting and multi criteria methods is needed.

2.2 Review of Literature

Review of CRM Objective

Burnett (2001) discuss that the objectives from CRM generally fall into three categories; cost saving, revenue enhancement, and strategic impact, and states that the following objectives seems reasonable for a company implementing CRM:

1. Win rates

Which will improve since the organization withdraws from unlikely or bad deals earlier in the sales process.

2. Increased margins

By the results from knowing the customers better, effort can be directed to switch less profitable accounts to lower cost/service delivery channels.

3. Improved customer satisfaction rates

The increase occurs because customers will find that the offer is more in line with customers' specific needs.

4. Decreased general sales and marketing administrative costs

This decrease occurs since the organization has specified and has good knowledge about its target segment customers. Thereby the organization is using its resources better when no effort is a waste of money or time. (Ibid)

Wilson, Daniel, and McDonald (2002) claim that organizations are becoming increasingly aware of the importance of moving closer to their customers and their extended enterprise business units. The leading organizations specifically communicate their objectives and goals and the CRM objectives are to increase business opportunities by:

- Improving the process to communication with the right customers
- Providing the right offer for each customer
- Providing the right offer through the right channel for each customer
- Providing the right offer at the right time for each customer

By doing this, organizations can receive the following benefits:

1. Increased customer retention and loyalty

Ability, to retain loyal and profitable customers to increase the organization's profitability.

2. Higher customer profitability

Increasing individual customer margins while offering the right product at the right time.

3. Creating value for the customer

Acquiring the right customers based on knowledge or learned characteristics, which drive growth and increased margins. (Ibid)

Greenberg (2001) states that the following objectives seem reasonable for an organization implementing CRM:

1. Increased Revenue

Focus the sale force on increasing organizational revenues through better information and better incentives to drive top line growth.

2. Improve global forecast and pipeline management

Improve information access, forecasting, and pipeline management to improve organization's ability to close deals.

3. Improve win probability

Improve the focus of organizational sales efforts with better information to close deals.

4. Reduce cost of sales

New technologies can lower the cost of deploying sales automation solutions and at the same time improve the effectiveness of organizational sales efforts.

5. Increase sales representative productivity

Reduce the steps involve in tracking and quoting customer data with integration of sales capabilities across the organization.

6. Promote sales representative retention

Empower organizational sales force to proactively track and monitor their performance and compensation levels to better motivate them to achieve goals and be successful within their positions and for the organization. (Ibid)

Bayon (2002) claim that three factors influence marketing regarding to CRM and that organizations, should view objectives for marketing applications offered by CRM as follows:

1. Closed-loop marketing

Improve marketing management and programs with a comprehensive marketing system that supports planning, campaign management, execution, Internet support, and analysis.

2. Better information for better management

Implement highly focused targeted campaigns with better returns on marketing investments.

3. Expand marketing channels through the Web

Utilize the power of the Internet to increase marketing reach and effectiveness. (Ibid)

According to Ryals and Knox (2001), services that an organization provides to their customers have an impact on the customer's perspective of an organization. The CRM objectives for service applications according to Ryals and Knox are stated below:

1. Service reduce costs and increases profitability

Create a profit center out of a service organization using operational and customer information to reduce costs and generate more revenues.

2. Service improves service delivery

Create an efficient and effective service business using integrated enterprise-wide information available in other front office.

3. Service helps organizations to delight customers

Provide enhanced customer care service and customer information management across the organization to improve customer satisfaction and loyalty.

4. Service helps organizations differentiate their product

Distinguish business by offering services as a differentiator using multiple channels communications with customer, full enterprise wide view of customer information. (Ibid)

According to Kim (2003), CRM objectives can be divided into four categories as described below:

1. Customer knowledge:
 1. Collecting appropriate customer information
 2. Analyzing customer data
 3. Acquiring new customers
 4. Improving skills of employee
 5. Improving CRM technique
 6. Secure service

2. Customer interaction:
 1. Appropriate response to customer request
 2. Integration of business processes
 3. Improving channels management
 4. Maximizing the effectiveness and efficiency of organization operations
 5. Customizing products and services

3. Customer value:
 1. Improving customer retention
 2. Profits increase
 3. Improving customer service and support
 4. Building an attractive virtual community

4. Customer satisfaction:
 1. Improving service quality
 2. Establishing relationships with customers

2.3 Review of Management of Customer Relationships

In this section, theories that deal with the management of customer relationships within an organization are discussed in brief. To begin with, theories concerning CRM implementation are reviewed. Secondly, CRM initiatives are discussed and finally theories that deal with channel management are reviewed.

2.3.1 The ideal CRM organization

According to Bradshaw & Brash (2001) to deal with the challenges of customer relationships in the fast-evolving Internet world, even the most customer-focused

companies have to understand the three essential insights to getting customer relationships right:

1. That building CRM in the front office is just the start and that it must involve the back office functions like manufacturing, fulfillment, and billing as well as the analytical functions like data warehousing and pushing customer insights back up to the front office.
2. That conducting relationships across multiple media requires the correct technical infrastructure, allowing companies to deal with their customers in a consistent way across multiple media, and even add new media as required without the need to develop every interface separately and from scratch.
3. Building the correct strategy for directing customers to different media. For a few organizations, the strategy “we will deal with customers on whatever medium they prefer” is right; but for the vast majority of organizations it is a recipe for disaster.

Getting it right in CRM, across multiple channels means that one can deal with customers in and across multiple media and still have a unified up-to-date view of the customer, with no gaps. Ideals such as one-to-one marketing and the market one have been widely written about but rarely realized except in the occasional corner florist's. Getting CRM right is the closest approach to achieving these ideals that a large organization can make. Doing this across multiple media is a major achievement that will make the organization ready to face the future.

In CRM, there is a "virtuous triangle, Figure 2.1. The purpose of this is to ensure that organizations know their customer fully, and then act according to their needs and the organization's interest. Important information is generated and used in other areas. Any company that is doing CRM properly must integrate the front office, the back office, and analytical systems.

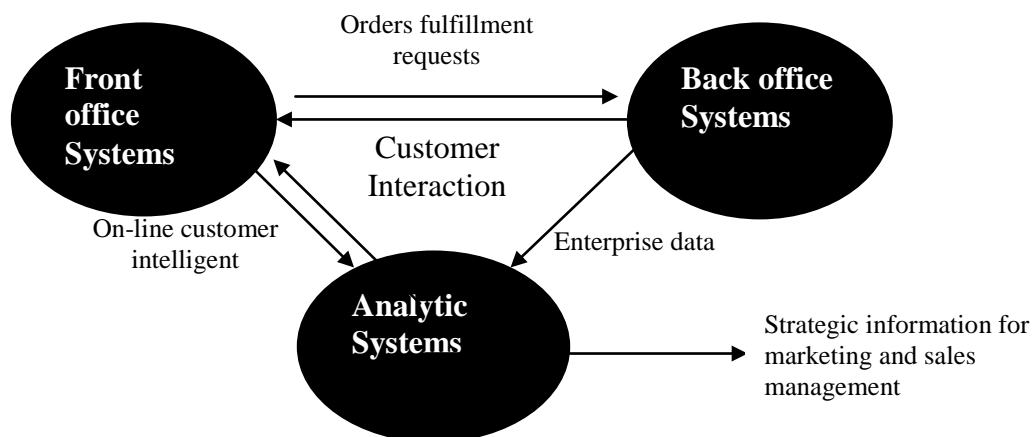
- The back office executes the customer requirements. Generally the only customer contact functions in the back office are billing and logistics,

and in even these functions the customer contact is moving into the front office environment.

- Analytical software allows the organization to look for patterns in the customer data which they have collected. The outputs from this are strategic and tactical information. The strategic information can be used to determine future strategy, while the tactical information will help to modify existing practice. Increasingly the tactical information is generated and used on the fly in customer interactions.

The current focus on CRM tends to be almost entirely on the front office. This is not harmful almost all organizations could improve their performance in this domain but it is not optimal in the long run. Extending CRM into multiple media means integrating the front office and aspects of the back office with different communication channels, Figure 2.2. This has to be done in a methodological way and organizations that get this part right will have thought carefully about the technical infrastructure they need. Standards are rapidly developing in this area and many vendors are building media portals that allow the organizations using them to deal consistently with customers across multiple media.

Figure 2.1: The "virtuous triangle" of CRM

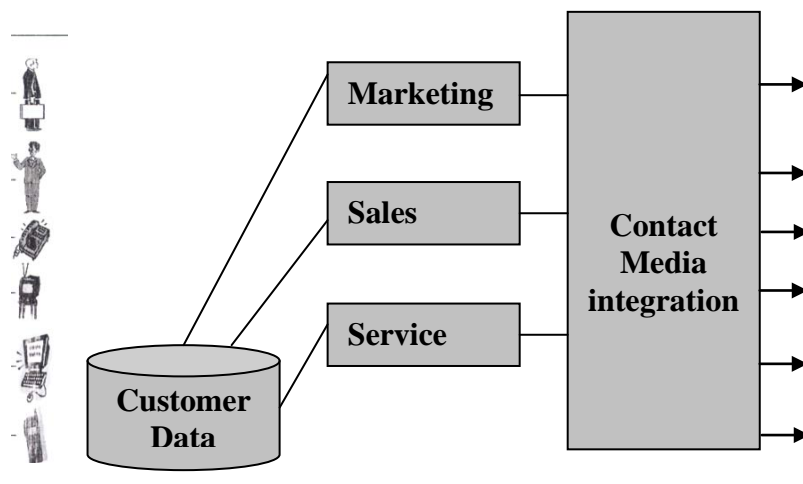


Source: Bradshaw & Brash (2001), p.525

Just because organizations can deal with customers across multiple media does not mean that they should offer the same facilities on each medium, or the same level of service. Doing so would be a disaster. The media are different and demand being

handled differently. For example, people are generally willing to wait on hold for a reasonable time to speak to a call center agent. However, they are certainly not prepared to wait to do the same transaction with an Interactive Voice Response (IVR) machine.

Figure 2.2: CRM and multiple media



Source: Bradshaw & Brash (2001), p.529

Some interactions are far more costly than others, and there is an especially steep differential between interactions involving humans and those that are automated. Business models built on automated transactions cannot sustain large volumes of transactions switching to human based interactions. Organization must therefore decide two main issues:

1. For which customer and on what occasions they want to use specific media.
2. How they are going to direct customers to the companies chosen medium.

The latter point tends to be the most problematic directing customers to the chosen medium. The most problematic part is directing customers away from the live agents to the automated media. A way of doing this is price live interactions cost more or discounts are available only via automated media. However, this is not the only way. As already pointed out, one way to do this is with level of service customers have to wait to speak to an agent, but can connect immediately with the IVR. Other choices are the levels of facilities, offered over the different media. For example, the Web is very good for conveying large amounts of data and graphics. If a company offers its customers all

the data or graphical information, they require from the Web, customer who could use the Web as their chosen medium. (Ibid)

2.3.2 Ten ways to initiate or improve CRM

According to Vinas (2001) CRM is a business strategy, which requires planning, commitment and change, and any employee that has any point of contact with a customer at any time should be considered a “CRM user”. Excellence in CRM is not achieved with a software product or a marketing campaign. However, technology such as telephone systems and Web sites can be used wherever it aids a CRM strategy. Below, ten ways to improve or initiate a CRM program is stated:

1. Defining CRM

The heart of CRM is about knowing your customers and the way they want to interact. CRM is about marketing and customer knowledge, not about great software. CRM can have a wide scope, but it can also be as simple as managing your activities and keeping your promises.

2. Top management commitment

CRM defines what is happening in an organization so CEOs can move in several areas with more business intelligence. CEO and board commitment is also a critical factor that influences the impact of CRM initiatives and diminishes resistant to change. To state it simply, if a CRM strategy is simple and sanctioned by the CEO, it will probably work.

3. Staff involvement

The biggest problem with CRM is that it requires staff to capture more data to do more things. Some employees dislike the way that it slows them down and if they have not been shown the value, they reject it. Organizations must get CRM users excited and start with a couple of key supporters. The employees need to be assured that if they put information into CRM systems they will get value out of it.

4. Integration of CRM systems

Different people in an organization have different views of the same customer. The marketer might think, “He keeps buying, we need to keep selling to him” while the financial manager thinks, “he is not paying his bills; we will have to stop selling to

him”. This is why you need to identify customers and why CRM systems need to be integrated. Furthermore, if customer data does not easily reveal which customers bring in value, it can be too late to adapt marketing practices once the information is realized. Successful CRM is about having real time access to the right information.

5. Research CRM tools and technologies

It is important to spend time researching the IT market to find the tools and technologies appropriate for the organization. Customer relationship tools in the mid-90s did not include SMS messaging, the Internet, or digital phones. There was only mail and fax. However, now you have interactive TV, interactive Web, digital telephony systems, and e-mail. It is a learning curve.

6. Long-term view

Some organizations benefit from expensive and complex high end CRM systems. Those systems can take a long time to roll out and require consultant input.

In this case, management must be patient and look at the big picture in the long-term instead of just focus on short-term costs. It is all about what the organization needs, if you do not have a vision behind the sticker price, you are in trouble.

7. Manage consultant and vendor relationships

Although consultant and vendor relationships can be fractious and expensive, these partners are often the only one that can see the “bigger picture”. It is therefore important for organizations to manage the relationships and develop mutually reasonable expectations.

