A STRATEGIC FRAMEWORK FOR THE OPTIMIZATION OF CUSTOMER RELATIONSHIP MANAGEMENT IN SMES

Jyväskylä University School of Business and Economics

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ABSTRACT

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Abstract

Customer relationship management (CRM) has been a topic of increased interest during the last decades, for both academics and practitioners. According to the literature review, there has been a variety of scopes and disciplines from which CRM has been addressed. However, CRM in an SME context has been understudied which implies that current literature has been highly driven and shaped by large scale enterprises.

This thesis contributes to the examination of the aforementioned research gap. By conducting a single-case study, significant attributes of SME’s context were analysed and important insights were presented. The aim of this research has been to address CRM from a strategic perspective as a holistic strategic approach to managing and enhancing targeted customer relationships in order to create customer and shareholder value. In this way the full potential of CRM for an organisation can be realized. Two integral parameters have been leading this research, namely, industry and organisational context, as those were identified by the author as key influencers of CRM strategic planning. Furthermore, customer norms and characteristics are encompassed in this research.

The findings reveal that a CRM strategy should be organisation specific, context related and strategically aligned with the vision and targets of an organisation. Therefore, understanding and evaluating the current position of an organisation, its internal structure, and its industry norms is the first step to a strategic CRM approach. The proposed strategic framework for CRM emphasises this need for business intelligence and evaluation of the current position before implementing any CRM system. Especially in a fast paced industry where norms imply quick decision making processes and strategic manoeuvring, change management rises as a critical attribute of SMEs. Furthermore, the need for an adaptation period and permeation of fundamental strategic changes among human resources, prior to any radical change in CRM strategy and processes is emphasized by the results of this research.

Keywords
CRM, strategy, SME, industry context, customer, B2B, organisational context

Storage
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20th of November, 2016
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1. Introduction

This thesis examines Customer Relationship Management (CRM) in Small-Medium sized Enterprises (SME) from a strategic perspective. The fashion industry was chosen as the environment in which the SMEs under research operate, targeting the identification of restrictions that industry context and limited time frames put in a CRM strategy. More specifically, CRM positioned at a strategic level was emphasized and tested. A single-case study was conducted, examining the current CRM strategy and processes followed by a Finnish SME. This approach enabled the collection of rich data which led to more in-depth conclusions.

The aim of this study was to develop a conceptual framework for CRM that helps broaden understanding of CRM processes and its role in enhancing customer and shareholder value. Following the examination of the case company and its strategy regarding customer relationship management, a framework was presented, illustrating the CRM processes followed in the case firm. Based on this framework as well as other data, such as interviews and data from the customer database of the case firm, results were drawn and suggestions were presented. An elaborated strategic framework was finally created, aiming to address the needs of the case firm and similar SMEs.

In this section, the first chapter (1.1) introduces the reader to the emergence of CRM and three different perspectives are identified. The importance of CRM for Small-Medium sized Enterprises is also elaborated. Following that, the research objectives of this study as well as the research questions are encompassed in chapter 1.2. In the third chapter (1.3), the theoretical framework and the chosen perspectives of this research are analysed. Lastly, an outline of this study is presented in the final section (1.4).
1.1 Overview of Customer Relationship Management as a field of research

Over the last decades, there has been an increasing interest in customer relationship management by both academics and practitioners. Businesses are motivated to adopt CRM regardless their size in order to manage and enhance the relationships with their customers in a more efficient way. The benefits of such a customer oriented business strategy are multiple since stronger relationships with one’s customers can ultimately lead to greater customer loyalty and retention, and subsequently, profitability. In the academic field, CRM has been studied from varying perspectives that include different science fields. According to E.W.T. Ngai (2005), papers and research on customer relationship management, falls into five broad categories, namely, CRM-General, Marketing, Sales, Service and Support, and IT and IS.

The term “customer relationship management” emerged in the IT vendor community in the mid-1990s and it hasn’t been until the beginning of 2000 that research on CRM increased sharply. It has often been used to describe technology-based customer solutions, such as sales force automation (SFA). In the academic community, the terms “customer relationship management” and “relationship marketing” are often used interchangeably (Parvatiyar and Sheth 2001). Furthermore, from a strategic point of view, CRM has been perceived as a customer-based business model which enhances customer value, and subsequently, shareholder value.

