

CHAPTER- I

INTRODUCTION

1.1 General Background

Electronic communications form an essential part of society. One of the significant developments in the last decade of 20th Century was emergence and convergence of number of technologies, affecting the business in its style, culture and the processes of its execution. Electronic commerce applications started in the early 1970s, with such innovations as *electronic fund transfers* (EFT). However, the extent of the applications was limited to large corporations, financial institutions, and a few daring small businesses. With the commercialization of the Internet in the early 1990s and its rapid growth to millions of potential customers, the term *electronic commerce* was coined and e-Business applications expanded rapidly. E-Business is simply taking advantage of web and internet technology to streamline, distribute, and further enable traditional business processes and functions. While e-Business can be complex and costly to implement, most successful implementations have seen a dramatic reduction in the cost per business transaction.

The Internet changes everything from the way businesses serve their customers, to the way they work with suppliers and service providers. Some businesses sell nothing over the Internet, but are becoming e-Businesses by using Internet technologies for internal business purposes. Market, economical, societal, and technological factors are creating highly competitive business environment in which customers are the focal point. In order to succeed in this dynamic world, organizations must take not only traditional actions such as lowering cost and closing unprofitable facilities but also innovative activities such as customizing products, creating new products or providing superb customer service.

Today, customers are more highly educated, under higher stress, more specialized, living longer, and more influenced by global culture than those of 60s and 70s when view of

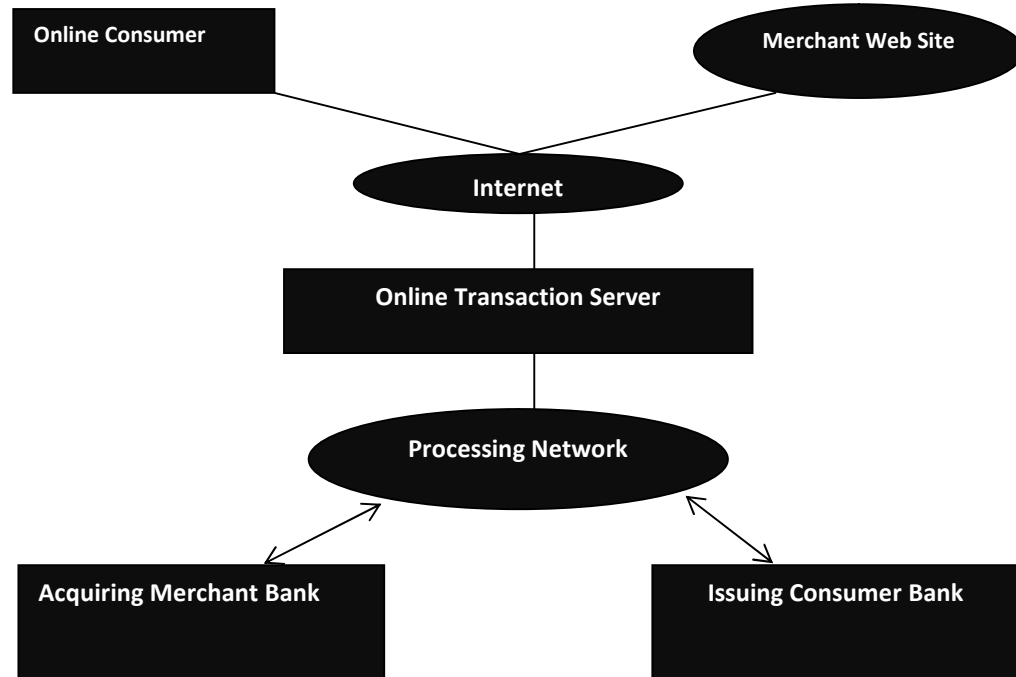
marketing was formed. This as well as the emergence of e-Business, organizational dynamics, and cultural change issues has dramatically shifted organizations functional units to focus on the customer. Consequently, organizations have recognized the need to develop customer-centered orientations. The practice of planning, creating, and managing customer relationships has nowadays become the heart of organizational strategy and the key to customer retention.

The biggest beneficiary of e-Business is the customer, who has access to information about the products, and services that requires and order it from any supplier located in any country. The second beneficiary of e-Business is the Supplier or Vendor who gets access to information on inventory, schedules, order status, etc. enabling to manage his resources effectively. The emergence of e-Business requires a new structure for customer interaction and company focus for achieving the benefits of this new method of conducting business. Many organizations are struggling with the concepts of customer relationships, e-Business, and technology application and are not taking full advantage of the data and information they currently control.

1.2 Working of e-Business:

The basic concept of how e-Business works is as follows. The consumer moves through the internet to the merchant's web site. From there, the consumer decides that he wants to purchase something, so he moved to the online transaction server; where all of the information he gives is encrypted. Once he has placed his order, the information moves through a private gateway to a Processing Network, where issuing and acquiring banks complete or deny the transaction. This generally takes place in no more than 5-7 seconds.

Figure 1.1
Working of e-Business



Source: www.online-commerce.com

1.3 Historical Background of CRM

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.

1.4 Introduction to the organization under Study

Thamel.com and Muncha.com are two e-business organizations considered as a comparative study for the CRM (Customer Relationship Management) in e-business.**www.thamel.com** is a privately held firm based in Kathmandu, was founded in early 1999. It started with a limited number of services. Some of them are local news, links to other related sites, and catalogued of gifts.Thamel.com is a Nepal-based marketing and development company focused on making transactions. It has five mutually reinforcing business divisions. The most lucrative and well known is the Gift Shoppe, an online portal. The IT Chemist division helps local entrepreneurs start their own e-commerce sites, while the export division helps them sell items overseas. Thamel Remit provides remittance, insurance and other financial services, and Thamel International replicates its successes globally.

It has five distinct types of items to distribute: perishable, non-perishable, large items, products to be delivered outside of Kathmandu, and export products to be delivered outside of Nepal. Thamel.Com currently contributes over one million US dollars a year in

revenue to the local economy. **www.muncha.com** is modeled after a regular departmental store “Muncha House”. Muncha House originated at Balkumari, Ason in around 1930s. With the sole motto of reaching out extensively to its customers around the globe, Muncha House has launched Muncha Internet Ventures through which www.munchahouse.com was started now renamed www.muncha.com. In order to extend services, Muncha Internet Ventures with 120 far flung destinations in Nepal has recently registered a company in Texas, USA under the name of Muncha LLC. Muncha.com extended its customer service coverage to UK and USA. Muncha.com facilitates all customers residing abroad to send gifts to Nepal, encourages local shopping within Nepal and also offer services like 'Portrait Painting', which is delivered to places around the globe.

1.5 Statement of 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 e-Business. Customers can receive more products and communications that are better suited to their needs and lifestyles, and the e-Business can benefit from a group of high-value repeat customers. It is difficult to evaluate tangible returns on the resources expanded 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 highlighted the importance and potential impact of CRM on customer relationships in e-Business as well as for traditional organizations. The focused smidgeon the objectives of CRM, management of CRM and the evaluation of CRM 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.

1.6 Objectives of the Study

Main objective of this research is to study the Customer Relationship Management in Nepalese e-business organization under stud. The specific objectives of the study are as follows:

- a) To identify the objective of CRM that e-business organization defines.
- b) To examine the management of the Customer Relationship in e-business organization.
- c) To evaluate the effectiveness of Customer Relationship management in e-business organization.

1.7 Limitation of the study

There are many aspects within this research area and due to time limitation; this study only focus on some of them and a complete picture of the topic will not be provided. The researcher have therefore limited the study to view the above stated research objectives by comparing the two e-Business organizations of Nepal namely Thamel.com andMuncha.com. Furthermore, this thesis will be based from a company perspective, and no attention will be given to the customer perspective. This study is also limited to the organizations' B2C relationships and does not include any B2B interaction. Besides these limitations, the study does not include the technological briefing of the CRM. This study is heavily depends on the information available in the internet since there are not any formal books available in the subject area. The primary and secondary data were picked up for the year 2010/2011.

1.8 Significance of the study

This study is all about the CRM in e-Business, 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 e-Business consultants, managers of e-Business and CRM initiatives, information management professionals who want to explore the ramifications of e-Business on traditional information management practices

and senior management who are planning to enter or expand their e-Business operations and the other researcher in the same field.

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 e-Business associated with customers followed by the working of e-business, historical background of CRM at 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: Conceptual Framework and Literature Review

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 e-Business.

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 area along with some of the Master's Degree thesis available in the Tribhuvan University Library from there, 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

strategy, Data collection methods, sample selection, Data analysis, and Research quality criteria.