8. Measure the success of your CRM strategy, but be patient

It may take time for a CRM strategy to show return. Often organizations will spend a lot of money in CRM, but not allocate a budget to change culture or establish training. Therefore, they regroup and sometimes there is a lot of trial and error. CRM is not a five minute wonder.

9. Keep it simple

While IT people need to help with technical CRM decisions, each investment should have a business requirement. Remove what the organization do not need and implement CRM systems where they add value for users before trying to add value to the

organization. Big system might take two years to roll out and then suddenly the organization's requirements and directions have changed. Also, remember that CRM needs can differ between departments.

10. Outsourcing

If the organization does not feel up to the CRM learning curve, consider outsourcing. Outsourcers will often recruit, train, and manage contact centers on behalf of clients. The customer does not care about where the person they are talking to is sitting as long as their needs met. Today, outsourcers that get customer information that they sell back to the organization or uses to manage CRM for the organization are becoming more and more common. (Ibid)

2.3.3 CRM initiatives

According to Dyche (2001), companies do not purchase CRM products to automate campaign management without a clear objective of what they want to do. The companies who purchase CRM products have a variety of tactics in mind for increasing customer value and loyalty such as Cross-selling and up-selling, customer retention, behavior prediction, customer profitability and value modeling, channel optimization, personalization, and event-based marketing.

Cross-selling and up-selling

The art of cross-selling and up-selling is understanding which products will increase, rather than decrease, a customer's overall profitability. Up-selling means motivating an existing customer to trade up to more profitable products and cross-selling is the act of selling a product to a customer as a result of another purchase. This has become very popular nowadays, because selling more services to an existing customer increases revenue from that customer and costs less than acquiring a new one. Cross-selling done correctly means, selling the right product to the right customer. It also means understanding that not every customer is a good candidate for cross-selling. Because of this, the desire to improve cross-selling business practices accounts for much of the popularity of CRM marketing automation technologies.

Customer retention

Understanding that customers have left, and knowing specifically who, is non-trivial. Understanding why they have left is even more difficult. Harder yet is stemming the

tide of customer attrition by applying this knowledge to business tactics that encourage customers to stay. Analyzing customer attrition operates on the aphorism that keeping and existing customer is far more cost effective than acquiring a new one. After all, the more customers leave, the greater the loss of revenue, loss of initial acquisition investment, and loss of a stable market base for selling new products.

Behavior prediction

Behavior prediction helps companies determine what customers are likely to do in the future. Using sophisticated modeling and data mining techniques behavior prediction uses historical customer behavior to foresee future behaviors. This analysis includes several variations:

- Propensity-to-buy analysis. Understanding which products a particular customer is likely to purchase.
- Next sequential purchase. Predicting what product a customer is likely to buy next.
- Product affinity analysis. Understanding which products will be purchased with other products. Also known as “market basket analysis”.
- Price elasticity modeling and dynamic pricing. Determining the optimal price for a given product, often for a given customer or customer segment.

By understanding how a customer is likely to behave, accompany can make a host of marketing decisions based on this knowledge, including these:

- Pre-emptively offering discounts or fee waivers to existing customers who are at risk of churning.
- Refining target marketing campaigns to smaller customer segments or specific products.
- Packaging certain products together and fixed pricing them to sell more products and increase their profitability.
- Cross-selling products likely to be purchased with other products

The key to all this analysis, and especially to the actions that result, is to know who your best customers are.

Customer profitability and value modeling

Extensive processing and detailed data combined with profitability modeling products have made it possible for organizations to know who of their customers that is worth keeping. Today, organizations can quantify that price-sensitive customers- those who bring in paper thin margins might never recoup their value, irrespective of their purchase volume; yet certain low volume customers were nevertheless highly profitable. However, profitability is only one piece of the revenue puzzle. A customer can be unprofitable but could have referred three high value customers to your organization, hereby rendering him very valuable.

Furthermore, many organizations have formalized the practice of value modeling, allowing them to score a customer based on her relative worth to the company over time. The score is then used in a variety of ways to tune communications with that customer. Irrespective of the level of customer value being modeled, customer value measurement is data intensive. The challenge of value modeling is that it is only as accurate as the customer data is rich and the analysis statistically robust. Historical customer behaviors, product costs, support costs, customer profitability, and channel usage should all figure into the overall value of a customer. Basing customer value on only a single metric puts companies at risk of making incorrect decisions about how to communicate with customers and what to say, which could ultimately decrease customer satisfaction and increase attrition.

Channel optimization

The goal of marketing automation is to offer the right message to the right customer at the right time. With the advent of Internet, many organizations are appending “through the right channel”, as customers’ interaction preference evolve. However, understanding the channels through which specific customers prefer to interact with your company is only a slice of the pie. Organizations must also decide how to best communicate with its customers. Channel management means optimizing an organization’s “inbound” channels with its “outbound” means of customer interaction and knowing how to choose the best approach for each.

Personalization

Personalization is the capability to customize customer communication based on knowledge preferences and behaviors at the time of interaction. Personalization, as most people see it, is online messages tailored to a particular customer or customer segment. Such tailored messages can involve anything from inserting the Web shopper's name into the message known as variable insertion to using detailed customer data to personalize Web site content.

More specifically, personalization technologies can tailor messages to individual customers, accessing current personal data each time the customer visits the Web site and using it to create custom content. These technologies enable analysis of each customer over time and across all channels, using customer profile data, past purchases, click stream data, and Web survey responses to determine, for instance, what product the customer is most likely to purchase next or whether the customer is at risk and thus deserving a discount offer to him or her back. A personalized message reflecting the results of that analysis is then delivered in real time when the customer visits the Web site.

Personalization technologies can apply their learning's if the customer responded to a discount on for example skis, it is likely he will be interested in cold weather apparel to future personalized messages; having proven improved response rates over time at the customer's behavior data becomes ever more enriched. This removes the guesswork, resulting in creeping understanding of customers and their preferences over that customer's relationship with your company. Known as "adaptive personalization", it is a critical factor in making it as difficult as possible for your customer to switch to a competitor.

Personalization in the business to customer's space is largely based on the analysis of customer's click streams, his or her navigation path through an organization's Web site. By monitoring a customer's click stream, an organization can see not only what a customer purchased but how the customer reached the Web site in the first place, how he traveled through the Web site after he got there, how much time he spent on each Web page, and which products might have stimulated purchase of other products. In short, click streams can shed light on a customer's Web experience and analyzing click streams can trigger dozens of new tactics, including:

- Changes to Web impressions, images on the web site, according to a customer's navigation patterns and past purchases.
- Custom promotions or discounts based on past purchases or research.
- Customized Web pages according to the visitor's use of the site.

Event-based marketing

The best definition of event-based marketing is time sensitive marketing or sales communication reacting to a customer specific event. Event-based marketing, also called event driven marketing, can apply to a segment of customers or to individual customers. However, it is the individual event-based marketing that organizations adopting CRM are striving for. They want to move beyond traditional, carefully choreographed and scheduled marketing campaigns to more reactive, real time customer communications highly focused on the individual customer's profile.

Most organizations developing event-based marketing are doing so based on a clearly defined set of high profile events that call for straightforward events and the ideal goal of event-based marketing is to be able to react to customer events in real time, soon after the actual event occur. No matter what type of customer communication an organization sends for marketing purposes, the ultimate ambition is to get the customer to visit the store, catalog, or web site; to buy products or services they are happy with; and return often. (Ibid)

2.3.4 Internet customer interaction

According to Kotzab & Madlberger (2001), while the first wave of organizational Internet sites were little more than online brochures, it is now crucial that Web sites give customers options for interacting with the organization. Internet access gives customers three new ways to get in contact with organizations: Web chat, Web callback, and e-mail.

Web chat

Web chat allows a Web site visitor and organizational representative to have a text based "conversation" in near real time by alternately typing sentences in the window provided by a chat program. This allows organizations to offer customers one-to-one contact with a representative without them having to disconnect from the Web, which is important for households that use the same telephone line for Web access and voice

calls. As representatives can often conduct more than one chat session simultaneously, providing chat can also save businesses money in comparison with staffing a conventional call centre.

Web callback

A Web callback facility allows customers to enter their telephone numbers and be called by a representative from the organization. Furthermore, organizations can use a callback form to establish the customer's interests, and ensure that a representative with relevant product knowledge telephones the customer. This contrasts with customers being repeatedly transferred after contacting a conventional call centre until someone who can answer the inquiry is reached.

Web users who access the Internet using their one and only telephone line cannot accept the call until they have disconnected their Web connection. They should therefore be able to specify when they would like to be called. However, it should also be possible for those who have separate connections to be called immediately.

Sending e-mail from the Web site

The case for allowing e-mail to be sent by customers is elementary to make; customers like it because they do not have to wait for an available representative, as is often the case with a call centre and organizations like it because agents can typically turn around more e-mails per hour than they can handle telephone interactions. There are two approaches Web sites can take to inviting written correspondence electronically: a feedback form or a hyperlinked e-mail address which launches the customer's own e-mail client.

While feedback forms offer organizations a tempting opportunity to gather personal data about their customers, making them too long or intrusive will deter some customers. And therefore be counter productive. Moreover, the approach of launching the user's own e-mail client allows customers to be as brief or detailed as they like, but does not let the organization collect specific data, which could be used either to route the current enquiry or for marketing purposes in the future.

Although they are convenient in many circumstances, callback, e-mail, and chat are not appropriate for every interaction – a customer in a hurry will often prefer direct

telephoning and to be connected with an agent immediately. Many organizations look the Web as a means to reduce the number of live agents they need to employ. While this should be achieved by providing a high quality Web experience which means few customers need to call for more information, some organizations adopt the tactic of making it virtually impossible for customers to telephone them clearly unwise, for example when a customer is just about to order several hundred dollars worth of goods and just has a small query on the delivery arrangements. (Ibid)

2.3.5 Multi-channel customer contact

Bradshaw and Brash (2003) claim that very few major organizations can expect to survive while supporting only one channel to the customer. In today's world, customers increasingly expect to be able to choose which channel they use for after-sales support. People whose work or family commitments make it difficult for them to telephone a call center during its opening hours value efficient e-mail support very highly, as do people who are infuriated by long on hold waits for an available call center representative. These competitive pressures and customer demands mean that supporting a range of channels is not an option, it is a necessity. Furthermore, customers want to be able to deal with companies as single entities: if they have already provided a piece of information on the Web, why should they be made to waste their time by giving it again when speaking to a call center agent.

While crucially important, achieving consistency merely lays the foundation for what is possible with multiple channels to the customer, and guards organizations from appearing inept before their customers. Doing so addresses the difficulties the new channels present, without taking advantage of what they make possible. Within the electronic channels, for example, targeted e-mails can be used to drive customers to Web sites, with encoded URLs which both identify the customer to the Web site, and take the customer to the precise Web page relevant to the offer publicized by the e-mail.

However, the greatest opportunity for organizations to be innovative in engaging with their customers is through combining the new and the old. Organizations can send offers to their customers as text messages to mobile telephones, and allow them to be connected to the call center to complete the transaction.

A common misconception is that customer experience must be uniform regardless of channel: this is not the case. Rather, customer experience must have an actively managed consistency. For example, it is very practical for an online banking system to provide a large amount of historical account data and synchronization of account data with personal finance packages. The Web is very good at providing access to large volumes of data like this. On the other hand, it is very impractical to provide the same facilities via the call center, and also expensive to have the length of interaction required. For these reasons, the only time that such an interaction should take place in the call center is when there is a strong customer service reason for doing so. However, most organizations have not really grasped the issues around customer management across multiple channels, even those that have recognized the issue. (Ibid)

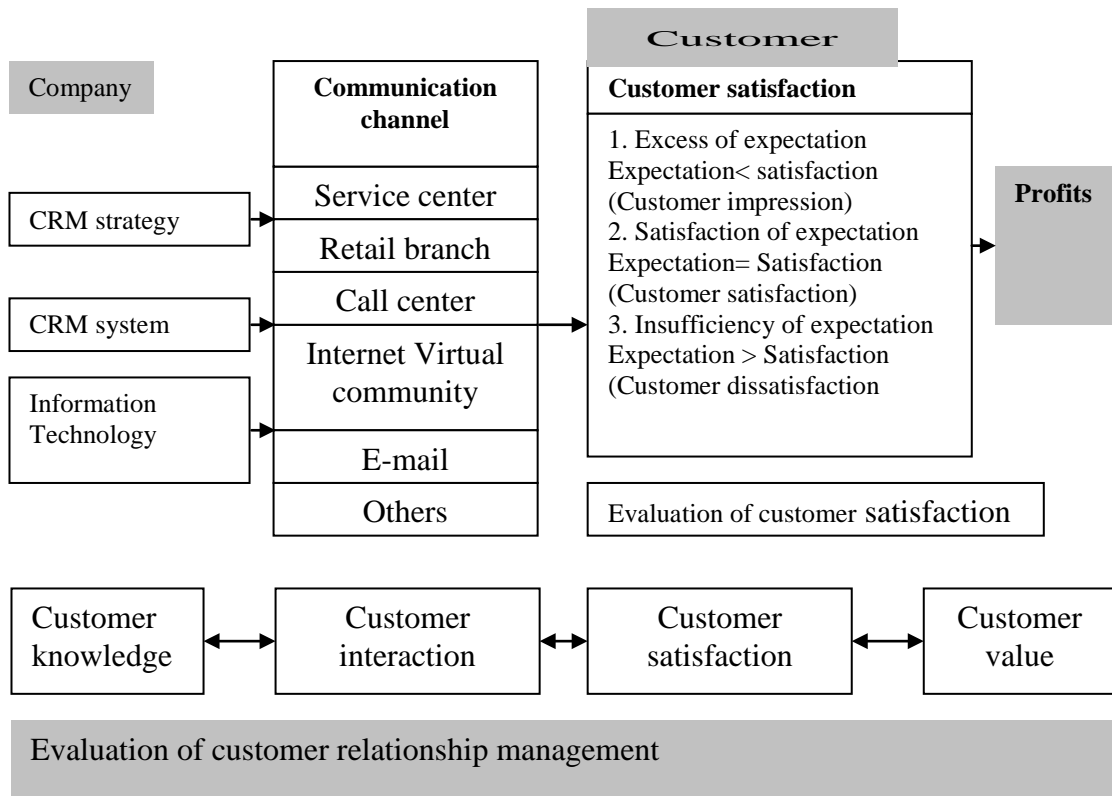
2.4 CRM Evaluation

In this section theories that deal with evaluation tools, which can assess both tangible and intangible elements when organizations evaluate the effectiveness of their CRM are reviewed.