Although CRM has become widely recognized as an important business approach, a universally accepted definition of this term is not yet clearly designated. Different authors and authorities have used a variety of CRM definitions and descriptions which has created a wide range of CRM viewpoints. Payne and Frow (2005) have reviewed definitions and descriptions of CRM from a wide range of sources in order to identify alternative perspectives. They conclude that CRM can be defined from at least three perspectives: narrowly and tactically as a particular technology solution, wide-ranging technology, and customer centric. These perspectives could be envisioned as a continuum with no clear borders.

Swift (2001, p. 12) defined CRM as “an enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability.” Kincaid (2003, p. 41) viewed CRM as “the strategic use of information, processes,
technology, and people to manage the customer’s relationship with your company (Marketing, Sales, Services, and Support) across the whole customer life cycle”. According to Parvatiyar & Sheth (2001, p. 5), CRM is “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value”.

In relation to SMEs, CRM has been suggested as a business strategy that has the potential to improve their performance, competitiveness and value. CRM not only helps organisations to retain existing customers, but also enables the expansion of their customer base and increases the lifetime value of their customers. However, several reasons such as, lack of knowledge about CRM, lack of resources to acquire the CRM system or lack of skills and expertise to implement it, prevent SMEs from adopting a CRM system. Ramaseshan and Chia (2008), support that the most important factor influencing the adoption of CRM in SMEs is the top management support. All the above and additional factors will be analysed further in this study. Overall, research on CRM adoption in the context of SMEs has been highly limited thus far, which implies the influence of larger enterprise’s characteristics in current CRM literature. This study aims to address this research gap and contribute to the literature with new insights.
1.2 Problem discussion and research objective

As explained in the above section, CRM has been a broadly examined and analysed topic from several perspectives. However, even though there are many papers about CRM adoption, only few are related to SMEs. Nowadays, small and medium sized enterprises (SMEs) have a major impact in most economies, particularly in developing countries. For instance, in the European Union SMEs account for 99% of all businesses. Formal SMEs contribute up to 45 percent of total employment and up to 33 percent of national income (GDP) in emerging economies (The World Bank Group, 2015). These numbers are significantly higher if we include also informal SMEs. Enterprises are defined as SMEs if they have less than 250 employees and turnover of EUR 50 million or less or the value of balance sheet is EUR 43 million or less (European Commission, 2016).

Considering this research gap and the significance of SMEs as a sector in market economies, this thesis examines how customer relationship management can enhance profitability for Small and Medium-sized Enterprises, analysed from a strategic perspective. The main research question that this thesis attempts to address is:

How can SMEs improve their customer relationship management processes in order to minimise turnaround time in a fast paced industry and maximize operations’ capabilities and overall profits?

The aim of this thesis is to address CRM from a strategic perspective as a holistic strategic approach to managing and enhancing targeted customer relationships in order to create customer and shareholder value. In this way the full potential of CRM for an organisation can be realized. To achieve this aim, a single-case study was conducted. Data was collected targeting to answer questions such as:

How CRM is implemented in a small company operating in a fast paced industry?

Which are the challenges and opportunities that SMEs face in CRM processes?

Which are the SME’s characteristics and how those affect CRM implementation?

How does the industry context affect CRM projects and strategy?
Following the collection of all available data, conclusions were drawn from data analysis and suggestions for improving processes were presented. A strategic framework for CRM was elaborated based on a conceptual framework for strategic CRM proposed by Payne et al. (2005). Additionally, an operational flowchart was presented, illustrating a suggested implementation method of the proposed CRM strategic framework. However, it should be taken into consideration that this flowchart was influenced by the structure and operations of the case firm and the suggested version was created based on the organisation’s specific characteristics.
1.3 Theoretical framework

Five different perspectives were chosen to guide this study towards answering the research questions. Those are namely: strategy, SMEs, industry context, customer context and organisational context. The theoretical framework of this study based on these perspectives is presented below.