Chapter IV: Presentation and Analysis of Data

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 contain 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, Conclusion and Recommendation

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 managers, theory, and further research within the area of CRM in e-Business.

CHAPTER-II

REVIEW OF LITERATURE

This chapter deals with the theoretical aspect of the topic on CRM and CRM in e-business. In this chapter, the researcher reviews earlier studies within the research objective area along with some of the Master's Degree thesis. 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 Introduction to CRM

Customer relationship management (CRM) is a widely implemented strategy for managing a company's interactions with customers, clients and sales prospects. It involves using technology to organize, automate, and synchronize business processes principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service. Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments. Measuring and valuing customer relationships is critical to implementing this strategy. CRM is short for Customer Relationship Management. There are hundreds of books, thousands of learned academic papers and scores of Websites dedicated to the subject of CRM. Essentially, CRM aims to put your customers at the centre of the information flow of your company. CRM is an application that enables companies to make the move towards being a customer centered organization by putting

the customer at the centre of all the information that relates to them and allowing authorized people within the organization to access the information.

In a customer centered organization, salespeople would have access to all the information that affects their relationship with their customer. The conversations, the emails, the complaints, the complaint resolutions, all the information that had been sent to the customer, who else in the company the customer had spoken to everything that affects their ability to service the customer and sell more product or services to them. Customers of a customer centered organization feel more valued. Their requests are dealt with more rapidly and accurately because all the information required to service the request is in one place. Customer centered organizations may have a higher customer retention rates than competitors organized along traditional lines because of this. Make your CRM system an incidental part of your working life and watch your CRM-friendly colleagues make more sales, earn more commission and get faster promotion. Knowledge is power and CRM is a hugely powerful corporate knowledge system Use it or lose it.

-) When you are at your desk, or are otherwise connected to the Internet,
-) Record information when it happens or as soon as possible afterwards. Use the CRM system to record all your planned activities – if you just told John Smithers that you would call him at three-o-clock in three weeks time – record it on the CRM system – it, in turn, will remind you to call John Smithers on the right day at the right time.
-) Use the CRM to plan your activities – at the start of the working day and the working week, look through the CRM system for all your meetings, for all the calls you have to make, for all the reports you have to prepare. You'll be impressed by how much more organized and focused you can become.
-) If you are in sales – pay particular attention to the pipeline. It will always tell you where to focus for gain.
-) There is no such thing as too much detail – i.e. when you enter a sales lead – record as much relevant information as possible. Where did the sales lead come from? If you learn to record the smaller items such as this, you will build up a picture about how and where you get your best business from. Is it from

exhibitions, cold calls, customer referrals? Absolutely vital information that will help you sell more.

CRM is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. For example, an enterprise might build a database about its customers that described relationships in sufficient detail so that management, salespeople, people providing service, and perhaps the customer directly could access information, match customer needs with product plans and offerings, remind customers of service requirements, know what other products a customer had purchased, and so forth.

- J Helping an enterprise to enable its marketing departments to identify and target their best customers, manage marketing campaigns and generate quality leads for the sales team.
- J Assisting the organization to improve telesales, account, and sales management by optimizing information shared by multiple employees, and streamlining existing processes (for example, taking orders using mobile devices)
- J Allowing the formation of individualized relationships with customers, with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them the highest level of service.
- J Providing employees with the information and processes necessary to know their customers understand and identify customer needs and effectively build relationships between the company, its customer base, and distribution partners.

Many organizations turn to CRM software to help them manage their customer relationships. CRM technology is offered on-premise, on-demand or through Software as a Service.

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 (Fayer man, 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 & Sugamaram (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 and 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 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:

-) Sales force processes to reduce information asymmetry and delays, and to improve efficiency;
-) Call centers and integrating customer databases to reduce staff requirements and the total cost of ownership of call centers;
-) e-mail interactions with customers to improve customer service and service efficiency and integrate e-mail, telephone and web interfaces; and
-) 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 filed by: using database information and supplier pipeline processes to forecast demand more accurately and create viable scheduling applications;

reducing overall production costs by streamlining the flow of goods through production processes and by improving information flow; and 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 always an 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 snail 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 individualizing 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 B2B or B2C markets (Ragins & Greco, 2003).

Compared to the B2B market, where close supplier-vendor relationships built on performance, history, and trust as well as after-sale services are of great importance (Kaplan & Sawhney, 2000), the small but rapidly growing B2C market may require different types of relationships, information, and contact approaches (Zeng, Wen & Yen, 2003). B2C relationships are typically shorter term with shorter sales-cycles and more transaction driven. The B2C 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. 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 the purpose of 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 customeroriented 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/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 valuating investments that are expected to yield benefits that are primarily intangible, indirect, or strategic (Ibid). Multi criteria methods such as information economics and cost benefit analysis may solve this problem because they account tangibles as well as for intangible impacts. 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 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:

) Win rates

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

) 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.

) Improved customer satisfaction rates

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

) 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:

) *Increased customer retention and loyalty* Ability, to retain loyal and profitable customers to increase the organization's profitability.

) *Higher customer profitability*

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

) *Creating value for the customer*

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

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 sometime 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 (2001) are stated below:

) 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.

) Service improves service delivery

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

) Service helps organizations to delight customers

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

) 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:

) ***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

) ***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

) ***Customer value:***

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

) ***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 discuss 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

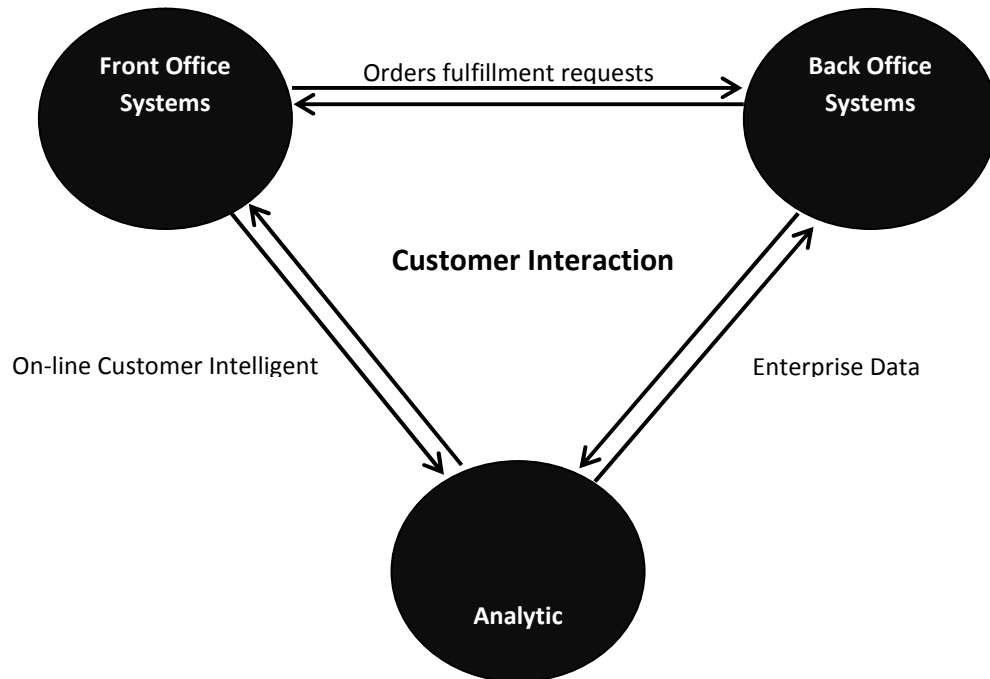
According to Bradshaw & Brash (2001) to deal with the challenges of customer relationships in the fast-evolving Internet world, even the most customer-focused companies have to understand the three essential insights to getting customer relationships right:

-) 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.
-) 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.
-) 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.