2.4.1 Metrics of CRM effectiveness

Kim, Suh, & Hwang (2003) propose an application framework for evaluating CRM effectiveness. In the framework, Figure 2.3, each perspective is evaluated by appropriate metrics. According to Kim et al. (2003), there are some reasons why performance measurement is so powerful in enhancing business. First, measurement removes the ambiguity and disagreement that surround high level strategic concepts. Second, measurement provides the precise language for clearly communicating at all level what the organization wants to accomplish and how it intends to accomplish it. Third, measurements allow the continual evaluation of organizational alignment on strategic objectives. Last, measurement not only improves the probability but also speeds the pace at which change occurs. The four perspectives are customer knowledge, customer interaction, customer value, and customer satisfaction.

Figure 2.3: The evaluation Process of CRM



Source: Kim, Suh, & Hwang (2003), pp.14

Customer knowledge

In order to adopt the current customer centric business environment, organizations use data mining and data warehousing technology. A major problem is filtering, sorting, manipulating, analyzing, and managing this data in order to extract information relevant to CRM activities. Data mining tasks are used to extract patterns from large data sets, with the shift from mass marketing to one-to-one relationship marketing.

Table 2.1
Customer knowledge

Objectives	Measures
Collecting appropriate customer information	Customer acquisitions (No.)
Analyzing customer data	Number of customers (No.)
Acquiring customer needs	Net sales/employee (%)
Improving skills of employee	Technological capacity (No.)
Improving CRM techniques	Frequency of hardware upgrade (No.)
	R&D investment (\$)
	<ul style="list-style-type: none"> • Support R&D <ul style="list-style-type: none"> Data warehouse, Data mart, Data mining, Multi-dimension analytical • Service R&D <ul style="list-style-type: none"> Customer segment personalization Recommendation Web service
Secure service	Customer profile research (\$)
	Security level (%)

Source: Kim, Suh & Hwang (2003), pp. 12

Technology learning is also important towards understanding customers. It is required, therefore, to assess employee skills to use customer information effectively. Security is another basic and critical prerequisite when dealing with customer information. Security, in particular, has been a serious issue concerning online purchases and an impediment to the acceptance of the e-channel. Many customers are concerned about the amount of personal information that is contained in databases and how it is being used. Customers perceive safety of transactions and seller empathy as important. Table 2.1 shows the metrics of customer knowledge.

Customer interaction

Many communication channels are developed to interact with the customer effectively. To manage various communication channels effectively, managers make an effort to monitor the business processes. The processes can be divided into internal and external processes. The internal processes refer to the handling of the processes in the organization internally, whereas the external processes describe the interactions between suppliers and customers. Internal processes determine operational excellence and external processes determine channel management effectiveness. The customer relationship can be reinforced by effective customer interaction. Customer interaction has the following components.

- Contacts with organizational staff-front line and other
- Outbound contact management-mail, telephone, sales visits, and deliveries
- Physical service environment
- Transaction- price, value, and terms

To analyze customer interaction, some important measures need to be considered, such as the number of marketing campaigns, total cost for promotion, frequency of contents updates, payment, response channels, and so on. Communication channels not only include classic communication channels such as letters, fax, and telephone but also emerging new channels such as call centers, service centers, Web sites, and virtual Internet communities. It is vital to manage various channels efficiently and immediately. Internal processes need to connect and integrate diverse channels effectively.

Furthermore, organizations need to analyze the business process to evaluate measures such as payment methods, delivery channel, and product diversity. Customer satisfaction can be increased by improving channel management and maximizing operational excellence. Therefore, it is necessary to analyze such information as delivery time, response time, and product diversity. Table 2.2 shows the metrics of customer interaction.

Table 2.2
Measure for Customer Interaction

Objectives	Measures
<p>Appropriate response to customer request</p> <p>Integration of business processes</p> <p>Improving channels management</p>	<p>Marketing campaign (No.)</p> <p>Total cost for promotion (\$)</p> <p>Frequency of contents update (No.)</p> <p>Number of payment methods (No.)</p> <p>Number of response channel to customer inquiry (No.)</p> <p>Total cost for managing channel (\$)</p>
<p>Maximizing the effectiveness and efficiency of Organizational operations</p>	<p>Average delivery time after order fulfillment (No.)</p> <p>Response time to customer inquiry (No.)</p>
<p>Customizing products and services</p>	<p>Transaction conducted by members (%)</p> <p>Product diversity</p> <p>Detailed product information</p> <p>Timeless sales in popular product</p>

Customer value

Customer value describes tangible and intangible benefits gained from CRM activities, which help to arrange the relationship with the customer successfully. Customer value can be achieved through, for example, value added by relevant information in virtual communities, a loyalty program, and an attractive bundling of different products.

**Table 2.3
Measure for Customer Value**

Objectives	Measures
Improving customer retention Profits increase	Number of retained customer (No.) Net sales (\$) Ordinary sales (\$) Asset/employee (\$) Profit/employee (\$)
Improving customer service and support Building an attractive virtual community	Channel interface <ul style="list-style-type: none"> • Usability • Attractiveness • Navigation efficiency • Contents search • Consistency of site structure

In order to determine the customer value, organizations need to analyze such information as marketing campaigns, number of retention customers, and net sales. CRM initiatives should provide mutually beneficial value to the customer and the organization. Current customer profitability should be calculated, establishing a baseline and comparing new calculations to that baseline periodically. Calculating customer value potential and using it as guideline will be profitable in the future. Table 2.3 shows the metrics of customer value.

Customer Satisfaction

Customer satisfaction is difficult to measure because it is hard to quantify the satisfaction level. It represents a modern approach for quality in organizations, and serves the development of a truly customer-focused management and culture. Measuring customer satisfaction offers an immediate, meaningful, and objective feedback about customer preferences and expectations.

Table 2.4
Measure for Customer Satisfaction

Objectives	Measures
Improving service quality	Brand image (%) Service level (%) Number of daily inquires (No.)
Establishing relationships with customers	Customer satisfaction (%) <ul style="list-style-type: none"> • Assurance • Reliability • Empathy • Responsiveness • Tangibles

Source: Kim, Suh & Hwand (2003), pp. 15

Among the four perspectives, the customer satisfaction perspective is the most important because customer satisfaction is directly linked to an organization's profits. Service delivery via various channels of IT applications has emerged as an important attribute in satisfying customers. Proper CRM practices can potentially influence customer satisfaction ratings and can potentially lead to increased customer retention. Table 2.4 shows the metrics of customer satisfaction.

2.4.2 Supply chain and logistic functions measures

According to Kellen (2002), supply chain management and logistic functions are significant areas of interest for CRM practitioners. Customers consume physical and digital products. How quickly and efficiently these products flow through the value chain is of importance, especially when the timer it takes a product to be delivered is a key component of improving customers' satisfaction and driving customer value. As more products allow for mass customization, more of these measures will be tied to specific customers. While most of the measures within supply chain operations and systems refer to suppliers, some to these measures have applicability for understanding customer behavior. These measures include:

Fill rate	The number of items ordered compared with items shipped.
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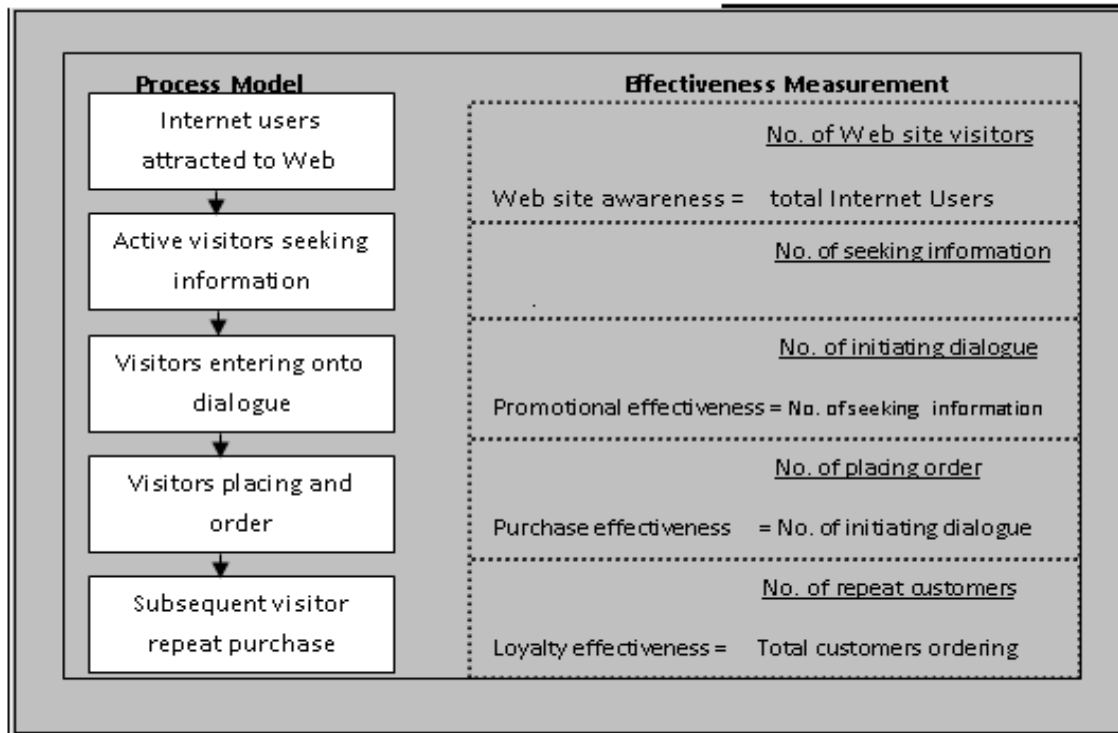
On time ships rate	What percent of orders were shipped on or before the requested ship date.
Performance to promise	What percent of orders were shipped on or before the promised ship date.
Backorders	The numbers (or percentage) of unfilled orders.
Customer order cycle time	The average time it takes to fill a customer order.
Cash to cycle time	The number of days between paying for products and being paid for the product by the customer.
Supply chain cycle time	The total time it would take to satisfy a customer order if all inventory levels were blank.
Perfect order measures	The error-free rate of each stage of an order. Error rates are captured at each stage (order entry, picking, and delivery, shipped without damage, invoiced correctly) and multiplied together.
Upside flexibility	The ability of a supplier to meet additional demand requirements. (Ibid)

2.4.3 Web site as measurement tool

Chaston (2001), state that the advent of the Internet has added various new dimensions to marketing communities. One dimension is that the Internet can be sued to move customer through the phases of the buying process. Making contact with potential interested customers, converting some those into customers, and then supporting the purchase and post-purchase phase of the supplier-customer relationship follow this.

Figure 2.4

An Internet Process model and assessment tools



Source: Chaston (2001), e-marketing strategy, pp.174

As illustrated in Figure 2.4, as potential customers progress through each stage phase of the buying processes it is theoretically possible to assess the effectiveness of the Web site. Application of the measurement tools posited in Figure 2.4 assumes that a Web site is capable of recording all hits and that data can be acquired about the nature of these hits. For example, to determine loyalty effectiveness, organizations can do that by calculate the number of customers that does a repeat purchase and divide it with the total customers ordering, in order to measure loyalty effectiveness. (Ibid)

2.4.4 Web site measures

According to Kellen (2002), with the advent of the Internet, organizations have launched Web sites for a variety of purposes including, marketing, sales, and support. Because of the heavy use of marketing on the Internet, Web site operational measures include many marketing operations measures. These measures are:

Visitor count	How many people have visited a Web site.
Unique visitor count	How many unique people have visited a Web site. This measure does not double-count users who visit a site multiple times in a period. Web sites can have difficulty in accurately determining unique visit counts, especially for those visitors who have chosen not to identify themselves by not registering with a site, visitors who use multiple machines to visit a Web site, and visitors who disable cookies in their browser preventing the system from anonymously identifying them.
Page hits	How many pages have been downloaded from Web site, or how many times a single page has been visited in the site.
Duration	Total time a visitor spent on a page or a Web site.
Click-through-rate	What percentage of visitors clicked on a banner advertisement or other form of Internet marketing to visit the advertised Web site.
Impressions	How many visitors viewed a Web page that contained an advertisement of some kind.
Registered users	How many visitors registered with the Web site.
Breakage	What percentage of visitors stated interacting with a Web site (for example, by starting a survey or purchasing a product), but choose not to complete the interaction.
Click stream	Not a measurement per second, but a source of many measurements. The click stream is the sequential history of all interactions with a visitor on a Web site usually stored within log files in the Web server. This behavioral data is used for example, to derive page hits, visitor counts of images and advertisements viewed.