![Figure 1: Theoretical framework (Source: Author’s elaboration)](image)

As previously explained in the introduction chapter, CRM has been examined from several different fields. In this study, a strategic approach to CRM was chosen, aiming to focus more on a holistic organisational context rather than specific operational departments, such as Marketing or IT. Moreover, previous literature on CRM is considerably wider for big organisations than for Small-Medium sized Enterprises. Considering also the interest and importance of SMEs and their peculiarities, CRM in the context of SMEs was adopted as a second perspective.
Following a careful literature review on CRM related with SMEs, it was observed that case-studies are rather scarce. For this reason, this research was based on a single-case study. Only one company was chosen to be examined, aiming to collect more in depth data and conclude to a better understanding. Additionally, the single-case study addressed the fifth perspective of this research, the organisational context. Organisational norms were identified and tested on the proposed CRM strategic framework. Furthermore, the selected company was headquartered in Finland, which provides a contribution to previous literature in a geographical sense, since there has not been any similar research until now. A Finnish company was selected due to this research gap, but also for practical reasons. The case firm could be approached easier and interviews could be conducted face-to-face, which enabled better interaction with the interviewees and richer data.

Moreover, the selected company was operating in the design-fashion industry which led to the third perspective of this research. A fast paced industry reasonably implies different strategic approaches which have to be taken into consideration also for CRM implementation. Therefore, time and industry characteristics have been important parameter affecting the results of this research. Finally, the fourth perspective was related to the type of customer (retail or wholesale clients) and customer norms. The collection of data about retail customers of the case firm has been very challenging, thus the research was restricted to wholesale clients. Although this fact led to limitations of this research, it enabled also more in depth analysis.
1.4 Outline of the thesis

Initially, an introduction to this study and an overview of the topic under research are presented. The first chapter continues with an analysis of the research objective and the adopted perspectives included in the theoretical framework. In the second chapter, the literature review is elaborated. Two main themes divide this chapter: general and specific. In the first section, literature related with CRM as a field of research is presented. In the second section, CRM literature related with SMEs is elaborated identifying the benefits and factors that affect the implementation of CRM. Additionally, fashion industry norms are presented and elaborated in combination with sustainable fashion.

Following the literature review and the presentation of the case company, the research methodology and research data are presented in section 3. Based on those data, results were drawn and the findings of this research are analysed in section 4. Section 5 follows with a discussion part were the research questions are addressed according to the findings and literature review. Lastly, conclusions and limitations are presented in the last chapter.
2. Literature Review

This chapter presents key literature on CRM, both on a general and narrow level. In the first section CRM as a field of research is presented, including definitions and a summary of literature review. The following section, addresses CRM in an SME context driven by the perspectives of this study.

2.1 CRM as a field of research

Customer relationship management has been a topic of increased interest during the last decades, for both academics and practitioners. This is indicated by the significantly growing number of articles and books on CRM as well as the variety of scopes and disciplines from which CRM has been studied. As with almost every emerging research field, CRM research includes a great variety of topics which creates a certain level of confusion. This fact makes evident the need for reflection on this emerging research field, identification of trends and the forces that shape them, and consideration of relevant topics for further research.

There have been several studies attempting to categorize publications related to CRM research. For instance, Ngai (2005) has analysed 205 marketing and IT/IS articles which were coded using functional categories; CRM, marketing, sales, service and support, and information technology & information systems. For these articles that were not falling in any of the above categories, a sixth category named as general was created. According to his findings, the most common category of CRM articles was the IT & IS category. The rest categories were sorted in descending order as follows: general, marketing, sales, and service & support. It was not surprising to find that many articles were falling in the general category since CRM has been a new phenomenon for many businesses.

A more narrow approach was given by Romano and Fjermenstad (2002a, b) who reviewed 369 journal articles and conference papers about electronic customer relationship management (e-CRM). In their research, articles were coded based on five different research areas, namely, e-CRM markets, e-CRM business models, e-CRM knowledge management, e-
CRM technology, and e-CRM human factors. According to their findings, the most popular research was e-CRM technology, followed by e-CRM human factors, e-CRM markets, and e-CRM knowledge management.

A different approach to CRM literature classification was given by Paulissen et al. (2007) who analysed 510 journal articles and conference papers related to IT/IS and marketing fields. Their classification of articles and papers was based on the different phases of a CRM lifecycle model; adoption, acquisition, implementation, usage & maintenance, evolution, retirement, and general. Based on their findings, the first stages of the lifecycle model and the general category were mostly covered with the majority of the articles and publications belonging to these categories.