Figure 2.1
The “Virtuous triangle” of CRM



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

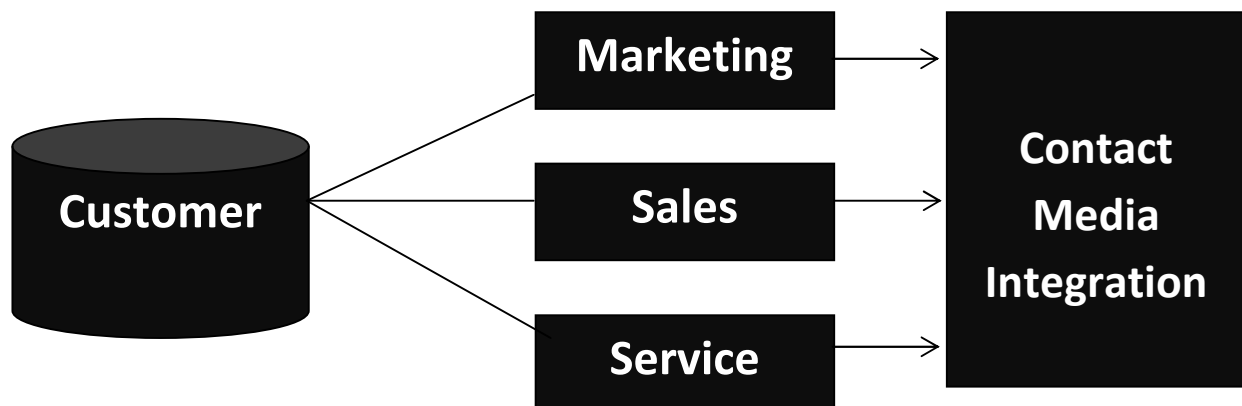
In CRM, there is a "virtuous triangle, Figure 2.1. The purpose of this is to ensure that organizations know their customer fully, and then act according to their needs and the organization's interest. Important information is generated and used in other areas. Any company that is doing CRM properly must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

-) For which customer and on what occasions they want to use specific media.
-) 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 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.

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:

) 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.

) **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.

) **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.

) **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 times access to the right information.

) **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.

) **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.

) **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.

) **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.

) **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.

) **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. 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 an 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 their venue 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 lure 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 a 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 B2C 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 setoff 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 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.

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.

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.

Many dot coms were founded with the belief that they could service their customers exclusively online. Their problem is that they have paid little attention to telephone and mail support, in the hope that offering low prices will compensate for their restricted customer support facilities. The effect of this stovepipe approach on the customer experience can be disastrous. If a customer has started a transaction on the Web and telephones the call center to clarify something, there is nothing more frustrating than having to repeat all the information already entered on the Web to the representative who has no access to details of customer interactions on the Web. Common symptoms of poor integration with fulfillment include delays in shipment and incorrect data in order tracking sections of Web sites. This kind of inconsistency of information and of service is very unlikely to lead to the long lived, profitable relationships, which are the central goal of a CRM strategy. Even a highly experienced and knowledgeable agent in the call center cannot compensate for incomplete information—just after a dissatisfied customer returns a faulty product is not a good time to make a telemarketing call, but without a single view is a substantial and difficult task, as many organizations have software for different business functions and different channels from separate vendors, each of which has its own data model. However, it is also a very necessary project if a company is to compete in all the markets that the expanding ranges of channels give them access to. 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 emails 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.

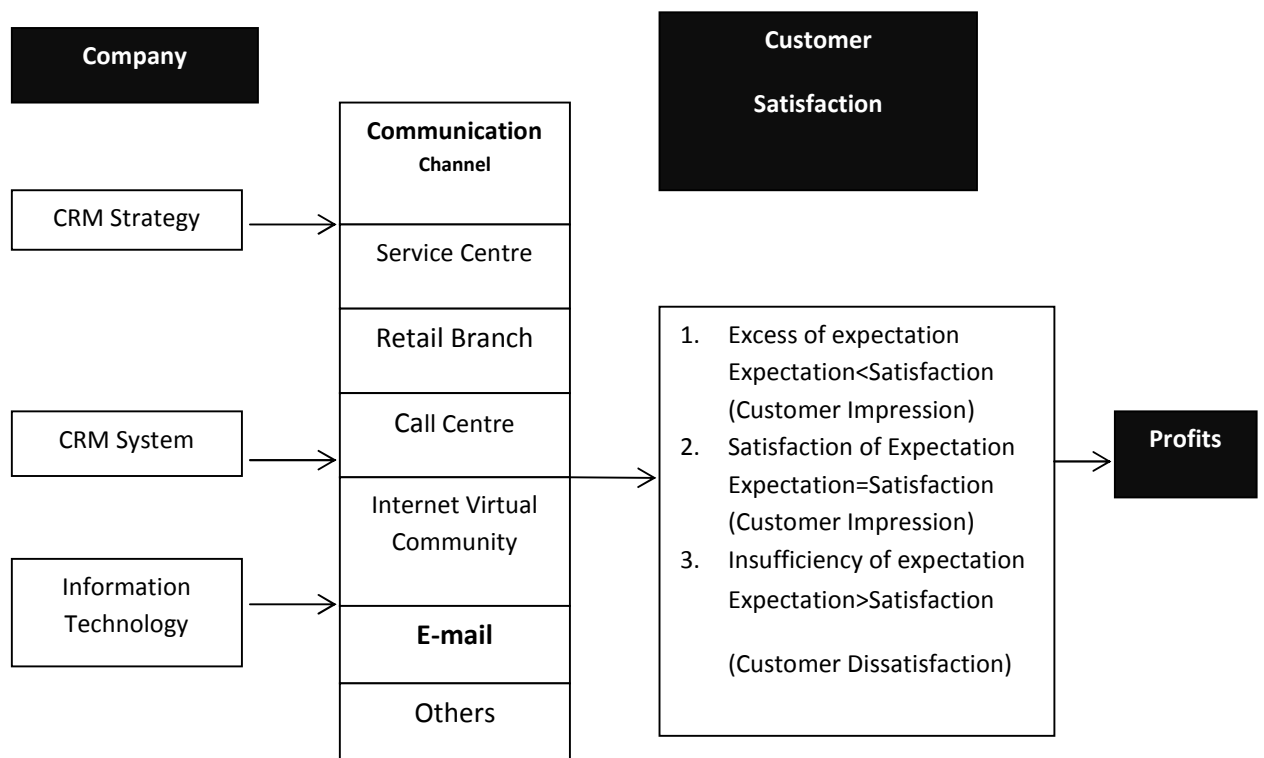
A common misconception is that customer experience must be uniform regardless of channel: this is not the case. Rather, customer experience must have an actively managed

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.

2.3.6 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.

Figure 2.3
The Evaluation Process of CRM



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

) **Metrics of CRM effectiveness**

Kim, Such, & 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*.

) **Customer knowledge**

In order to adopt the current customer-centric business environment, organizations use determining and data is warehousing technology. A major problem is filtering, sorting, manipulating, analyzing, and managing this data in order to extract information relevant to CRM activities.

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
Measures for Customer Knowledge

Objectives	Measures
Collecting appropriate customer information	Customer acquisitions (No.)
Analyzing customer data	Number of customers (No.)
Acquiring customer needs	Web marketing
Improving skills of employee	Page views per day (No.)
Improving CRM techniques	Visits per day (No.)
	Net sales/employee (%)
	Technological capacity (No.)
	Frequency of hardware upgrade (No.)
	R&D investment (\$)
	• Support R&D
	Data warehouse, Data mart, Data mining, Multi-dimension analytical
	• Service R&D
	Customer segment personalization
	Recommendation
	Web service
	Customer profile research (\$)
	Security level (%)

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

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.

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.

) **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.

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 2.2 shows the metrics of customer value.

Table 2.2
Measures for Customer Value

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

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

) **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. 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.

2.3.7 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.

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? *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.

) **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 used 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. As potential customers progress through each stage phase of the buying processes it is theoretically possible to assess the effectiveness of the Web site.

2.3.8 Web site measures

According to Kellen (2002), with the advent of the Internet, organizations have launched Websites 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 counts How many people have visited a Web site?

Unique visitor count How many unique people have visited a Web site. These measure does not double-count users who visit a site multiple times in a period. Websites can have difficult 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

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 banners 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.

2.4 Review of Master's Degree Thesis

Review of Master's Degree Thesis plays vital role for thesis writing. In order to make this study more comprehensive, some of the most nearest thesis related to Customer Relationship Management in e-Business from different points of view are conducted and reviewed as per below.

Thapa Devinder (2003) 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 etchant 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.

Sthrestha Bhasker (2006) 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 Manindra Raj (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 Bimal Prasad (2008) 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 insecurity 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. Adhikari presented his observation on the nature and function of the security management department reveals that the personal information and the location information are the two most, vital information essential for the security management purpose. The personal Identification number system associated with GIS and applied in the overall management of the national issues will help to make system transparent and efficient which helps to reduce the conflict find the root cause of the conflict and problems in the society.

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 all 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 is becomes effective and efficient.

2.5 Emerged Frame of Reference

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 e-Business connected with the three research questions. In this section, the researcher has presented emerged frame of reference on the basis of previous literature review.