Most of the measures within a Web site are designed to review the health of the Website. However, with the wealth of customer information embedded within the click stream data, many CRM software products include the ability to tie these measures to other off time customer measures. For example, survey responses. (Ibid)

In order to make this study more comprehensive, some of the most nearest thesis related to Customer Relationship Management in Banking business from different points of view are conducted and reviewed as per below.

Thapa (2006) conducted research entitled “Future Prospective of Online Banking in Nepal”. He collected data based on the primary. The primary data were collected from structured interview. The analysis of data was presented on the tabular form, simple bar diagram and pie chart. The analysis of data has been done through various ways like percentage, average etc. and concluded that banks in future cannot survive without the support of Information Technology. On his survey he found that only 5% respondents are satisfied with the traditional banking system and rest 95% want immediate technical improvement in their service system. Respondents feel that the bank should imply online services to provide better facilities to them.

Based on the above conclusions, Thapa gave the following recommendations:

- The bank should developed standard based solutions, which consist of open system architecture, with scalability as its main feature for taking care of future volumes in growth.
- The IT industry should closely collaborate with the banking sector in providing such serves at cost-effectives prices and should gear itself to meet the requirements of the banking and financial sector with a spirit of co-operation, and partnership in making the banking industry scale the heights of international excellence.
- In order to minimize frauds and security problems, the Central Vigilance Commissioner (CVC) should direct all banks to compulsorily offer Electronic Clearing Services (ECS) to their customers.

Thapa carried out the study with the following objectives:

- To find out opportunities of the online banking in the context of Nepalese commercial bank
- To find out the security threats on online banking system
- To find out the advantages of online banking to the Nepalese people
- To suggest measures to improve the IT policy regarding online banking

Although there are 17 commercial banks in Nepal and all banks have various departments, this study has been confined to Treasury Department of Kumari Bank Ltd. The gap of this study is that the data used are only primary data. The conclusion and recommendation made in this study cannot generalize in other banks.

Shrestha (2007) conducted research entitled “Human Resources Information System in Yeti Airlines”. The study focused on the human resources information system of yeti airlines. The main objectives of study were:

- To examine the existing information system of Yeti Airlines
- To evaluate the application of existing Information system in Human Resource Management activities in Yeti Airlines
- To identify problems or any gaps in the existing Information System in Yeti Airlines
- To recommend suggestive packages to improve the Information System of Yeti Airlines.

He conducted study based on primary and secondary data. Primary data were collected through formal and informal discussion with different sections chief, computer programmers, and data entry persons and data coder/editors, Secondary data were collected from the published and unpublished documents of the airlines. The data so collected was analyzed by using different tools and techniques such as Flowchart and Data Flow Diagram.

On his research study he found that the personal department of this organization is handling all the information regarding the human resource management. The foundation of human resource management includes the recruiting system, payroll system, personal

information system and others. He found that information processing was partially automated and the organization has potential capacity of making whole information system fully automated. The study was mainly based on the data provided by the Yeti Airlines; Primary data to cover the individual opinions was not considered.

Joshi (2008) carried out a study “Management Information System in Nepalese Hospital”. He analyzed whether the current flow of information that normal hospital flows is good enough to get the required information at the right time, in the right quantity and in the right format. To support his research study, he further analyzed the system of Bir Hospital with compare to Tilganga and Siddhartha Apollo Hospital.

The study is based on the information provided by the staff members and doctors. He used different tools and techniques such as Database and Tables, Data Flow Diagrams and Flowcharts to analyze the data.

On his research he found that current scenario of most of the private and public hospital are totally manual where the same data are entered many times which makes the retrieval of information very complicate and data analysis techniques are not feasible and effective. He recommended that the implementation of MIS in Hospital would improve the transaction of hospital drastically. From the new system the concerned personnel can generate required information at the right time and in the right format.

He considered only the Impatient and Outpatient transaction in his study. The transaction such as posting of cash related transaction to the accounting; housekeeping and nutrition etc. were not interlinked on study. The study based on research conducted on only three hospitals: Siddhartha Apollo Hospital, Tilganga Eye Hospital, and Bir Hospital. It was not good enough to project the hospital related transaction and developed the Hospital Management Information System based on only these three hospitals.

Adhikari (2010) conducted a research on "Information Technology in Security Management". Adhikari has analyzed the present situation of the country and provides e-solution to management security problems with the following objectives.

- Identify various reasons behind the conflicts and terrorism
- Study the existing status of IT application in security management in Nepal

- Identify basic information required for security management purpose
- Develop MIS and DSS information system models and architectures for the security management information system
- Develop conceptual DFD and ER models for the proposed SMIS
- Survey for appreciation of proposed information system

He has emphasized to implement information technology integrated with GIS (Geographical Information System) in the system. GIS can give detail information showing map of the location where corresponding searches are done. The security management information system is widely useful and highly appreciable however opinion survey has been made. The findings are based on the review of the literatures, decision making principles, interaction with security personnel in security management like senior officer of police department. Further researcher has made a survey with some security personnel as well as general publics. The response from the survey reveals that the concept is widely acceptable.

Findings are summarized as follows:

The root causes of terrorism are economic reasons, socio-cultural reasons, the system of education, psychological reasons. Sustainable security management has to tackle in these issues. The security management information system should also be capable to analyze the root causes why the conflicts are taking place. Such information is invaluable in strategic security management planning.

According to researcher, information system development and implementation is in very primitive stage in Nepal. Applying information in security management is a new and challenging field. There is very little application of information technology in the security management issues. Police Department and Royal Nepalese Army has very little used the information technology in their security management process.

The research study shows that there is an immense need of information in support of security management. A personal information system integrated with the geographic address will not only serve as a good security management information base data but also serve in several other conflict management issues. This will not only help the security management department through the management information system and decision support system in the security management, but also help to manage overall

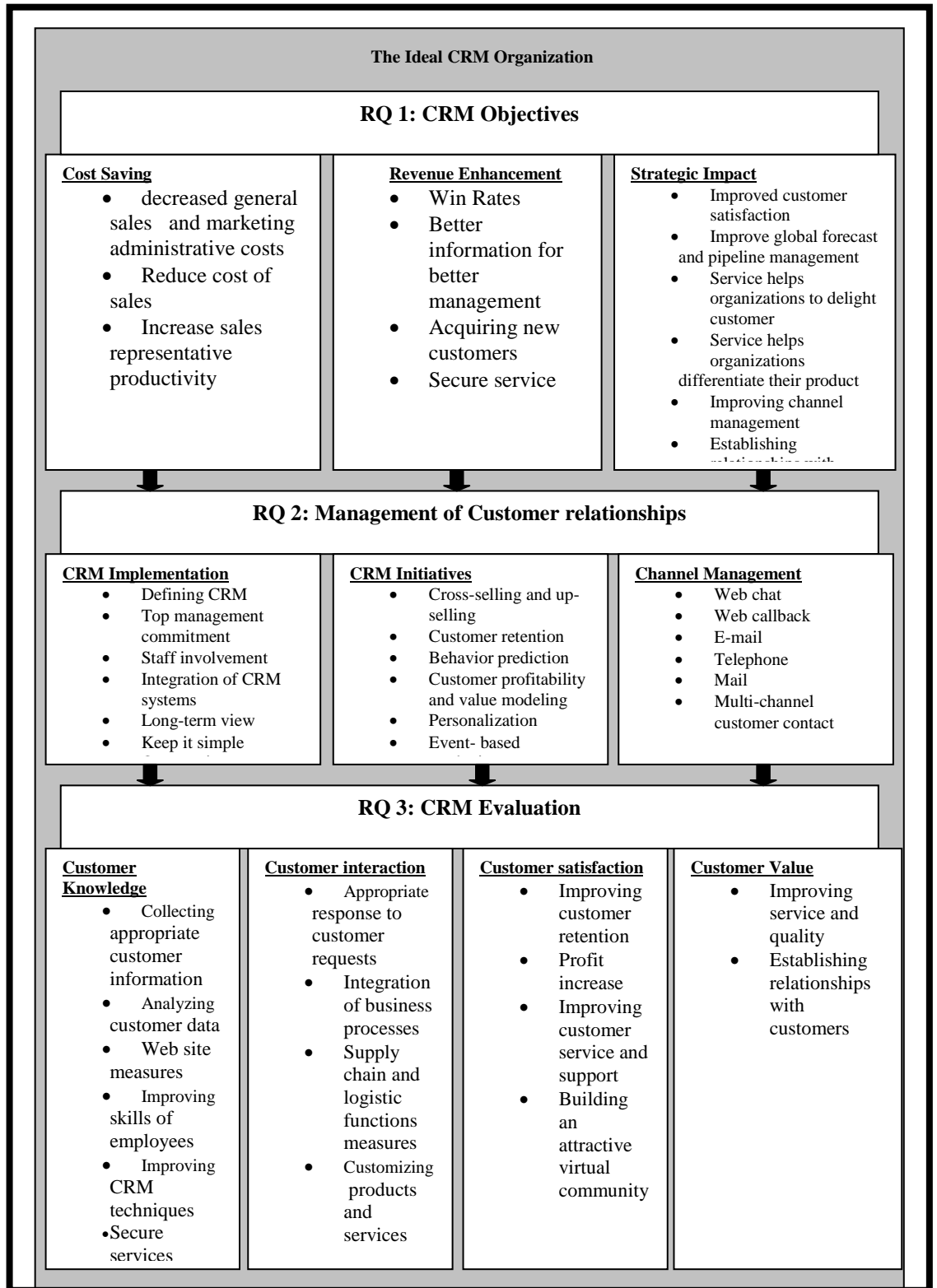
security management issues from the root causes of origins terrorism or conflicts. Further the researcher expressed his views as; Major problems are in taking the initiatives and the management of information technology in overall management of IT projects. The approach of applying information technology in the security management is widely appreciated in ail the related sectors.

It has been realized the need of such system is vital still there is lack of professional technical management as well leadership to materialize the concept. Adhikari's study can be useful to address social security base e-services management issues. One of the significant use of his research application is use of personal ID to uniquely identify the contributors nationwide and can be integrated various personal data. So that, the management of e-services becomes effective and efficient.

2.5 Theoretical Framework

The aim of this section is to select relevant theories and concepts that the researcher will use in the research. Hence, the frame of reference will guide the researcher when collecting the data and help fulfill the objective of gaining a better understanding of CRM in banking business connected with the three research questions. Based on the above literature review the previous study has considered the following variables for investigations. In this section, the researcher has presented emerged frame of reference on the basis of previous literature review. Figure 2.5 visualizes the frame of reference, showing the organizations CRM objectives, the management of CRM, and finally, how organizations evaluate the effectiveness of their CRM. The three aspects are co-existing and thereby interdependent. Dependent variable is CRM itself and Independent Variables are CRM Objectives, CRM Implementation, and CRM evaluation.

Figure 2.5
The Ideal CRM Organization



2.6 Research Gap

The above literature review revealed that there is no any research conducted on the presents the concept of CRM and e-CRM. There has been few research made on online transaction, debit card, credit card, SMS, Internet. The detail study does not show the requirement analysis and resources necessary as per research design. The research output does not show the inside or outside the limitation of organization to implement and also it doesn't show the availability of resources in the market.

Therefore there is no specific research made towards latest Customer Relationship Management (CRM) in banking. But in this study there is a detail research analysis, design and development for the CRM of Nepalese banking business organizations. Hence there is a clear gap between the previous study made and the proposed study. Therefore, this may be the first research made on the topic.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter showed how the literature has been conceptualized and provided a visual explanation of the emerged frame of reference. This chapter will cover the methodology used in this research. The selection of methodology is based on the research problem and stated research questions. This chapter deals with the research plan and design, description of sample, instrumentation, and method of data collection, the data collection procedure, and the method of analysis.

3.2 Research Plan and Design

The present study attempts to analyze the objectives of CRM, to examine the management and usage of the customer relationship in banks. The researcher employed the qualitative data approach. The use of qualitative data yields detailed information in questionnaire and interviews. The data-collection instruments included questionnaire, observation, and interviews. Moreover, the purpose of this thesis is to gain better understanding of CRM in banking business, a qualitative study is the method that suits the researcher best.

Descriptive research design is used in the study. Descriptive approach is used mainly for conceptualization of the problem and tracking the current or particular situation. The research purpose and research questions of this Study indicate that this is primarily descriptive, but also exploratory and partly explanatory. This study is descriptive since it is researcher intention to describe the area of research and draw some conclusion from the collected data.

3.3 Description of Sample

In order to suit the research objective, the sample collection followed some judgmental criteria. First, sample criterion is that the selected organizations have to be involved in banking business, mainly focusing on business to customer retailing. Second; researcher wants the organizations to do business in more than one country, likely to have widely faceted customer relationships. Third criterion is that the organizations have to be

located in Nepal. This facilitates the contacting phase and eases the establishment of a good relation with the respondents in this study.

The samples are collected as per the convenience, criteria of the sample selected are:

- Banks which are under operation for the past 5 years.
- Banks which are listed in the NEPSE are selected.