All the above literature reviews had a common conclusion that the number of publications related to CRM has grown sharply after the end of the 1990s. At the beginning of the 21st century, publications related to CRM have been focused on identifying the antecedents and consequences of CRM success (cf. Rigby, Reichheld & Schefter, 2002; Yu, 2001). That research had led to uncovering significant success factors (e.g. Ryals and Knox, 2001; Ryals & Payne, 2001) and providing evidence of CRM impact on organisational performance (e.g. Day & Van den Bulte, 2002; Reinartz, Krafft & Hoyer, 2003). However, as Zablah A. et al., 2004, also stated, “The growing body of literature on CRM is somewhat inconsistent and highly fragmented”. This can be partly attributed to the fact that there is no common conceptualization of the phenomenon (e.g. Bull, 2003; Fairhurst, 2001).

Numerous definitions of CRM have been revealed through the literature review. Even though those conceptualisations may present some similarities, a common consensus which would most appropriately define this phenomenon is missing. CRM has been studied from different fields and seemingly incompatible perspectives. It has been perceived by many researchers as a specialized collection of technological tools, while others define it as a set of business processes that focus on managing the customer experience, and still, others suggest that it is a comprehensive business strategy for customer retention.

CRM has been perceived as a matter of customer knowledge management (Lin et al. 2006; Zablah et al. 2004). According to Zablah et al. (2004), “CRM is an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships”. Based on the CRM literature, an effective execution of a knowledge management process can facilitate
the generation of market intelligence (Campbell, 2003; Crosby & Johnson, 2001a; Fahey et al., 2001; Massey et al., 2001; Plakoyiannaki & Tzokas, 2002; Stefanou & Sarmaniotis, 2003). This market intelligence enables the firm to choose the right customers, prioritize them and productively manage interactions with them, which in turn helps in the construction of a profit-maximizing portfolio of customer relationships.

Directly related to the above perspective is the conception of CRM as a capability. Capabilities refer to all the accumulated knowledge and competencies that a team of resources has and which enable firms to perform business processes and acquire competitive advantage. Based on this perspective, businesses could benefit from investments on developing and obtaining combined resources. Such resources could facilitate the alternation of business behaviour towards different customer groups on a continual basis and offer a more personalized customer experience. This view emphasizes the fact that a certain mix of resources is required in order to effectively manage customer relationships. The specific mix of resources is what can also offer a competitive advantage to a firm.

Another approach to CRM, related to the aforementioned customer knowledge management, has been the perception as a customer focused business strategy (Osarenkhoe 2006; Sin et al. 2005; Teo et al. 2006; Chen and Popovich 2003). Grant (1998, p.14) defines strategy as “an overall plan for deploying resources to establish a favourable position”. When incorporated to the CRM context, the strategic perspective implies that customer’s lifetime value to the organisation should be the criterion for resource allocation to relationship building and maintenance (Kracklauer et al. 2001). In more detail, strategic CRM implies that different customers have different value for a firm and consequently, available resources should be distributed on customer relationships accounting also the level of profitability return. Therefore, in order to build long-term, profitable customer relationships, organisations should continually assess and prioritize customers depending on their expected lifetime value.

Strategic CRM also entails that firms utilizing that perspective, are enabled to evaluate and decide if they should invest or drive away from some relationships (Kracklauer et al., 2001; Verhoef & Donkers, 2001). This perspective of CRM is focused more on corporate profitability built through the right type of relationships, than analysing how relationships are developed and maintained. Plakoyiannaki & Tzokas, 2002, reinforce this perspective and state that customer relationships should be actively dealt as an assets
portfolio aiming for profitability maximization. At this point it is reasonable to mention the portfolio theory and its application to customer relationships which predated the CRM era (e.g., Jackson, 1985). It has been proved as an important tool for organisations and their resource allocation process, by enabling them to identify optimum customer combinations (Turnbull et al., 1996).