Figure 2.4

The Ideal CRM Organization

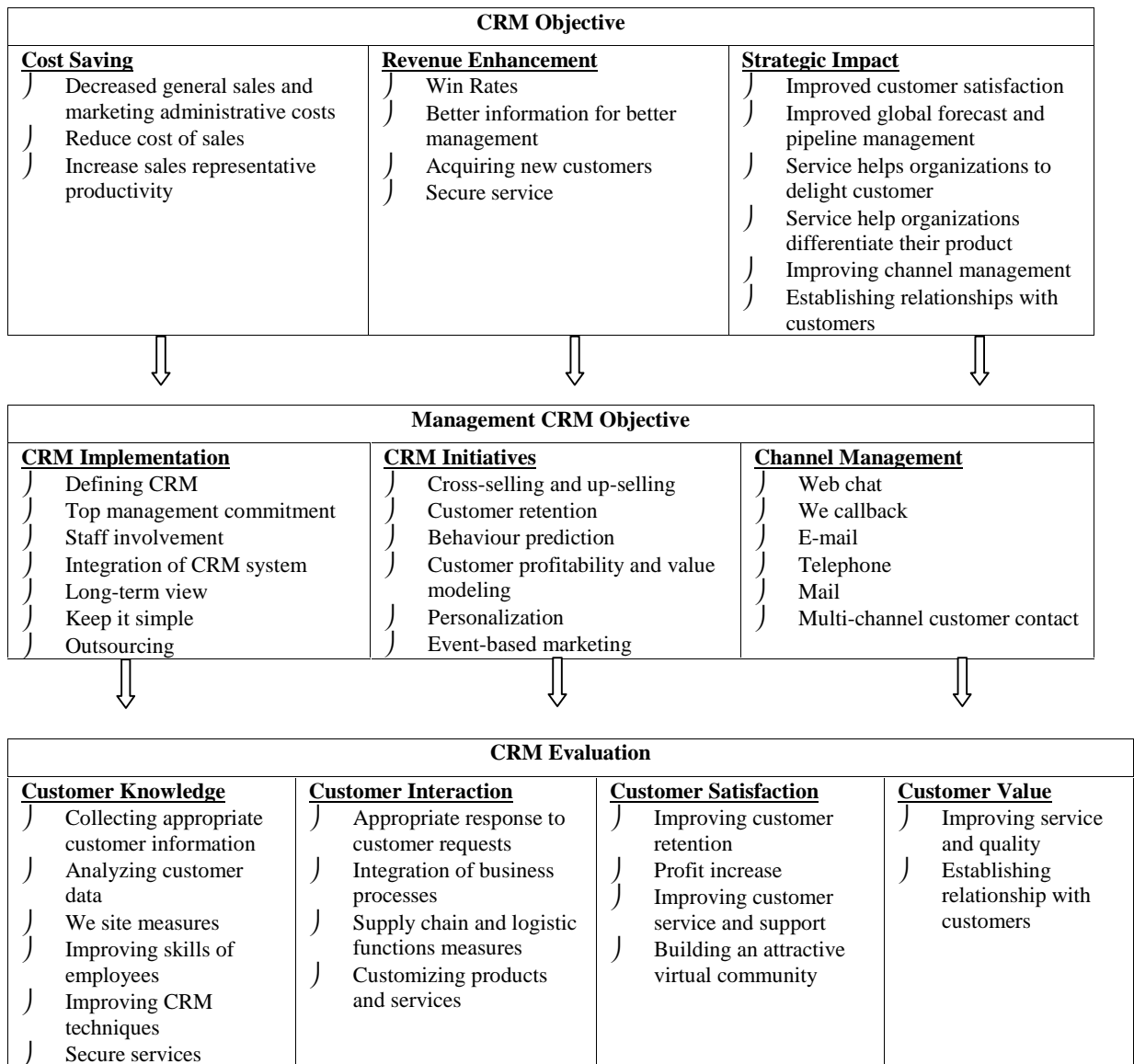


Figure 2.4 visualizes the frame of reference, showing the organizations CRM objectives, the management of CRM, and finally, how organizations evaluate the effectiveness of their CRM. The three aspects are coexisting and thereby interdependent.

2.6 Research Gap

The majority of the master's degree thesis is concentrated in case study approach of public organizations. None of the thesis belongs to e-Business systems of social security

organization. None of the thesis presents the concept of CRM and e CRM, online Transaction, debit card, credit card, SMS, Internet and unique username and password for the end users. 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 resources in the market.

Some of the theses like Bimal Prasad Adhikari "Information Technology in Security Management". Helps to provide the message, implementation of GIS is the best solution in the present situation of security crises in the context of Nepal. With the help of GIS, the security personnel easily find out the most wanted people just clicking a button with detail geographical information. Therefore there is no specific research made towards latest Customer Relationship Management (CRM). But in this thesis there is a detail research analysis, design and development for the CRM of Nepalese e-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. None of the above research has done research entitled "Customer Relationship Management in E-Business". So this research could be helpful to future research to students, planners and researchers in future.

CHAPTER –III

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is the process of arriving at the solution of the problem through planned and systematic dealing with the collection, analysis and interpretation of facts and figures. Research is a systematic method of finding right solutions for the problem whereas research methodology refers to the various sequential steps to adopt by a researcher studying a problem with certain objectives in view. In other words research methodology refers to the various methods of practices applied by the researcher in the entire aspect of the study. 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.

3.2 Research Design

Research design refers to the overall framework of the research. It is a plan, structure and strategy of investigation. It is the arrangement of condition for collection and analysis of data in manner that aims to combine relevance to research process with economy in procedure. There are many ways to carry out research. Most types of research can be classified according to how much the researcher knows about the problem before starting the investigation. There are three classifications of research available when dealing with a research problem: exploratory, descriptive, or explanatory. 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 Research Approach:

The research approach is often either quantitative or qualitative. Selectively and distance to the object of research characterize a quantitative approach whereas a qualitative

approach is characterized by nearness to the object of research. Both approaches have their strengths and weaknesses and neither one of the approaches can be held better than the other one. The best research method to use for a study depends on that study's research purpose and the accompanying research questions. As a result of these explanations, the research questions posed will provide answers that cannot be quantified or measured in numbers. Therefore; this study is based on qualitative research approach. Moreover, since the purpose of this thesis is to gain better understanding of CRM in e-Business, a qualitative study is the method that suits the researcher best.

3.4 Research Strategy:

With the focus at qualitative research as a general approach the focus now, turn to the research strategies available to collect the data. There are five primary research strategies, in the social

Sciences: experimental, surveys, archival analysis, histories, and case studies. Each strategy has its own advantages and disadvantages depending on three conditions:

- The type of research question posed.
- The extent of control an investigator has over actual behavioral events.
- The degree of focus on contemporary, as opposed to historical events.

The purpose of this study is to gain a better understanding of CRM in e-Business. Due to this fact, here is no requirement of control over behavioral events. This rules out experimental as research strategy. Furthermore, the emphasize is given to describe how organizations CRM objectives can be described, how organizations manage their customer relationship, and how organizations evaluate the effectiveness of their CRM nowadays. This leads to that historical strategy is not appropriate either. Surveys and analysis of archival records are advantageous when the research goal is to describe the incident or prevalence of a phenomenon or when it is to be predictive about certain outcomes. This is not what the researcher is going to do. This leaves with only one research strategy, the case study.

In this research, both within case analyzes and a cross case analyzes will be conducted. First, each case will be analyzed separately and compared with previous theories. This analyzes will follow the same structure as the frame of reference. Second, the two single cases will be compared with each other in a cross case analyze, following the same structure as the frame of reference. Matrices, in the form of tables and figures, will be used in order to visualize the collected data for a better understanding to the reader.

3.5 Sources of Data:

Data is the foundation of all research studies. Data could be obtained from several sources as per necessity of the research work. And here the potential sources of data are both the Thamel.com and Muncha.com involved in e-business. For instance, one of the potential sources may is the web sites of these organizations. Keeping in the view of descriptive nature of study, primary source is the main source of Information and data. The sources of data collection were viz.:

a) Primary Data:

The data collection work in this research activity is less in volume but important by nature. Every respondent were, briefly told about the purpose and the nature of this study before the interview. Here respondents, Managing Director of Muncha.com and Marketing Manager of

Thamel.com was selected. The nature of the research being a new and complicated the question answer session was made interactive so that the respondent could select the option after understanding the objective of the question.

b) Secondary Data:

Data collection from primary sources was insufficient. So according to necessity of research study, relevant secondary data has been widely used while preparing his report. Further, the secondary data have been taken from Souvenirs and Annual Reports and Web site of

Thamel.com and Muncha.com as well as many other e-business organizations, related articles, master degree thesis etc.