There are many banks meeting the above mention criteria, but for the sake of convenience the following two banks have been selected.

Sample Size

S.N	Name of the Bank
1.	Nabil Bank Limited
2.	Bank of Kathmandu Limited

3.4 Instrumentation

For the purpose of study, the instrument used for the collection of data is the primary source. The primary source of data collection for the study purpose includes the questionnaire that seeks the answer on research objectives. The analysis of this study has followed the three steps data reduction, data display and conclusion drawing and verification. The data reduction and the data display are combined in the data analysis chapter, and rest in the last chapter.

Thus, the study consists of data processing that comprises of categorization and tabulation of data. Data obtained from questionnaire of the sample banks were recorded in a document format using Microsoft Word 2007.

3.5 Data Collection Procedure

Due to the fact that this research is qualitative and not a quantitative case study, here is not any utilization of archival records as a source of evidence. Direct observation and participant observations are also ruled out as possible sources of evidence got this study, due to limitations regarding time and financial resources. Furthermore, this study does not need insights into cultural features and technical operations, and therefore no need

to use physical artifacts as a source of evidence. This leaves with two sources of evidence, interviews, and documentation.

The type of interview that was used in this thesis was personal interview, before the interview, the organizations were briefly told about the purpose and the nature of this study. By conducting personal interviews researcher as interviewers could explain the questions asked in a way that was understandable for the respondents and hence, receive detailed answers within a limited time. Furthermore, before the interviews were conducted an interview guide containing a main issues was developed, which was developed from the frame of reference along with questionnaires. This guide was then used as a base for research questions during the interviews. Based on the reasoning above, it is fair to say that these interviews were focused interviews.

For the case studies, both the primary and secondary data collection methods are used in this study. As mentioned above personal interviews were conducted as data collection method. This is a primary data collection method, which provided with a deeper evidence, secondary data such as press releases and organizational background gathered from the organizations Web Sites, served as a compliment to the personal interviews, Furthermore, secondary data was collected and used for the background information regarding the topic of CRM and organizations background. The secondary data sources have been web sites, academic articles, newspaper articles, and books relevant to the topic.

In relation to the constructed validity of this study, the researcher has multiple sources of evidence, interviews, and documentation to collect data. Furthermore, notes were used when conducting the interviews. The collected data at the interviews was translated into English. This data was sent back to the respondents to exclude misinterpretations. In addition, this study builds upon existing theories related to research questions, and follows this base throughout the study. Hence, the data collected on the research questions are derived from this base.

3.6 Analysis Plan

The ultimate goal of analyzing data is to treat the evidence fairly, to produce compelling analytical conclusions, and to rule out alternative interpretations. Data analysis involves turning a series of recorded observations into descriptive statements.

When writing qualitative data analysis the focus is on data in the form of words. Data analysis consists of three concurrent flows of activity. These three are, Data reduction should not be considered separate data reduction, data display, and conclusions drawing and verification from analysis, but a part of it. This reduction of the data helps to sharpen, sort, focus, discard, and organize the data in a way that allows for final conclusions to be drawn and verified. Data can be reduced and transformed through such means as selection, summary, paraphrasing, or through being subsumed in a larger pattern. Data displays is the second major stage that the researcher need to go through. This stage includes taking the reduced data and displaying it in an organized and compressed way so that conclusion can be more easily drawn. As with data reduction, the creation and use of displays is not separate from the analysis, but a part of it. Conclusion drawing and verification is the third and final stage of the data analysis. It is in this stage that the researcher starts to decide what the different findings means. Noting regularities, patterns, explanations, possible configurations, causal flows, and propositions does this.

The analysis of this study has followed the three steps data reduction, data display and conclusion drawing and verification. The data reduction and the data display are combined in the data analysis chapter, and rest in the last chapter.

CHAPTER - IV

RESULTS AND DISCUSSION

In the previous chapter, the methodology of the research was discussed. In this chapter, the empirical data collected from each of the organizations investigated will be presented. In the empirical data presentation, the interviews will be referred to as the respondent, by organizational name. The data is collected based on the research frame of reference in chapter two. Each section will start with a short background of the organization, and thereafter, the data collected from the interview will be presented. The empirical data is presented in a manner that addresses the three research questions of this study.

Presentation of Results

4.1 Case Study – Bank of Kathmandu Limited

The personal interview was conducted with Marketing Manager (Respondent) at BOK. To be able to take on the convenient perspective that was needed throughout this interview, researcher asked the respondent to focus at BOK

4.1.1 Company Presentation

Bank of Kathmandu Ltd. was incorporation in 2050 B.S (1994 A.D) in Nepal. It was listed in NEPSE in Sharwan, 2054 B.S. (1998 A.D). Paid up capital of bank of Kathmandu is Rs 1182.16 millions. Market price per share of the bank at July 26, 2010 was Rs 841.

4.1.2 How can BOK's CRM objectives be described?

BOK has three main objectives for their customer relationships; however, they are not broken down into any specific detailed CRM objectives. Instead, respondent states that the CRM objectives are more or less general, that CRM is more included as a natural part of BOK's strategy and that CRM is an important part of the organizations marketing and communication "thinking". The objectives are ease of use, speed, and low price. When it comes to ease of use the respondent views technology as very important. It is important to have the right capacity to be able to deal with many customers at the same time. This is something that will become even more important in the future. The Web site should be fast to download and navigate as well as simple

when it comes to the buying process and Web site environment. Low price is also important to attract and acquire new customers and the customers should always be aware of that BOK offers very low prices compared to many of their competitors.

The three objectives mentioned above are the ones that are officially stated. However, the respondent further states that other issues are of importance when it comes to the organizations' customer relationships. To build and maintain relationships is very important to make the customers loyal to BOK. It is obvious that it is good to keep the customers, prevent them from leaving BOK, and instead purchase the services from one of their competitors. It is also more cost effective to keep the customers instead of having to find new ones all the time.

To improve the organizations knowledge about their customers is also of importance according to the respondent by improving this knowledge BOK can offer their customer services that are more in line with the customers' needs. This also makes the marketing efforts more effective since the organizations will know what the customer wants and is searching for. By knowing what the customers want and will request improve the organizations own logistics.

Since the potential target market for BOK's service is very large, segmentation becomes important. Therefore, it is important to segment the customers into groups and learn how each group of customers want to interact with BOK when it comes to issues such as channel management and service preferences. Therefore, BOK will keep the collected customer information secret and not exaggerate the flow of information to the customers.

4.1.3 How does BOK manage their customer relationships?

The respondent states that how CRM is defined is of importance to BOK because they try to break down the information flow from their customers to get it as cost effective as possible. Since, BOK is a large organization, the top management is not involved every time BOK is implementing new CRM objectives, sometimes are also customer service or other employees that are affected of the implemented CRM involved. However, even though the decisions come from top management BOK try to have a keen ear of their employees' opinions according to the new implementation. The employees that are

exposed to the new implemented CRM would also be educated even though BOK aims to keep it as simple as possible.

Respondent further tells that BOK always have a long-term view for their implementation of CRM both externally and internally to get the best possible return on investment. However, the respondent says that it is hard to keep it alive, due to the fact that in the beginning it is of importance but as time goes by it has a tendency to become less important. The respondent further say that BOK view CRM as a natural business connection by having both back office and front office integrated when they implement CRM, this are done so that the implemented CRM would be as cost effective as possible. BOK aims to keep full control of the interaction with their customers since they are an organization that conduct business at distance and need to react fast to their customers' demands, therefore BOK conducts all CRM by themselves within the organization.

The respondent states that when BOK conducts new campaigns their marketing department does it. The marketing department choose which customers that should be targeted and which marketing forum they going to utilize for promoting the new offers. Respondent further says that BOK sends the mail catalogue to their customers every month. The facts that BOK sends their news e-mail to their customers are BOK's strategy to make their existing customers to buy more services.

To be able to understand why BOK's customers sometimes abandon BOK for one of their competitors is something that the respondent claims could be investigated more even though it is of importance that BOK tries to keep their customer by selling services at low price as well as always having the services in vendors stock. Respondent further states that since BOK sells low-margin services as well as high margin services they can not do too much and have too many offers if they are going to keep the business being cost effective, However, the respondent further states that BOK controls their customers' behavior by investigating how the customers purchase and how the customers navigate on BOK's Web site. All this are done so that BOK is able to predict what the customers would like to purchase by using the latest technique.

The respondent states that BOK divides their customers into different purchase intervals based on how profitable they are. This information is collected from statistics that BOK gets from the customers past purchase history and those customers that end up into a

specific interval are given special offers by BOK in order to purchase more services to get better a discount. Respondent moreover states that BOK has investigated the possibility of introducing a loyalty program to their customers; however, BOK cannot implement it with current margins on the services they sell.

Respondent furthermore states that BOK does not want to divide their customers and this is the reason why BOK does not give their customers any offers when it comes to loyalty programs. At the moment, the personalization features at BOK are under construction. Today the customers can tailor made the news e-mail that is sent to them and the respondent states that this is something that BOK views as quite important.

The respondent states that BOK view Web chat, Web callback, and telephone as communication channels that are not cost efficient because of the extra time it takes for BOK to interact with their customers through these channels .Today BOK views e-mails that are sent to approximate 25000 customer each month and their mail-catalogues that are sent to approximate 30000 customer every month as the two important communication channels. However, BOK choose to utilize the communication channels that customers demands so if the customers wants to interact through Web chat or Web callback this is something that BOK will do in order to please the organizations customers. Respondent also states that if customers have sent an e-mail and then later on calls the customer services, this e-mail will be visible for the customer services employee so that the customer does not need to repeat the same question or questions again. This is the reason why BOK views telephone, as a communication channel they need to have even though it is not cost efficient.

The respondent further states that virtual event marketing is of importance to BOK. The events that BOK is associated with are for example, banners advertisement, hoarding boards etc. These events must have a natural connection to BOK line of business. When these events are approaching, tickets, VIP packets, and backstage pass are raffled out on the Web site to customer that BOK believe are interested of that specific event, the information BOK utilize to do this selection comes from the customers past purchase.

4.1.4 How does BOK evaluate the effectiveness of their CRM?

Respondent states that in the perfect world everything that BOK does should be evaluated into the smallest detail but since BOK has limited resources, the organization is not able to do this. Today BOK evaluates their different campaigns and the offers that are sent out by measuring how they affect sales. The respondent further state that BOK views it as important to measure how many services that are sold to the campaign price and how many that are sold to regular prices but does not measures assets and profits towards their employees.

Respondent further states that the information BOK collects about their customers are especially important because the more the organization knows about the customers the better and more efficient BOK can be to meet the customers' expectations. The front desk is especially important because BOK sell 99 percent of the services through the front desk. On the other hand, BOK measure and evaluate the number of customers, the number of retained customers, what they do on it, what they bought, where they come from, what is the buying process they chose, how many visitors that are registered at the Web site, total time a visitors spend at the Web site. Respondent also states that BOK measure how fast and easy their Web site is to navigate.

The respondent adds that BOK sends the news e-mail to approximate 25000 customers every month and therefore recently started a measurement system to investigate how many customers that open the e-mails and how many those choose to delete the e-mails without opening it. The customers that open the e-mails are then checked if they click on the proposed links and if they actually conduct the purchase of those services. Respondent tells that approximate 30 percent of the customers that received the e-mails chose to delete it without open it. The respondent think that the reason for this are that the news e-mails are too general and not enough tailor made to fit each customer's needs.

4.2 Case Study- NBL

The direct interview was conducted with the Marketing Manager at NBL premises. To be able to take on the convenient perspective that was needed throughout this interview, the researcher asked the respondent to focus at NBL.

4.2.1 Company presentation

Nabil Bank Limited, the first foreign joint venture bank of Nepal, started operations in July 1984. Nabil was incorporated with the objective of extending international standard modern banking services to various sectors of the society. Pursuing its objective, Nabil provides a full range of commercial banking services through its 47 points of representation across the kingdom and over 170 reputed correspondent banks across the globe.

Nabil, as a pioneer in introducing many innovative products and marketing concepts in the domestic banking sector, represents a milestone in the banking history of Nepal as it started an era of modern banking with customer satisfaction measured as a focal objective while doing business.

Operations of the bank including day-to-day operations and risk management are managed by highly qualified and experienced management team. Bank is fully equipped with modern technology which includes ATMs, credit cards, state-of-art, world-renowned software from infosys technologies system, Bangalore, India, internet banking system and telebanking system.

The equity capital of NABIL is given below:

Authorized Capital Rs.1, 600,000,000

Issued Capital Rs.689, 216,000

Paid up Capital Rs. 689,216,000

Apart from the conventional facilities, other facilities made available by the bank are listed below.

- It provides loan and advances by means of term loan as well as working capital.
- It provides its customers with letter of credit and guarantees.
- It provides remittance facility to various parts of the world.
- It is going to introduce 'Swift Transfer' System in near future.
- It provides merchant banking facilities like underwriting of public issues and standing instructions.

The Bank has head office at Kamaladi, Kathmandu and 6 branch offices at Kathmandu Valley in the following locations: Kantipath, Kamaladi, New Road, Jorpati, Kuponhole, and Maharajgunj. In addition, the bank has other branches at outside Kathmandu Valley at the following locations: Birgunj, Parsa, Biratnagar, Itahari, Butwal, Pokhara, Bhairahawa, Nepalgunj, Lakeside (Pokhara), Dharan, Mahendranagar, Dhangadi, Dang, Rupandehi and Tulsipur. Similarly, it also operates an Exchange Counter at Tribhuvan International Airport, Kathmandu.

4.2.2 How can NBL's CRM objectives be described?

According to the respondent, the term CRM is not used when discussing customer relationships within the organization. However, NBL is a customer-oriented organization that focuses on the customer's needs. Just because the term CRM is not used in the daily work it does not mean that NBL does not practice CRM as defined in this study. NBL would not exist without their customers and therefore the organization must focus on the customer needs and interests at all levels of the organization. This means that every organizational objective also can be seen as a CRM objective according to the respondents. However, the most important thing is not to have many different objectives. The most important thing is what you actually do and how you act when interacting with the customers. NBL has three main objectives or areas where they constantly are trying to improve. These objectives or areas are price/campaign, service diversity, and ease of use.

The first objective is very important when it comes to attracting customers to the company. Because of the fact that NBL sells the same services as their competitors, price is very important factor when trying to attract customers to the company. This combined with massive marketing campaigns to build awareness among potential customers is crucial for the organization to survive in the comparatively new and competitive Banking Business market. The second objective means that NBL should be an interesting and a potential retailer for almost every person that are interested in the offered service categories. However, the respondent states that not all potential customer are worth going for because of cost reasons but that they are trying to reach as many as possible.

The third objective is simplicity and ease of use, which means that when a customer visits the company he or she should be able to buy or search for whatever he or she wants without experiencing any problems or delays. How fast a visitor is able to gather the information much more important than having a lot of animations and graphics that would add value to the bank.

The reason why these three objectives are especially important is because this is what is most important when conducting Banking Business for the services that NBL offers according to the respondent. The respondent further states that other objectives also of importance to NBL. However, these objectives are not stated due to cost and time reasons but would be important if the members of the organization had more time to deal with these kinds of issues.

One objective that is of importance is knowledge about the customers. By collecting and analyzing as much data as possible about the customers, the organization can make better strategic choices in the future and avoid making mistakes when it comes to almost all business areas. By doing, this NBL gets more satisfied and loyal customers and then hopefully customers. The help of technology best does this but also by the persons working and interacting directly with the customers can help NBL become more effective.

Another important issue when it comes to customer relationship management in banking Business is security. Privacy could also be an issue according to the respondent. Some organizations might find it very helpful to information from customers about which channel they prefer but this is not an issue or objective for NBL according to the respondent.

4.2.3 How does NBL manage their customer relationships?

According to the respondent NBL was one in its industry to treat important business areas as equally important. These areas are marketing, campaign, the Web site, logistics, and customer service. All of these business units should be aware of each other and what the different units are doing. The reason for this integration of business units is to improve the flow of services and services and to be able to correct and avoid mistakes more easily. As mentioned above CRM, as a term is not used, instead the respondent views the whole organization as customer oriented.

When it comes to the management of customer relationships the respondents views top management involvement and staff involvement as crucially important. All members of the staff must have the customer in mind when decisions are made and to make this work the top management must be good role models. All departments have access to the collected customer data, which leads to shorter decision-making time and make the staff feel more involved. It is also important to have a long-term view to retain the customer for a long time. However, this can sometimes be hard when selling services where price very important.

To keep thing simple is also very important when managing customer relationship according to the respondent. This is especially true in Banking Business where one have to be prepared to technological changes and improvements but one must also look at the costs involved. It is not always worth the costs to make customers more satisfied and cannot possibly please all the customers

NBL conducts all of their customer service by themselves and would never consider outsourcing of this area as an option. According to the respondent, it would be unwise to outsource something which is that important to the organization. NBL only has one customer service department that they want to control totally. By doing this they are as close to the customers as they can be and can benefit from feedback from the customers to people that they trust within the own organization. By having their own customer, service department they also get feedback from their customers much faster that they would if someone else handled these issues located at a place far from the headquarter. NBL will also implement a newsletter that will be unique for each customer and they will be able to segment their customers on an individual basis. By improving this NBL hopes to get loyal customers that are aware of that, they will not be let down when new and important services of interests to the customers are released. This kind of personalization initiatives is something that the respondent views very positively.

If someone is a loyal customer and frequently purchase services from NBL, you can become a Green member and get discounts for some of their services. According to the respondent, this is a good way to reward loyal customers. However, this cannot be made too much and too often, since the organization already competes with low prices and therefore cannot afford many discounts. Another CRM initiative that NBL uses is event

marketing where special offers are offered to their customer in connection with a certain event.

NBL only uses one communication channel to interact with its customers. This communication channel is e-mail, which is the most effective, and appropriate one according to the respondent. By using e-mail, the staff at the customer department service can handle many customers at the same time which is very cost effective. Since the customers and the staff are not in, direct contact when using e-mail it also excludes a lot of noise such as discussions about other things than the real issue. Web chat, Web callback, and telephone could also be used according to the respondent.

However, the reason why these communication channels not are of importance is because of the above mentioned noise and that every issue would take longer time to handle by using these channels. When sending an e-mail to the customer department the customer is asked to provide his or her telephone number but the customers are only contacted by telephone in very special and complex occasions. Using all of the so far mentioned communication channels would be a nice service for the customers but would not be cost effective. Using mail as a communication channel is not an option. It simply takes too long time according to the respondent.

4.2.4 How does NBL evaluate the effectiveness of their CRM?

According to the respondent NBL, evaluate some of their customer relationships. However, more could absolutely be done but this is a question of resources as well as a somewhat complex issue.

E-mails sent to the customer service department are the most important variable when evaluating the effectiveness of the CRM for NBL. By analyzing the customers' requests, suggestions, and complaints the organization receives a lot of feedback and valuable information on how to improve their business. In addition, the quality of the staffs' answers of the e-mails are controlled and evaluated to find out if they satisfies and solves the customers' requests and problems.

Furthermore, a survey is sent out to the customer every sixth month where the organization is trying to find out what the customers like and dislike when it comes to service mix and the Web site environment. However, the e-mails sent to the customer

department are much more valid when it comes to evaluation of NBL than the survey results according to the respondent. Marketing efforts are also evaluated when it comes to cost per acquired customer but not awareness measures or brand image measures are yet measured and evaluated. However, this will be done in the future according to the respondent.

4.3 Within Case Analysis of BOK

In this part a within case analysis of BOK will be presented. Hence, the data obtained from the organization will be compared with the frame of reference. The obtained information from BOK is presented in table 4.1 as well as their relative importance.

4.3.1 The objective of CRM in BOK

When it comes to the first category, cost saving objectives, the collected data is in accordance to the frame of reference of this study when it comes to decreased general sales and marketing administrative costs.

The reason for this is that BOK values good knowledge about its customers and thereby is able to use their resources more effectively. The collected data is also in accordance to the frame of reference when investigating the reduced cost of sales objective. This is true due to the fact that the respondent considered technology to be of importance to make BOK more efficient. The collected data for the increased sales representative objective in this category can also be seen as being in accordance to the frame of reference since BOK view efficiency when it comes to sales and marketing as important.

Table 4.1
Within Case analyze of BOK's CRM objectives

Importance of CRM objectives	Minor	Medium	Major
<i>Cost Saving Objectives</i>			
Decreased general sales and marketing administration Costs			X
Reduce cost of sales			X
Increase sales representative service			X
<i>Revenue Enhancement Objectives</i>			
Win rates			X
Better information for better management			X
Acquiring new customer			X
Secure service		X	
<i>Strategic Impact Objectives</i>			
Improved customer satisfaction rates			X
Improve global forecast and pipeline management			X
Service helps organizations to delight customers			X
Service helps org. differentiate their services			X
Improving channel management		X	
Establishing relationships with customers			X
Building an attractive virtual community		X	

For the second category, revenue enhancement objectives, the collected data is in accordance with the frame of reference when it comes to win rates. This is true due to the fact that BOK wants to improve their knowledge about their customers to become more effective. This also makes the collected data for better information for better management to be in accordance to the frame of reference. Furthermore, ease of use and low prices should attract new customers to BOK, which is in accordance to theory when it comes to acquiring new customers. According to the respondent, secure payment was not a major focused more on. Therefore, the collected data is to some extent in accordance to the frame of reference for the secure service objective.

When analyzing the third category, strategic impact objectives, the collected data is in accordance to the frame of reference when it comes to improved customer satisfaction rates as well as for improved global forecast and pipeline management. The reasons for this are that BOK wants to offer services more in line with customers' specific needs and also wants to improve the effectiveness to improve the organization's ability to close deals. Establishing relationships with customers and improving channel management when it comes to stocks as well as keeping their delivery promises are of importance to BOK. Therefore, the collected data is in accordance to the frame of reference.

Due to the fact that BOK wants to improve customer satisfaction and loyalty and offer multiple channel communications with customers as service the collected data is in accordance to the frame of reference when it comes to service helps organizations to delight customers and service within this category, building an attractive virtual community, the collected data can be seen as to some extent in accordance to the frame of reference.

4.3.2 BOK management of customer relationship

The obtained information from BOK is presented in Table 4.2 as well as their relative importance.

When it comes to the first area, implementation, the collected data is in accordance to the frame of reference when it comes to defining CRM and top management commitment. The reasons for that is BOK break down the information flow from their customers and that top management is always involved. The collected data on the staff involvement is to some extent in accordance to the frame of reference of this study because of the staff is sometimes involved but not always.

When it comes to integration of CRM systems, long-term view, and keeping it simple, the collected data is in accordance to the frame of reference. The reason for this is that BOK view CRM as a natural connection by having both back office and front office integrated

when they implement CRM. BOK always has a long-term view with their CRM implementation even though it has a tendency to become less important over time and that it should be kept as simple as possible.

When analyzing outsourcing of the CRM the collected data is not in accordance to the frame of reference. Since this is done by BOK to keep full control of the interaction with their customers.

For the second area, CRM initiatives, the collected data are in accordance to the frame of reference when it comes to event-based marketing. The reason for this is that tickets, VIP packets, and backstage passes are raffled out on the Web site to customer, that BOK believe are interested in the specific events. The collected data on cross-selling and up-selling is to some extent in accordance to the frame of reference.

BOK sends their mail catalogue and news e-mails in order to get customers to buy more. However, since BOK does not conduct any up-selling the collected data is to some extent in accordance to the frame of reference.

Table 4.2
Within Case Analyze of BOK's CRM Management

Importance of CRM management	Minor	Medium	Major
<i>Implementation</i>			
Defining CRM			X
Top management commitment			X
Staff involvement		X	
Integration of CRM systems			X
Long-term view			X
Keep it simple			X
Outsourcing	X		
<i>Initiatives</i>			
Cross-selling and up-selling		X	
Customer retention			X
Behavior prediction			X
Customer profitability and value modeling		X	
Personalization		X	
Event-based marketing			X
<i>Channel management</i>			
Web callback	X		
e-mail			X
Telephone		X	
Mail			X
Multi-channel customer contact		X	

For customer retention and behavior, prediction the collected data is in accordance to the frame of this research reference. The reason for this is that BOK through statistics gets information about the customers in order to understand their behavior. BOK also tries to please their customer by selling the services at a low price. When it comes to the collected data on personalization and customer profitability and value modeling, it is in some extent even though BOK divides their customers in different intervals. When it comes to personalization features BOK does not offer very much and this is perceived as something that might disturb their customers' private life.

When it comes to the third area, channel management, the collected data is in accordance to the reference of the study when discussing e-mail and mail. Because BOK sends, approximately 4000 e-mails each week and their mail-catalogue are send in approximately 30000 copies every month. When it comes to the collected data according to telephone, it is to some extent in accordance to the frame of reference because BOK does view the telephone as a channel they need to have even though it is not cost efficient. The collected data on multi-channel customer contact is to some extent in accordance to the frame of reference since BOK utilizes some channels but not all of them.

According to the respondent the collected data on Web chat and Web callback is not in accordance to the frame of reference since those are channels that BOK does not use at the moment.

4.3.3 BOK CRM evaluation

The obtained information from BOK is presented in Table 4.3 as well as their relative importance.

When it comes to the first category, customer knowledge, the collected data is in accordance to the frame of the reference when looking at collecting appropriate customer information and analyzing customer data. When looking at the collected data according to Web site measures and improving CRM technique this is to some extent in accordance to the frame of reference even though BOK measures a lot on their Web site they do not measure everything. According to the respondent, BOK does measure secure service which is in accordance to the frame of reference.

Table 4.3
Within case Analyze of BOK'S CRM Evaluation

Importance of CRM evaluation	Minor	Medium	Major
<i>Customer Knowledge</i>			
Collecting appropriate customer information			X
Analyzing customer data			X
Web site measure		X	
Improving CRM technique		X	
Secure Service			X
<i>Customer Interaction</i>			
Appropriate response to customer requests		X	
Integration of business processes			X
Supply chain and logistics function measures		X	
Customizing services and services		X	
<i>Customer Value</i>			
Improving customer retention			X
Profit increase		X	
Improving customer service and support			X
Building an attractive virtual community		X	
<i>Customer satisfaction</i>			
Improving service quality		X	
Establishing relationships with customers		X	

When it comes to the second category, customer interaction, the collected data is in accordance to the frame of reference according to integration of business processes. The reason for this is that BOK investigates what happens with the eventually increased activity via BOK's Banking Business and that the organizations business system are closely connected together to get the best possible results to analyze.