3.6 Data Collection Methods:

There are six source of evidence that can be the focus of data collection for case studies: documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts. 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 intercultural 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. Thesis 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.

3.7 Sample Selection:

When conducting research, it is often impossible, impractical, or too expensive to collect data from all the potential units of analysis included in the research problem. Thus, a smaller number of units, a sample, are often chosen to represent the relevant attributes of the whole set units, the population. Because samples are not perfectly representative of the population from which they are drawn, the researcher cannot be certain that the conclusions will generalize to the entire population. 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 e-Business, mainly focusing on B2C 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.

In order to find appropriate organizations for this study, researcher started by qualifying the tope-marketplaces in Nepal. As a result two organizations **thamel.com** and **muncha.com**, which matched the criteria and which also were willing to participate in this study were selected. During the first contact call with each organization, the intention with the study was explained of great importance to get in contact with the persons with most knowledge and experience of working with CRM within the organizations. Since the chosen respondents within each organization were perceived to be the most appropriate person both by their organization and themselves, the researcher believe that this has been achieved. The chosen respondents were Marketing Manager at Thamel.com and Managing Director at muncha.com.

3.8 Presentation and Analysis of Data:

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. Apart from these explanations, the current system approach of two organizations' CRM will be presented using tools like Data Flow Diagrams, and Entity-Relationship Diagrams. However, these tools will not be used for the analysis of collected data since the objectives of the study is to gain the better understanding of CRM in e-business, is descriptive, concentrating on three research objective questions.

3.9 Research Quality:

An interview guide was developed, showing how the researcher has conceptualized the research questions. Moreover, the researcher has also showed the interview guide to other people to make sure that it was understandable. However, despite these attempts of maintaining a high reliability in this study, personal biases are always present to some extent when conducting interviews. Hence, it cannot be sure of the influence of attitudes and values of the respondents and researcher in the study.

CHAPTER - IV

PRESENTATION AND ANALYSIS OF DATA

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.

4.1 Briefing of CRM in e-Business

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 e-Business. Customers can receive more products and communications that are better suited to their needs and lifestyles, and the e-Business can benefit from a group of high-value repeat customers.

A new term for taking care of customers via the Internet, e-CRM is recently applied; which is known other than CRM in e-business, by some organizational and academic communities. E CRM refers to electronic customer relationship management or, more simply, CRM that is Web-based.

There is a lot of debate over whether e-CRM is a real designation or just a marketing ploy by masses of CRM pretenders. e-CRM is CRM and CRM must become e-CRM . This

study includes the wider term CRM, e-CRM as well as all other channels where organizations and customers could possibly interact.

4.2 Case Study – Thamel.com

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

4.2.1 Company Presentation

Thamel.com is a privately held firm based in Kathmandu also registered in the State of Oregon (USA) to do retail transactions was founded in early 1999. Named after the tourist and commerce hub of Kathmandu, the site was initially set up to be the first comprehensive online directory of local Nepalese businesses. The portal was modeled after successful Western directories such as Yahoo.com, and aimed at tourists visiting from abroad. Thamel.Com started with a limited number of services. Some of them are local news, links to other related sites, and a catalogue of gifts. Thamel.com is a Nepal-based marketing and development company focused on making transactions. It has five mutually reinforcing business divisions. The most lucrative and well known is the Gift Shoppe, an online portal.

The IT Chemist division helps local entrepreneurs start their own e-commerce sites, while the export division helps them sell items overseas. Thamel Remit provides remittance, insurance and other financial services, and Thamel International replicates its successes globally. It has built a place where Nepalese in 25 countries are sending gifts from a catalogue of over five thousand items. It has five distinct types of items to distribute: perishable, non-perishable, large items, products to be delivered outside of Kathmandu, and export products to be delivered outside of Nepal. Thamel.Com currently contributes over one million US dollars a year in revenue to the local economy.

Figure No.: 4.1
Web site of themel.com



Figure 4.1: Screen shot of themel.com's Web site

4.2.2 Market Overview

The Nepalese Diasporas include 1.2 million people, a fifth of which represents Thamel.com's current target market.

Target Population

The biggest market opportunities for Thamel.com are in Hong Kong and Japan. Their combined Diaspora population equals that of the USA and Canada, but accounts for less than 2% are current customers.

4.2.3 Current Data Flow Diagram of themel.com

Data flow diagram of themel.com is drawn as per the description given by the respondent. Customers ask the information through internet cart via web pages. There should be high security belonging firewalls and strong internet protocols. User information about products directly goes to processing phase for purifying data then after

selected date will flow to the main data base. The next processing is bank; in this process users securely submit their credit card the process system will check its validity and balance amount. The information of user's bank status will be store in the main database. If administration needs extra information about user's requirement and the cost of products then this process can directly retrieve the related data from the main database. The last but not least process is delivery. In this phase the accredited department will be responsible for this process. It checks the administrative obligations for quick delivery, retrieve some relevant data and takes order to delivery. Instantly product will be serves to the customer and gathered information will be send to the main database. In this way, all process of order receiving to delivery is concise in to this high level DFD of Thamel dot com.

There are three major entities in the above figure, which shows that relationship between those departments. All the departments have their own attributes like customer department has name, address, phone, product name and e-mail. Likewise in administration section there is product name, product info, logistics and bank details attributes. Last one is credit card network, in which we can see balance, bank details, issue date and expiry date. A kin relationship between product name and bank details has been shown in three different tables.

4.2.4 How can thamel.com's CRM objectives be described?

Thamel.com 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 thamel.com'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. 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 thatthamel.com 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 thamel.com. It is obvious that it is good to keep the customers, prevent them from leaving thamel.com, and instead purchase the products 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 thamel.com can offer their customer products 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. Thamel.com has stated that the products should be delivered to the customer within 2-4 working days in all of its destinations. Since the potential target market for thamel.com product 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 thamel.com when it comes to issues such as channel management and product preferences. The issue of secure payment is of very high priority to thamel.com. The reason for this is that 80% of their customers pay with a credit card and the remaining ones pay by cash on delivery. Therefore, thamel.com will keep the collected customer information secret and not exaggerate the flow of information to the customers.

4.2.5 How does thamel.com manage their customer relationships?

The respondent states that how CRM is defined is of importance to thamel.com because they try to break down the information flow from their customers to get it as cost effective as possible. Since, thamel.com is a quite small organization, the top management is involved every time thamel.com 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 thamel.com 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 thamel.com aims to keep it as simple as possible.

Respondent further tells that thamel.com 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 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 thamel.com 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. Thamel.com 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 thamel.com conducts all CRM by themselves within the organization.

The respondent states that when thamel.com 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 thamel.com sends the mail catalogue to their customers every month. The fact that thamel.com sends their news e-mail to their customers are thamel.com's strategy to make their existing customers to buy more To be able to understand why thamel.com's customers sometimes abandon thamel.com for one of their competitors is something that the respondent claims could be investigated more even though it is of importance that themel.com tries to keep their customer by selling products at low price as well as always having the products in vendors stock. Respondent further states that since thamel.com sells low-margin products as well as high margin products 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 thamel.com controls their customers' behavior by investigating how the customers purchase and how the customers navigate on thamel.com's Web site. All this are done so that thamel.com is able to predict what the customers would like to purchase by using the latest technique.

The respondent states that thamel.com divide their customers into different purchase intervals based on how profitable they are. This information is collected from statistics

that thamel.com gets from the customers past purchase history and those customers that end up into a specific interval are given special offers by thamel.com in order to purchase more products to get better a discount or a cheaper delivery agreement. However, thamel.com does not deny anyone buys from them even though the customer might not be profitable for thamel.com. Respondent moreover states that thamel.com has investigated the possibility of introducing a loyalty program to their customers; however, thamel.com cannot implement it with current margins on the products they sell.

Respondent furthermore states that thamel.com does not want to divide their customers and this reason why thamel.com does not give their customers any offers when it comes to loyalty programs. At the moment, the personalization features at thamel.com 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 thamel.com view as quite important.

The respondent states that thamel.com view Web chat, Web callback, and telephone as communication channels that are not cost efficient because of the extra time it takes for thamel.com to interact with their customers through these channels .Today thamel.com views emails 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, thamel.com 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 thatthamel.com 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 thame.com 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 thamel.com. The events that thamel.com is associated with are for example, banners advertisement, hoarding boards etc. These events must have a natural connection to thamel.com line of business. When these events are approaching, tickets, VIP packets, and backstage pass

are raffled out on the Website to customer that thamel.com believe are interested of that specific event, the information thamel.com utilize to do this selection comes from the customers past purchase.

4.2.6 How does thamel.com evaluate the effectiveness of their CRM?

Respondent states that in the perfect world everything that thamel.com does should be evaluated into the smallest detail but since thamel.com has limited resources, the organization is not able to do this. Today thamel.com evaluates their different campaigns and the offers that are sent out by measuring how they affect sales. The respondent further state that thamel.com views it as important to measure how many products 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 thamel.com collects about their customers are especially important because the more the organization knows about the customers the better and more efficient themel.com can be to meet the customers' expectations. The Web site is especially important because thamel.com sell 99 percent of the products through the Web site. On the Website thamel.com 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 to drop out if they do not conduct the purchase, how many visitors that are registered at the Web site, total time a visitors spend at the Web site, and what products they have put in the cart. However, thamel.com evaluates that 10 percent of their customers' have chosen to not conduct the purchase even though they have put products in the cart. Respondent also states that thamel.com measure how fast and easy their Web site is to navigate.

The respondent adds that thamel.com 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 products. 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. Respondent further adds that since thamel.com is an organization that conducts business online and via mail and it has registered customers they do speak with the customers on a daily basis. Therefore, it is of importance for thamel.com to have the latest products in stock and to be flexible to customer requests. Respondent also adds that thamel.com does not measure service.

4.3 Case Study- Muncha.com

The direct interview was conducted with the Managing Director at Muncha house, muncha.com premises. To be able to take on the convenient perspective that was needed throughout this interview, the researcher asked the respondent to focus at Muncha.com.

4.3.1 Company presentation

www.muncha.com is modeled after a regular departmental store "Muncha House". MunchaHouse originated at Balkumari, Ason and went by the name of Moti Man Ratna Man back then. It was only after the shop moved to New Road in the 1930s that it came to be known by the name of Muncha House.

With the sole motto of reaching out extensively to its customers around the globe, Muncha House has launched Muncha Internet Ventures through which www.munchahouse.com was started now renamed www.muncha.com. In order to extend services, Muncha Internet Ventures with 120 far flung destinations in Nepal has recently registered a company in Texas, USA under the name of Muncha LLC. Muncha.com extended its customer service coverage to UK and USA.

Muncha.com facilitates all customers residing abroad to send gifts to Nepal, encourages local shopping within Nepal and also offer services like 'Portrait Painting', which is delivered to places around the globe. Other services include 'Photo Center' and 'Greeting Cards'.

Figure No.: 4.2
Web site of Muncha.com



Figure 4.2: Screen shot of Muncha.com's Web site

4.3.2 Market Overview

As discussed above, a significant number of Nepalese Diaspora represents Muncha.com's current target market. Muncha.com is giving its best effort to achieve this target in the near future through better customer relationships. The Muncha.com is focusing on developed countries as do Thamel.com, where IT literacy is higher and market needs are more well-defined. Immigrants to these countries are also more likely to be able to afford the cost of gift merchandise.

According to the respondent, the term CRM is not used when discussing customer relationships within the organization. However, Muncha.com 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 Muncha.com does not practice CRM as defined in this study. Muncha.com 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. Muncha.com has three main objectives or areas where they constantly are trying to improve. These objectives or areas are price/campaign, product diversity, and ease of use.

Because of the fact that Muncha.com sells the same products as their competitors, price is very important factor when trying to attract customers to the Web Site. 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 e-Business market. The second objective means that Muncha.com should be an interesting and a potential retailer for almost every person that are interested in the offered product 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

Web Site 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 download and navigate the Web site is much more important than having a lot of animations and 3 D graphics that would add value to the Web site but also make it a lot slower for many of the users. It is also important that it is easy to log in and shop at the Web site as well as that delivery works as promised to the customers. When it comes to customer service Muncha.com has stated that incoming e-mails should be answered within 24 hours.

The reason why these three objectives are especially important is because this is what is most important when conducting e-Business for the products that Muncha.com offers according to the respondent. The respondent further states that other objectives also of importance to Muncha.com. 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 Muncha.com gets more satisfied and loyal customers and

then hopefully customers that spend more money at their Web site. The help of technology best does this but also by the persons working and interacting directly with the customers can help Muncha.com become more effective.

Another important issue when it comes to customer relationship management in e-Business is security. It is important to convince the customers that it is not more dangerous to pay with a credit card on-line than it is in a regular store. 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 Muncha.com according to the respondent. However, when it comes to logistics Muncha.com has stated an objective to deliver the products within 2-4 working days.

4.3.3 How does Muncha.com manage their customer relationships?

According to the respondent Muncha.com 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 products 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 commodities where price very important.

To keep things simple is also very important when managing customer relationships according to the respondent. This is especially true in e-Business where one has to be prepared for 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. It is also important to keep things simple when it comes to the Web site. Speed is much more important than providing a very flashy Web site. What people want to do is to be able to log in, search for, buy products without hassle, and then receive them in time. This is much more important than providing an exciting Web experience, which makes the buying process slower according to the respondent.

Muncha.com 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. Muncha.com 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 than they would if someone else handled these issues located at a place far from the headquarter.

Muncha.com recently invested in a new improved search engine and technology which will improve the organization's knowledge about their customers as well as help predicting their future behavior. The organization is today able to predict, or at least try to predict, what the individual customer is going to buy next based on past purchases and the information the customer provided in an optional form when registering at the Web site for the first time. This new technology also simplifies the process of selling more products to existing customers both related and not related to previous purchases.

Muncha.com 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. A customer interested in heavy metal will not receive any information about. Receiving a lot of information

about movies and artist that are not interested in will only give the customer a negative perception of the organization and make them reluctant to shop at the Web site. By improving this Muncha.com hopes to get loyal customers that are aware of that, they will not be let down when new and important products 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 products from Muncha.com, you can become a VIP member and get discounts for some of their products. 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 Muncha.com uses is event marketing where special offers are offered to their customer in connection with a certain event.

Muncha.com 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.

4.3.4 How does Muncha.com evaluate the effectiveness of their CRM?

According to the respondent Muncha.com, 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. The organization do measure the average number of products sold per purchase and the percentage of customers which shop more than once to be able to evaluate if the customers only buys one product at the time and if they come back after the first purchase experience. Muncha.com also frequently measures the speed of downloading and navigating the Web site to make sure that for example layout changes does not make the Web site any slower. Furthermore, Muncha.com measures how many customers that pay with a credit card that is something the organization strive for and the average number of e-mails sent per day to the customer service department. However, Muncha.com does not measure the security level when it comes to customer payment. E-mails sent to the customer service department are the most important variable when evaluating the effectiveness of the CRM for Muncha.com. 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 thee-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 about the Web site when it comes to product mix, navigation of the Web site, and the Web site environment. However, the e-mails sent to the customer department are much more valid when it comes to evaluation ofMuncha.com than the survey results according to the respondent. Muncha.com also evaluates some logistic measures to be able to find out if they keep their promises to their customers when it comes to delivering the products within 2-4 working days and to be able to find out what they need to do to improve their logistics. The respondent further states that Muncha.com frequently check that their technological capacity is enough to serve their customers which is connected to the downloading and navigating time measures of the Website. 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. Muncha.com measure how many people that visits the Web site when it comes to unique visit or contact as well as how many people that registers as customers. These measures is also tied to net sales, profit increase, and market share which shows how much Muncha.com grows from time to time when measured which is very important at this stage for Muncha.com according to the respondent.

4.4 Within Case Analysis of Thamel.com

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

4.4.1 The objective of CRM in thamel.com

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 thamel.com 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 thamel.com more efficient. The collected data for the increased sales representative productivity objective in this category can also be seen as being in accordance to the frame of reference since thamel.com view efficiency when it comes to sales and marketing as important.

Table 4.1

Within case analyze of Thamel.com’s CRM objectives

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

Source: Appendix A

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 thamel.com 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 thamel.com, 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 thatthamel.com wants to offer products more in line with customers' specific needs and also wants to improve the effectiveness to improve the organization's ability to close deals.

CRM objectives relationships with customers and improving channel management when it comes to stocks as well as keeping their delivery promises are of importance to thamel.com. Therefore, the collected data is in accordance to the frame of reference.

Due to the fact that thamel.com 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. The reason for this is thatthamel.com does not want a flashy Web site but want to keep things simple and easy to use which in a way can be seen as an attractive virtual community to some people.

4.4.2 Thamel.com management of customer relationship

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 thamel.com 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 thamel.com view CRM as a natural connection by having both back office and front office integrated when they implement CRM.

Thamel.com 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 thamel.com 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 thamel.com 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. Thamel.com sends their mail catalogue and news e-mails in order to get customers to buy more.