According to the collected data on appropriate response to customer request supply chain and logistics function measures, and customizing services and service, it is to some extent in accordance to the frame of reference. The reason for this is that their customers can customize the service information they receive. BOK also tries to keep the most popular services.

When it comes to the third category, customer value, the collected data is in accordance to the frame of reference when looking at improving customer retention and improving customer service and support. The reasons for that are those BOK measure the number of retained customers. The collected data on building an attractive virtual community and profit increase are to some extent.

When it comes the fourth category, customer satisfaction, the collected data is to some extent in accordance to the frame of reference when it comes to improving service quality and establishing relationships with customers. The reasons for this are that BOK tries to measure customer satisfaction but have not broken down it as the frame of reference does and that BOK measure the number of daily inquires.

4.4 Within Case Analysis of NBL

In this part a within case analysis of NBL will be presented. Hence, the data obtained from the organization will be compared with the frame of reference of this study.

4.4.1 The objectives of CRM in NBL

The obtained information from NBL is presented in Table 4.4 as well as their relative importance.

For the first category, cost saving objectives, the collected data is in accordance to the frame of the reference of this study when it comes to decreased general sales and marketing administrative costs as well as reduced cost of sales. The reason for this is the collection and analysis of data to get to know the customers better and to make wiser strategic choices in the future. This also has to do with the tracking and quoting of customer data with integration of sales capabilities across the organization. Since, NBL is trying to become more effective in this area by both using their staff and technology this is also in accordance to the frame of reference.

When it comes to the second category, revenue enhancement objectives, the data collected is in accordance to the frame of the reference for the objectives win rates and better information for better management. Improved knowledge about the customers to avoid making strategic mistakes improves the win rates and increased knowledge about the customers as well as focusing on the right customers gives better management.

The respondent stated that attracting new customers to the Web site was an important objective which is in accordance to the frame of references. When it comes to the objective secure service the respondent stated that it is important. The respondent also stated that the matter of privacy was of importance to NBL which is in accordance to the frame of reference. Therefore, the collected data for the secure service objective can be seen as in accordance to the frame of reference.

For the third category, strategic impact objectives, the collected data is in accordance to the frame of reference. When it comes to improved customer satisfaction rates and establishing relationships with customers. By interacting with the customer and analyzing them NBL wants to be able to offer services more in line with their specific needs and create relationships with them to make them loyal. The collected data for the objective improve global forecast and pipeline management. By offering a variety of services for a lot of people, NBL wants to delight their customer.

Table 4.4
Within case Analyze of NBL's CRM Objectives

Importance of CRM objectives	Minor	Medium	Major
<i>Cost Saving Objectives</i>			
Decreased general sales and marketing administration Costs			X
Reduce cost of sales			X
Increase sales representative service			X
<i>Revenue Enhancement Objectives</i>			
Win rates			X
Better information for better management			X
Acquiring new customer			X
Secure service			X
<i>Strategic Impact Objectives</i>			
Improved customer satisfaction rates			X
Improve global forecast and pipeline management			X
Service helps organizations to delight customers		X	
Service helps org. differentiate their services			X
Improving channel management			X
Establishing relationships with customers			X
Building an attractive virtual community		X	

To improve their channel management by the help of the customers was an issue to NBL which is in accordance to the frame of reference.

4.4.2 NBL management of customer relationships

Table 4.5
Within case Analyze of NBL's CRM Relationships

Importance of CRM management	Minor	Medium	Major
<i>Implementation</i>			
Defining CRM		X	
Top management commitment			X
Staff involvement			X
Integration of CRM systems			X
Long-term view		X	
Keep it simple			X
Outsourcing	X		
<i>Initiatives</i>			
Cross-selling and up-selling			X
Customer retention			X
Behavior prediction			X
Customer profitability and value modeling		X	
Personalization			X
Event-based marketing			X
<i>Channel management</i>			
Web chat	X		
Web callback	X		
e-mail			X
Telephone	X		
Mail	X		
Multi-channel customer contact	X		

When it comes to the first area, Implementation, the collected data is in accordance to the frame of reference when it comes to top management commitment and staff involvement. All members must focus on the customer for every decision they make and the top management act as role models to show that this matter really is of importance.

All departments at NBL have access to the same information and customer data which according to the respondent leads to shorter decision making time and higher involvement. This is accordance to the frame of reference when it comes to integration of CRM systems. To keep things simple and be able to respond to technological changes in the Banking Business world is also important according to the respondent which is in accordance to the frame of reference.

NBL does not use the term CRM in daily work which is not in accordance to the frame of reference. However, they view themselves as customer oriented and puts the customer first when it comes to strategic issues which is in accordance to the frame of reference. Therefore, the collected data are to some extent in accordance to the frame of reference when it comes to defining CRM. It was also of importance of focus on the long-term when dealing with the customers according the respondent. This makes the collected data being to some extent in accordance to the frame of reference of this study when it comes to having a long-term view.

When looking at considering outsourcing of the CRM the collected data is not in accordance to theory. According to the respondent, this is something that NBL would never do. He further stated that it would be unwise to outsource something that important to the organization and that NBL wants to control this area totally without any involvement from parts outside the organization.

For the second area, CRM initiatives, the collected data is in accordance to the frame of reference when it comes to cross-selling and up-selling as well as customer retention. These initiatives are also of importance when it comes to customer retention as well as the feedback NBL receive from its customer service department. The investments in new technology which will help predicting the customers' future behavior are also in accordance to the frame of reference as well as the fact that NBL use event-based marketing to retain and attract new customers.

The fact that the respondent does not believe all customers is worth going for and keeping their best customers are in accordance to the frame of reference. However, NBL does not score their customers on his or her relative worth to the organization over time which not is in accordance to the frame of reference. Therefore, the collected data for customer profitability and value modeling can be seen as to some extent in accordance to the frame of reference. This is also the case when it comes to personalization.

The unique newsletter is in accordance to the frame of reference and something that the respondent views to be very positively. However, personalization initiatives like greeting the customers by their first name when they contact in are not just a waste of time and money according to the respondent and this is in accordance to the frame of reference.

When it comes to the third area, channel management, the collected data is related to the frame of reference when discussing e-mail. The respondent considers e-mail to be the most effective and appropriate channel for NBL and this is the only channel the organization use when interacting with its customers. Furthermore, the respondent also considers Web chat, Web callback, and telephone to be appropriate communication channels but do not use them because of cost reasons. By analyzing these statements the collected data can be seen as to be not in accordance to the frame of reference for these communication channels.

The fact that NBL only uses e-mail to communicate with its customers rules out multi-channel customer contact. This is not in accordance to the frame of reference. The obtained information from NBL is presented in Table 4.5 as well as their relative importance.

4.4.3 NBL CRM evaluation

When it comes to the first category, customer knowledge, the collected data is in accordance to the frame of reference when looking at collecting appropriate customer information. The reason for this is that NBL measures and evaluates the number of new customers they gain. The collected data for analyzing customer data is also in accordance to the frame of reference since NBL keeps track of how many customers they have. For the Web site measures and improving CRM technique under this

category the collected data is to some extent in accordance to the frame of reference. However, they do not measure and evaluate things such as breakage, duration, and click stream which not is accordance to the frame of reference. Furthermore, NBL does not do much when it comes to measurement and evaluation of their CRM techniques which is mostly not in accordance to the frame of reference. Furthermore, NBL views secure service as important. Therefore, the collected data is in accordance to the frame of reference.

For the second category, customer interaction, the collected data on appropriate response to customer request are to some extent in accordance to the frame of reference. The reason for this is that NBL measure and evaluate their marketing campaigns but are not in accordance to the frame of reference since the frequency of content updates are not measured and evaluated.

Table 4.6
Within case Analyze of NBL's CRM Evaluation

Importance of CRM evaluation	Minor	Medium	Major
<i>Customer Knowledge</i>			
Collecting appropriate customer information			X
Analyzing customer data			X
Web site measure		X	
Improving CRM technique		X	
Secure Service			X
<i>Customer Interaction</i>			
Appropriate response to customer requests		X	
Integration of business processes			X
Supply chain and logistics function measures		X	
Customizing services and services		X	
<i>Customer Value</i>			
Improving customer retention			X
Profit increase		X	
Improving customer service and support			X
Building an attractive virtual community			X
<i>Customer satisfaction</i>			
Improving service quality		X	
Establishing relationships with customers		X	

The collected data for integration of business processes under this category is in accordance to the frame of reference. The data collected on supply chain and logistics function measures are to some extent in accordance to the frame of reference. The reason for this is that service delivery time is measured and evaluated which is in accordance to the frame of reference. However, most stated supply chain and logistic function are not measured and evaluated which is not in accordance to the frame of reference., when it comes to measurement and evaluation of customizing services and services some of the collected data is in accordance to the frame of reference because of what is collected in the surveys that are conveyed every sixth month.

For the third category customer value, the collected data on improving customer retention, improving customer service and support, and building an attractive virtual community is in accordance to the frame of reference due to the fact that NBL measure and evaluate the number and retained customers they have. They are also trying to evaluate and improve their customer service and support as well as their virtual community by paying attention to feedback from customers received by e-mail as well as carry out surveys every six months which is in accordance to the frame of reference. The collected data on profit increase can be seen as being to some extent in accordance to the frame of reference.

When it comes to fourth category, customer satisfaction, the collected data for improving service quality is to some extent in accordance to the frame of reference due to the fact that NBL measure and evaluate the number of daily inquiries that are sent to their customer service department. On the other hand, they do not measure and evaluate brand image and service level which is not in accordance to the frame of reference. The collected data on establishing relationships with customers is also to some extent in accordance to the frame of reference. The reason for this is that customer satisfaction is measured and evaluated through the surveys and from the received e-mails to the customer service department which is in accordance to the frame of reference. However, this information is not quantified and divided into subcategories which are not in accordance to the frame of reference. The obtained information from NBL is presented in Table 4.6 as well as their relative importance.

4.5 Cross Case Analysis

This part deals with cross case analysis. The two cases will be compared with each other in order to try to investigate tendencies and identifying causes for possible outcomes.

4.5.1 Analyzing CRM objectives

When analyzing the first category, cost saving objectives, no differences could be found between BOK and NBL. Both organizations viewed the objectives decreased general sales and marketing administration costs, reduced costs of sales, and increased sales representative service to be of major importance. This was also the case when analyzing the second category, revenue enhancement objectives, where no differences were found when it comes to the win rates, better information for better management, acquiring new customers.

Table 4.7
Cross case Analyze of CRM Objectives

Importance of CRM objectives	BOK	NBL
<i>Cost Saving Objectives</i>		
Decreased general sales and marketing administration Costs	<u>Major</u>	<u>Major</u>
Reduce cost of sales	<u>Major</u>	<u>Major</u>
Increase sales representative service	<u>Major</u>	<u>Major</u>
<i>Revenue Enhancement Objectives</i>		
Win rates	<u>Major</u>	<u>Major</u>
Better information for better management	<u>Major</u>	<u>Major</u>
Acquiring new customer	<u>Major</u>	<u>Major</u>
Secure service	<u>Major</u>	<u>Major</u>
<i>Strategic Impact Objectives</i>		
Improved customer satisfaction rates	<u>Major</u>	<u>Major</u>
Improve global forecast and pipeline management	<u>Major</u>	<u>Major</u>
Service helps organizations to delight customers	<u>Major</u>	<u>Medium</u>
Service helps org. differentiate their services	<u>Major</u>	<u>Medium</u>
Improving channel management	<u>Major</u>	<u>Medium</u>
Establishing relationships with customers	<u>Major</u>	<u>Major</u>
Building an attractive virtual community	<u>Medium</u>	<u>Medium</u>

When it comes to the third category, strategic impact objectives, no differences could be found when analyzing the improves customer satisfaction rates, improved global forecast and pipeline management, establishing relationships with customers, and building an attractive virtual community objectives. However, BOK value the service helps organizations to delight customers, service helps organizations differentiate their services, and improving channel management higher that what NBL does.

4.5.2 Analyzing the management of customer relationships

When it comes to the first area of how BOK and NBL manage their customer relationships, implementation, no differences could be found when analyzing top management commitment, integration of CRM systems, keeping it simple, and outsourcing. However, BOK view defining CRM as more important than what NBL does. The reason for this is NBL does not use the term CRM in their daily work where as BOK break down the information flow from their customer on a daily basis to be as cost effective as possible. BOK also considers long-term strategy as more important than NBL does. NBL view staff involvement as more important when implementing CRM than what BOK does. The reason is that NBL involves their staff in every decision that has to do with their customers which is something BOK does not always do.

For the second area of how the organizations manage their customer relationships, CRM initiatives, no differences could be found when analyzing customer retention, behavior prediction, customer's profitability and value modeling, personalization, and event-based marketing. One CRM initiative could be found where the investigated organizations do not totally agree.