However, since thamel.com 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 Thamel.com's CRM management

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

Source: Appendix A

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 thamel.com through statistics gets information about the customers in order to understand their behavior. Thamel.com

also tries to please their customer by selling the products at a low price as well as always having the products in stock. When it comes to the collected data on personalization and customer profitability and value modeling, it is in some extent even though thamel.com divides their customers in different intervals in order to influence them to buy more. However, thamel.com does not deny anyone to buy from them even though the customer might not be so profitable for thamel.com .when it comes to personalization features thamel.com 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 thamel.com sends, approximately 4000 e-mails each week and their mail-catalogue are send in approximately 30000copies 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 thame.com does view the telephone as a channel they need to have even though it is not cost efficient. The collected data on multichannel customer contact is to some extent in accordance to the frame of reference sincethamel.com 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 thame.com does not use at the moment. The obtained information from thamel.com is presented in Table 4.2 as well as their relative importance.

4.4.3 Thamel.com CRM evaluation

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. The reasons for this is that themel.com measure what the customer have bought, the number of customers, where they came from, where in the buying process they chose to drop out if they do not conduct the purchase, how many visitors that are registered with the Web site, total time a visitor spent on Web site, and what products they have put in the cart.

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 thamel.com measures a lot on their Web site they do not measure everything. According to the respondent, thamel.com does not measure secure service which is not in accordance to the frame of reference.

Table 4.3

Within case analyze of Thamel.com's CRM Evaluation

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

Source: Appendix A

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 thamel.com investigates what happens with the eventually increased activity via thamel.com's e-Business and that the organizations business systems 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 products 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 product information they receive. Thamel.com also tries to keep the most popular products in stock and measure the number of unfilled orders.

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 thamel.com measures the number of retained customers and that thamel.com measure a lot on their Web site to investigate how effectively it is.

The collected data on building an attractive virtual community and profit increase are to some extent. The reasons for this is the Web site should be easy to use and fast but do not need to be attractive. Thamel.com does measure net sales and ordinary sales but does not measure asset and profit against their employees.

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 thamel.com tries to measure customer satisfaction but have not broken down it as the frame of reference does and that thamel.com measure the number of daily inquires but does not measure brand image and service level. The obtained information from thamel.com is presented in Table 4.3 as well as their relative importance.

4.5 Within Case Analysis of Muncha.com

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

4.5.1 The objectives of CRM in muncha.com

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, muncha.com 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 to convince people that it is not more dangerous to pay with a credit card on-line than it is in a regular store which is in accordance to theory. However, the respondent also stated that the matter of privacy was not of importance to muncha.com which is not in accordance to the frame of reference. Therefore, the collected data for the secure service objective can be seen as to some extent 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 muncha.com wants to be able to offer products 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 products for a lot of people, muncha.com wants to delight their customer. However, they

do not listen to their customers when it comes to channel management, therefore, the service helps organizations to delight customers can be seen as to some extent in accordance to theory. Continually, the respondent stated that ease of use and navigation was very important objective. However, a flashy Web site was not an objective according to the respondent and therefore the objective building an attractive virtual community can be seen as to some extent in accordance to theory. To improve their channel management by the help of the customers was not an issue to muncha.com which is not in accordance to the frame of reference. They have on the other hand.

Table 4.4
Within case analyze of Muncha.com's CRM objectives

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

Source: Appendix A

Table 4.4: within case analyze of Muncha.com's CRM objectives stated an objective to deliver their products within 3-4 working days to customers. Therefore, the improving channel management objective can be seen as to some extent in accordance to the frame of reference. Furthermore, muncha.com is not interesting in listening to their customers when it comes to channel management and they only communicate with their customers' through-mail. Because of this, the collected data when it comes to the service helps organizations differentiate their products objective is not in accordance to the frame of reference. The obtained information from muncha.com is presented in Table 4.4 as well as their relative importance.

4.5.2 Muncha.com management of customer relationships

When it comes to the first area, Implementation, the collected data is in accordance to the frame to 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 Muncha.com 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 e-Business world is also important according to the respondent which is in accordance to the frame of reference.

Muncha.com 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. However, he further stated that this was not always possible when selling commodities on-line where pricing is very important. 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 Muncha.com would never do. He further stated that it would be unwise to outsource something that important to the organization and that Muncha.com wants to control this area totally without any involvement from parts outside the organization.

For the second area, CRM initiatives, the collected data are in accordance to the frame of reference when it comes to cross-selling and up selling's well as customer retention. Cross-selling and up-selling is simplified by the organizations new search engine but also somewhat by the unique electronic newsletter and the VIP club. These initiatives are also of importance when it comes to customer retention as well as the feedback Muncha.com receive from its customer service department. The investments in new technology and the new search engine which will help predicting the customers' future behavior are also in accordance to the frame of reference as well as the fact that Muncha.com 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 and that they have a VIP club their best customers are in accordance to the frame of reference. However, Muncha.com 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.

Table 4.5

Within case analyze of Muncha.com’s CRM management

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

Source: Appendix A

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 log in are just a waste of time and money according to the respondent and this is not 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 Muncha.com 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 Muncha.com only uses e-mail to communicate with its customers rules out multichannel customer contact. This is not in accordance to the frame of reference. The obtained information from Muncha.com is presented in Table 4.5 as well as their relative importance.

4.5.3 Muncha.com 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 Muncha.com measures and evaluates the number of new registered customers they gain. The collected data for analyzing customer data is also in accordance to the frame of reference since Muncha.com keeps track of how many registered users and 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. The reason for this is that when it comes to Web site measures Muncha.com measures how many unique person which have visited the Web site as well as how many visitors that have registered with the Web site which are 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, Muncha.com 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. One thing that they do in this area is to measure and evaluate the time it takes to download and navigate at the Web site which can be seen as in accordance to the frame

of reference. Furthermore, Muncha.com views secure service as important but do not measure and evaluate this. Therefore, the collected data is not 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 Muncha.com 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 Muncha.com’s CRM Evaluation

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

Source: Appendix A

The collected data for integration of business processes under this category is in accordance to the frame of reference. The reason for this is the measurement and evolution of payment methods and their efforts to get people to use credit cards when paying. 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 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 products 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. However, variables such as timeless sales in popular products in not measured and evaluated and is therefore not in accordance to the frame of reference.

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 Muncha.com 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. The organization measure and evaluate net sales which is in accordance to the frame of reference. However, they do not measure and evaluate asset per employee and profit per employee which is not in accordance to the frame of this study 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 Muncha.com 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 Muncha.com is presented in Table 4.6 as well as their relative importance.

4.6 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.

4.6.1 Analyzing CRM objectives

When analyzing the first category, cost saving objectives, no differences could be found between thamel.com and muncha.com. Both organizations viewed the objectives decreased general sales and marketing administration costs, reduced costs of sales, and increased sales representative productivity 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, and secure service objectives.

Table 4.7
Cross Case analyze of CRM objectives

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

Source: Appendix A

Table 4.7 Cross Case analyze of CRM objectives 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, thamel.com value the service helps organizations to delight customers, service helps organizations differentiate their products, and improving channel management higher that what Muncha.com does.

The reasons for this difference is that thamel.com offer multiple channel communications with customers as service where as Muncha.com do not provide this option for their customers. Another reason for this are that Muncha.com doesn't improve their channel management with the help from customers which is something that thamel.com does. The obtained information from the cross case is presented in Table 4.7 as well as their relative importance

4.6.2 Analyzing the management of customer relationships

When it comes to the first area of how thamel.com and Muncha.com 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, thamel.com view defining CRM as more important than what Muncha.com does. The reason for this is Muncha.com do not use the term CRM in their daily work where as thamel.com breakdown the information flow from their customer on a daily basis to be as cost effective as possible. Thamel.com also considers long-term strategy as more important than Muncha.com does. The reason for this is that Muncha.com states that this is something that is not always possible to do when selling commodities on-line. Muncha.com view staff involvement as more important when implementing CRM than what thamel.com does. The reason is that muncha.com involves their staff in every decision that has to do with their customers which is something thamel.com does not always do.

Table 4.8
Cross Case analyze of CRM management

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

Source: Appendix A

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. This CRM initiative is cross-selling and up-selling which Muncha.com viewed as more important than what thamel.com does. The reason for this is that muncha.com utilizes both cross-selling and up-selling by the organizations new search engine but also somewhat by the unique electronic newsletter and the VIP club meanwhile thamel.com does not conduct any up selling.

When looking at the third area of how thamel.com and muncha.com manage their customer relationships, channel management, no differences could be found when it comes to Web chat, Web callback, and e-mail. However, thamel.com view telephone, mail, and multi-channel customer contact as more important than muncha.com whereas thamel.com's customers can use the phone to interact and thamel.com send their mail-order catalogues to approximate 25000 customers every month and that thamel.com utilize more communication channels than Muncha.com does.

4.6.3 Analyzing CRM evaluation

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 products and services.

Table 4.9
Cross case analyze of CRM Evaluation

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

Source: Appendix A

4.7 Major findings

For the first category of CRM objectives, cost saving objectives, the researcher can conclude that e-Business organizations 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 second finding is that both e-Business organizations do not view Web chat and Web callback as an important communication channel when interacting with the customer since it is not cost efficient. Hence, 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 e-Business.

The researcher can also conclude that e-Business organizations focus on behavior prediction to get a better understanding of which products a particular customer is likely to purchase and to predict what product a customer is likely to buy next.

The researcher has found that e-Business organizations 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, e-Business organizations state that improved customer satisfaction rates and establishing relationships with customers are of major importance

CHAPTER- V

Summary, Conclusion and Recommendations

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. In the final part of this chapter, the researcher will give the recommendations to management of the organization in this study. The researcher also gives recommendations for theory and for further research within 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 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. Hence, when answering the first research question it can be concluded that the following objectives are the most important for CRM in e-Business. For the first category of CRM objectives, cost saving objectives, the researcher can conclude that e-Business organizations 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 e-Business organizations focus on the reduced cost of sales and on the increase sales representative productivity 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 e-Business organizations focus on win rates which will improve since organization will purchase products that customers demand and the right amount of those

products. The researcher can also conclude that e-Business organizations 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 e-Business organizations 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 e-Business organizations 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 e-Business are:

- Decreased general sales and marketing administrative costs.
- Reduce cost of sales
- Increase sales representative productivity
- Win rates
- Better information for better management
- Acquiring new customers
- Improved customer satisfaction rates
- Improve global forecast and pipeline management
- Establishing relationships with customers

The research showed two interesting findings regarding managing customer relationships in e-Business. The first finding is that both e-Business organizations 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 e-Business organizations do not view Web chat and Web callback as an important communication channel when interacting with the customer since it is not cost efficient.

Hence, 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 e-Business. For the first area, implementation, the researcher can conclude that e-Business organizations 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 e-Business organizations 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 e-Business organizations focus 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 e-Business organizations 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 e-Business organizations focus on behavior prediction to get a better understanding of which products a particular customer is likely to purchase and to predict what product a customer is likely to buy next. Furthermore, the e-Business organizations 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 products.

For the third area, channel management, the researcher can conclude that e-Business organizations 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 e-Business:

- Top management commitment
- Integration of CRM systems
- Keep it simple
- Customer retention
- Behavior Prediction
- Event-based marketing
- E-mail

The research showed two interesting findings regarding evaluation of CRM effectiveness in e-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.

Hence, 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 e-Business. For

the first category, customer knowledge, the researcher conclude that e-Business organizations focus on collecting appropriate customer information since they measure and evaluate the number of new registered customers. The researcher can also conclude that e-Business organization focus on analyzing customer data since they measure and evaluate visitor count, pages hits, duration, click-through-rate, registered users, and breakage.

For the second category, customer interaction, the researcher can conclude that e-Business organizations 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 e-Business organizations focus on improving customer retention since they measure and evaluate the number of retained customers.

Furthermore, the e-Business organizations 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 e-Business:

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

5.2 Conclusion

From conducting this study, some main findings have been found. Firstly, e-Business organizations' CRM objectives exist within three categories, cost saving, revenue enhancement, and strategic impact objectives. However, they are not divided into specific detailed objectives, instead e-Business organizations view CRM objectives as a part of their daily work. Secondly, e-Business organizations concentrate 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 e-Business organizations do not view outsourcing of their CRM as an option. Thirdly, the researcher has found that e-Business organizations 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, e-Business organizations state that improved customer satisfaction rates and establishing relationships with customers are of major importance but only measure and evaluate fragments of it.

5.3 Recommendations

After concluding this study, the researcher has come up with a number of issues that can be beneficial to managers interested in receiving knowledge in this area. These recommendations are listed below:

Customer retention: Managers must understand why customers leave. Analyzing customer attrition operates on the aphorism that keeping an existing customer is far more cost effective than acquiring a new one.

Web chat: Managers must understand that this allows organizations to offer customers one-to one contact with a representative without 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 Web chat can also save businesses money in comparison with staffing a conventional call center.

Multi-channel customer contact: Managers must understand the importance of providing their customers with different communication channels, this as especially important in today's world where customers expect to be able to choose which channel they want to utilize.

Secure service: Managers must understand that security has been a serious issue concerning online purchase 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.

Customer service: Managers must understand the importance of customer service as a way to retain and acquire customers. This is true, especially in e-Business where most organizations competes with low prices and therefore other incentives such as customer service becomes important as a differentiator.

Customer satisfaction: Managers must understand that customer satisfaction 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. This is also important since customer satisfaction is direct 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.

In the analysis chapter the researcher were able to see how well the literature agrees with the findings in this study. The literature corresponds rather well, with what have been able to find out, but the researcher has findings that constitute the implications for theory. The researcher has formulated the purpose and research questions based on previous studies by numerous authors. The researcher, in this study have described, explored, and begun to explain how e-Business organizations utilize CRM. Hence, studied the objectives, the management, and how the organizations evaluate the effectiveness of CRM.

This study contributes to theory in the way that it provides an empirical investigation as to how established theory regarding customer relationship management relates with how CRM is utilized in e-Business. Due to the fact that CRM is a new term, limited amount of research focusing on how CRM objectives can be described in e-Business and CRM exist, this study provides a foundation from which further studies may be concluded.

Furthermore, this study also contributes to theory since there are limited amount of studies focusing on how to manage customer relationships in e-Business, this study provides a foundation from which further studies may concluded. Finally, since there are

very limited amount of studies focusing on how the effectiveness of CRM is measured and evaluated not only in e-Business, this study provides a foundation from which further studies may be conducted.

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 (B2B) organizations.
- Investigating CRM in e-Business from a customer perspective.
- Comparing on-line and off-line CRM efforts.

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Appendix A

Dear Respondents,

You are kindly requested to fill the following form. The information collected would be used exclusively for my Masters Degree Thesis purpose titled “**CRM** (Customer Relationship Management) **in e-Business**” in the partial fulfillment of the requirement of the degree of Masters in Business Studies (MBS).

Please mark () your opinion.

General Information

Name:.....

Designation:.....

Organization:.....

1. Industry type:

i) Manufacturing

ii) Service

iii) Public

iv) Others

2. Total Number of Employees:

3. What is the length of your typical sales cycle? (In working days)

i) 1-2

ii) 2-4

iii) 4-6

iv) 6 above

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

i) Yes

ii) No

If yes please provide any,

i) ii) iii) iv)

5. What is the % of product sold through Web site?

i) 10-30

ii) 30-50

iii) 50-70

iv) 70 above

6. Does your organization sent news e-mail to the customer?

i) daily

ii) weekly

iii) monthly

iv) Never

7. Does your organization have any measurement system to investigate that how many customers? Opens the e-mails, delete the e-mails without opening and visit the link? If yes,

i) % of delete... ii) % of opening... iii) % of visit link... iv) No any system...

8. Do you speak to customer on daily basis? Except on-line or mail basis.
 i) Yes ii) No

Interview Guide

Q.N. 1: How can organizations CRM objective be described?

1. Does your organization have any CRM objectives? If yes, continue.

i) *Cost saving objectives:*

- Decreased general sales and marketing administrative costs
- Reduce cost of sales
- Increase sales representative productivity

ii) *Revenue enhancing objectives:*

- Win Rates
- Better information for better management
- acquiring new customers
- secure service

iii) *Strategic impact objectives:*

- Improved customer satisfaction rates
- Improved global forecast and pipeline management
- Service helps organizations to delight customers
- Service helps organizations differentiate their products
- Improving channel management
- Establishing relationships with customers
- Building an attractive virtual community

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

Importance of CRM objectives Minor Medium Major

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

Q.N. 2: How do organizations manage their customer relationships?

1. How important are/were the following factors when implementing CRM?

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

2. If your organization use more than one communication channel. Are they integrated?

- i) Yes ii) No

3. Does the respondent have anything else to add according to how his/her organization Manages their customer relationships?

Q.N.3 How do organizations evaluate the effectiveness of their CRM?

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

- i) Yes ii) No

2. How important are the following categories when evaluation 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			

Thank You