Table 4.8
Cross case Analyze of CRM Management

Importance of CRM management	BOK	NBL
<i>Implementation</i>		
Defining CRM	<u>Major</u>	<u>Medium</u>
Top management commitment	<u>Major</u>	<u>Major</u>
Staff involvement	<u>Medium</u>	<u>Major</u>
Integration of CRM systems	<u>Major</u>	<u>Major</u>
Long-term view	<u>Major</u>	<u>Medium</u>
Keep it simple	<u>Major</u>	<u>Major</u>
Outsourcing	<u>Minor</u>	<u>Minor</u>
<i>Initiatives</i>		
Cross-selling and up-selling	<u>Medium</u>	<u>Major</u>
Customer retention	<u>Major</u>	<u>Major</u>
Behavior prediction	<u>Major</u>	<u>Major</u>
Customer profitability and value modeling	<u>Medium</u>	<u>Medium</u>
Personalization	<u>Major</u>	<u>Major</u>
Event-based marketing	<u>Major</u>	<u>Major</u>
<i>Channel management</i>		
Web chat	<u>Minor</u>	<u>Minor</u>
Web callback	<u>Minor</u>	<u>Minor</u>
e-mail	<u>Major</u>	<u>Major</u>
Telephone	<u>Medium</u>	<u>Minor</u>
Mail	<u>Major</u>	<u>Minor</u>
Multi-channel customer contact	<u>Medium</u>	<u>Minor</u>

When looking at the third area of how BOK and NBL manage their customer relationships, channel management, no differences could be found when it comes to Web chat, Web callback, and e-mail. However, BOK view telephone, mail, and multi-channel customer contact as more important than NBL whereas BOK's customers can use the phone to interact and BOK send their mail-order catalogues to approximate 25000 customers every month and that BOK utilize more communication channels than NBL does. The obtained information from the cross case is presented in Table 4.8 as well as their relative importance.

4.5.3 Analyzing CRM evaluation

Table 4.9
Cross case Analyze of CRM Evaluation

Importance of CRM evaluation	BOK	NBL
<i>Customer Knowledge</i>		
Collecting appropriate customer information	<u>Major</u>	<u>Major</u>
Analyzing customer data	<u>Major</u>	<u>Major</u>
Web site measure	<u>Medium</u>	<u>Medium</u>
Improving CRM technique	<u>Medium</u>	<u>Medium</u>
Secure Service	<u>Minor</u>	<u>Minor</u>
<i>Customer Interaction</i>		
Appropriate response to customer requests	<u>Medium</u>	<u>Medium</u>
Integration of business processes	<u>Major</u>	<u>Major</u>
Supply chain and logistics function measures	<u>Medium</u>	<u>Medium</u>
Customizing services and services	<u>Medium</u>	<u>Medium</u>
<i>Customer Value</i>		
Improving customer retention	<u>Major</u>	<u>Major</u>
Profit increase	<u>Medium</u>	<u>Medium</u>
Improving customer service and support	<u>Major</u>	<u>Major</u>
Building an attractive virtual community	<u>Medium</u>	<u>Major</u>
<i>Customer satisfaction</i>		
Improving service quality	<u>Medium</u>	<u>Medium</u>
Establishing relationships with customers	<u>Medium</u>	<u>Medium</u>

For the first category of CRM evaluation, customer knowledge, no differences were found when analyzing collecting appropriate customer information, analyzing customer data, Web site measures, improving CRM technique, and secure service. This was also the case when it comes to the second category, customer interaction, were no differences could be found when investigating appropriate response to customer request, integration of business processes, supply chain and logistics function measures, as well as customizing services and services.

When analyzing the third category of CRM evaluation, customer value, no differences were found when it comes to improving customer retention, profit increase, and improve customer service and support. However, the only difference between BOK and NBL when it comes to CRM evaluation was found within this category. The reason for this is NBL value evaluation of the building of an attractive virtual community as more important than what BOK does.

Finally, when looking at the fourth category of CRM evaluation customer satisfaction, no differences were found and both BOK and NBL view improving service quality and establishing relationships with customers as equally important. The obtained information from the cross case is presented above in Table 4.9 as well as their relative importance.

CHAPTER- V

SUMMARY AND CONCLUSIONS

The previous chapter provided an analysis of the data collected in this study. In this chapter, conclusions will be drawn from the findings in the analysis in order to answer the three research questions stated in chapter one. It summarizes the entire study in three sections. The first section includes the summary of the study. The second section includes the conclusion of the study derived from the findings. The third section includes recommendations for further research with in the area studied.

5.1 Summary

The results drawn from this study should be viewed in the light of the research methods employed and is valid for these samples. The study provides substantial support as to the applicability of the many variables and respective conceptualizations provided in theory to the study of CRM in organizations. The frame of references was also shown to be well suited to the investigation of how organizations utilize CRM.

The research demonstrates two interesting findings regarding CRM objectives in banking business. The first finding is that both organizations have very similar CRM objectives. However, the second finding is that both organizations do not divide those into any specific detail objectives instead; they view CRM objectives as a part of their daily work.

The research showed two interesting findings regarding managing customer relationships in banking business. The first finding is that both banking business do not view outsourcing of their CRM as an option because they want to control this area totally without any involvement from parts of outside organizations. The second finding is that both banking business do not view web chat and web callback as an important communication channel when interacting with the customer since it is not cost efficient.

The research showed two interesting findings regarding evaluation of CRM effectiveness in banking business. The first finding is that both organizations evaluate the effectiveness very similar to each other and secondly none of the organizations measure and evaluate secure service.

5.2 Conclusions

When answering the first research question it can be concluded that the following objectives are the most important for CRM in banking business. For the first category of CRM objectives, cost saving objectives, the researcher can conclude that banking business focus on the decreased general sales and marketing administrative costs by having specified and good knowledge about its target segment customers and thereby using their resources better when no effort is a waste of money or time.

The researcher can also conclude that banking business focus on the reduced cost of sales and on the increase sales representative service by utilize new technologies to lower the cost of deploying sales automation solutions and by tracking and quoting customer data with integration of sales capabilities across the organization.

For the second category, revenue enhancement objectives, the researcher can conclude that banking business focus on win rates which will improve since organization will purchase services that customers demand and the right amount of those services. The researcher can also conclude that banking business focus on better information for better management and to acquiring new customers by implementing targeted campaigns to get better returns on marketing investments.

For the third category, strategic impact objectives, the researcher can conclude that banking business focus on the improved customer satisfaction rates and establishing relationships with customers by sending their custom made news e-mail with offers in line with customers' specific demands and create relationships with them to make them loyal. Finally, the researcher can conclude that Banking Business focus on improved global forecast and pipeline management by improving their information access and avoid mistakes. To summarize the first research question it can be concluded that the valid objectives when it comes to CRM in banking business are:

- Decreased general sales and marketing administrative costs.
- Reduce cost of sales
- Increase sales representative service
- Win rates
- Better information for better management
- Acquiring new customers

- Improved customer satisfaction rates
- Improve global forecast and pipeline management
- Establishing relationships with customers

When answering the second research question it can be concluded that the following management of customer relationships variables are the most important ones for CRM in banking business. For the first area, implementation, the researcher can conclude that banking business focus on the top management commitment due to the fact that every CRM strategy are sanctioned by their top management. The researcher can also conclude that banking business focus on integration of CRM systems by integrating their back office and front office to get real time access to the right information. Furthermore, the banking business focuses on keeping it simple so that the implemented CRM systems add value to both users and organizations.

For the second area, CRM initiatives, the researcher can conclude that banking business focus on customer retention to get a better understanding of why their customers sometimes chose to leave the companies. The researcher can also conclude that banking business focus on behavior prediction to get a better understanding of which services a particular customer is likely to purchase and to predict what service a customer is likely to buy next. Furthermore, the banking business focus on event-based marketing based on a clearly defined set of high-profiled events in near real-time with the ambition to get the customer to visit their web site and to buy services.

For the third area, channel management, the researcher can conclude that banking business focus on e-mail due to the fact that their customer service can handle more e-mails per hour than they can handle telephone calls and therefore e-mail is more cost effective.

To summarize the second research question it can be concluded that the following variables are valid when it comes to the management of customer relationship in banking business:

- Top management commitment
- Integration of CRM systems
- Keep it simple
- Customer retention

- Behavior Prediction
- Event-based marketing
- E-mail

When answering the third research question it can be concluded that the following variables are the most important to evaluate the effectiveness of CRM in banking business. For the first category, customer knowledge, the researchers conclude that banking business focus on collecting appropriate customer information since they measure and evaluate the number of new registered customers. The researcher can also conclude that banking business focus on analyzing customer data.

For the second category, customer interaction, the researcher can conclude that banking business focus on the integration of business processes since their business system are closely connected together to get the best possible result to evaluate. For the third category, customer value, the researcher can conclude that banking business focus on improving customer retention since they measure and evaluate the number of retained customers. Furthermore, the banking business also focus on improving customer service and support by measuring and evaluating their customer service and support as well as their virtual community by paying attention to customer feedback.

To summarize the third research question it can be concluded that the following variables are valid when it comes to how organizations evaluate the effectiveness of CRM in banking business:

- Collecting appropriate customer information
- Analyzing customer data
- Integration of business processes
- Improving customer retention
- Improving customer service and support

From conducting this study, some main findings have been found.

Banking business CRM objectives exist within three categories, cost saving, revenue enhancement, and strategic impact objectives.

- Banking business concentrates in three areas when managing their customer relationships. These areas are implementation, initiatives, and channel

management even though strategies might not be same for the different organizations and that Banking Business do not view outsourcing of their CRM as an option.

- The researcher has found that banking business evaluate the effectiveness of their CRM in four areas, customer knowledge, customer interaction, customer value, and customer satisfaction and that none of the organizations measure and evaluate secure service.
- Banking business state that improved customer satisfaction rates and establishing relationships with customers is of major importance but only measure and evaluate fragments of it.

5.3 Recommendations for further Research

One topic for further research is to conduct an investigation based on quantitative data. Quantitative research would make it easier to get a clear picture of what direction the CRM framework is striving towards in a larger setting. Another data collecting method that could be utilized is participant observation. To participate in an organization's interaction process for a certain period could provide the researcher with an in depth understanding of how customer relationships are managed in practice.

After conducting this study, another topic was found to be interesting for further research. Since this study has many variables, it would be possible to concentrate on one variable within CRM evaluation and investigating it in depth. By investigating a single variable in depth, one might be able to obtain a more detailed picture of CRM evaluation of that variable.

Finally, it would be interesting to study the outcome of CRM in a customer relationship in terms of brand image, value, and trust. When conducting this study, a number of different issues have come up which the researcher feels would be interesting to investigate further. For this reason, the researcher will now present a list of suggestions for future research, which the researcher thinks are suitable topics for a future studies.

- Conducting the same study for business-to business organizations.
- Investigating CRM in banking business from a customer perspective.
- Comparing on-line and off-line CRM efforts.

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Annexes

Dear Respondents,

I Sunita Sah, an MBS student at Hari Khetan Multiple Campus, am doing a research project on CRM in the Nepalese banking sectors to meet the degree requirement of Masters in Business Studies (MBS). I kindly request you to spare your time in filling up this questionnaire. I would like to request you to co-operate me in completing this questionnaire. The information collected would be used only for my academic purpose.

I would be grateful to you if you could give time to respond to this survey. I really need and value your opinions

Thank You,

General Information

Name (Optional):

Designation (Optional):

Organization:

1. Industry type:

a) Manufacturing

b) Service

c)Public

d) Others

2. Total Number of Employees:

3. What is the total number of deposit your organization currently holds? (In thousands)

a) Less than 20

b) 20-40

c) 40-60

d) 60 a

4. What is the number of account (Loan)? (In thousands)

- a) Less than 20
- b) 20-40
- c) 40-60
- d) 60above

5. Does your organization perform any event based marketing campaigns?

- a) Yes
- b) No

6. How frequently does your organization sent news e-mail to the customers?

- a) Daily
- b) Weekly
- c) Monthly
- d) Never

Strategic Plan

1. What are the basic strategies to accomplish the objective of CRM at your organizations?

2. How important are the following CRM objectives for your organization?

Importance of CRM objectives	Minor	Medium	Major
<i>Cost Saving objectives</i>			
Decreased general sales and marketing administrative Costs			
Reduce cost of sales			
Increase sales representative productivity			
<i>Revenue Enhancement Objectives</i>			
Win rates			
Better information for better management			
Acquiring new customer			
Secure service			

<i>Strategic Impact Objectives</i>			
Improved customer satisfaction rates			
Improve global forecast and pipeline management			
Service helps organizations to delight customers			
Service helps org. differentiate their products			
Improving channel management			
Establishing relationships with customers			
Building an attractive virtual community			

3. What particular program you organize on regular basis or as a part of CRM?

Programs

Frequently/Yes

- a)
- b)
- c)
- d)

4. How frequently do you communicate to your customers?

- a) Weekly
- b) Monthly
- c) Quarterly
- d) Yearly

5. How do you receive your customers' complaints?

6. How do you handle the complaints?

7. How do you respond to their feedback?

8. How do you evaluate the effectiveness of your CRM?

RQ 2: How do organizations evaluate the effectiveness of their CRM?

1. Does your organization evaluate the effectiveness of your CRM?

a) Yes

b) No

2. How important are the following categories when evaluating CRM in your organization?

Importance of CRM evaluation	Minor	Medium	Major
<i>Customer Knowledge</i>			
Collecting appropriate customer information			
Analyzing customer data			
Web site measure			
Improving CRM technique			
Secure Service			
<i>Customer Interaction</i>			
Appropriate response to customer requests			
Integration of business processes			
Supply chain and logistics function measures			
Customizing products and services			
<i>Customer Value</i>			
Improving customer retention			
Profit increase			
Improving customer service and support			
Building an attractive virtual community			
<i>Customer satisfaction</i>			
Improving service quality			
Establishing relationships with customers			