Moreover, as a matter of technology enabled customer information management activities, CRM has been divided in four branches, namely Strategic CRM, Analytical CRM, Operational CRM and Collaborative CRM (Buttle 2004; Chalmeta 2006; Karimi 2001; Tanner et al. 2005). According to Wahlberg O. et al. (2009), Strategic CRM refers to an enterprise wide strategy which is focused on the customer. Core managerial tasks in this approach include the systematic analysis and use of customer information as a platform for marketing and management. The developed customer knowledge data base from the systematic collection of customer information is an important asset to the company. Analytical CRM exploits this database using data to improve marketing efficiency. ICT development has enabled the easier and faster collection and analysis of customer data which improves operations. Operational CRM is related with the ICT based support which provides front office activities, such as sales, service and support. Finally, Collaborative CRM includes all the different means that can be used for communicating with customers and a channel management strategy.

When perceived as a philosophy, CRM implies that corporations should actively seek, reinforce and maintain long-term relationships with customers in order to increase customer loyalty. This in turn will increase the profitability of the business. As it was suggested also by Reichheld (1996), customer loyalty is positively related with corporate profitability. Under this perspective, CRM is strongly linked to the marketing concept (cf. Hasan, 2003), which emphasises that firms should monitor their customers’ evolving needs and try to address them (Kohli & Jaworski, 1990; Narver & Slater, 1990) . This goal can be more effectively accomplished by firms which have a customer centric culture, enabling them to continually deliver what their customers value. Through this perspective, we can recognise the link between the marketing concept and relationship marketing paradigm. Overall, this perception of CRM suggests that long-term, profitable relationships can be built through day-to-day activities which are driven by identified customers’ needs.
CRM has been perceived also as a series of integrating business processes in an organisation (Swift 2001; Jain 2005; Payne and Flow 2005; Plakoyiannaki and Saren 2006; Winer 2001; Reinartz et al. 2004). By process is defined the collection of tasks or activities which in combination can lead to a desired business outcome (Davenport & Beers, 1995; Davenport & Short, 1990). Considering that groups of tasks could be subdivided into different process levels (ex. lower or higher), entails that the aggregation level can be used to define the specific nature of a business process (Fahey, Srivastava, Sharon, & Smith, 2001). For example, Srivastava et al. (1999) define CRM as “a macro-level (i.e., highly aggregated) process that subsumes numerous sub-processes, such as prospect identification and customer knowledge creation”. Moreover, they suggest that these sub-processes could be further divided into other micro-level processes. For instance, the data collection process could be presumed as a micro-level process included in the customer knowledge creation sub-process. Regardless of the aggregation level used to define CRM, the specific view differs from all the rest because it accounts for the process aspects of relationship development and sustenance. However, a limitation that derives from the literature regarding this perspective is that CRM has been defined at different levels of aggregation, which makes unclear what tasks would be included in such a process.

![Diagram of Customer Relationship Management](Image of the diagram)

**Figure 2: Dominant perspectives on CRM (Source: Author’s elaboration)**
2.2 CRM in the SME context

Prior literature has shown that the shift from product-oriented business strategies to customer-focused relationship strategies has been a significant change agent in companies (Goodhue, Wixom, & Watson, 2002; Knox, Maklan, Payne, Peppard, & Ryals, 2003; Ryals, Knox, & Maklan, 2001). Moreover, business intelligence technologies have gradually gained more publicity, attracting enterprises to invest in such solutions aiming at a customer-focused relationship strategy (Swift, 2002). It was due to such changes that Customer Relationship Management emerged from the principles of relationship marketing promising to improve business processes.

Previous research and literature on CRM has focused on large scale enterprises when CRM implementation in an SME context has been understudied. According to Wahlberg et al. (2009), there have been only few articles directly addressing CRM in an SME context. From those articles only one was, in fact, closely related to the issues of CRM in SMEs (Özgener and Iraz 2006). Apart from that, articles that dealt with CRM in a more indirect way were identified. For instance, CRM has been studied in an SME context as a topic connected to e-commerce (Alonso-Mendo and Fitzgerald 2005; Manuel et al. 2003; Subba and Metts 2003), as a subject related to relationship management (O’Toole 2003; Sand 2003), or as a facet of ICT adoption in SMEs (Fink and Disterer 2006).

The limited number of articles related to CRM and SMEs implies that CRM research has been highly affected and shaped by large scale enterprises and their specific characteristics. However, SMEs are considered as major economic players in market economies and have their own particularities, which affect the adoption and implementation of a CRM strategy. Subsequently, the adoption of CRM strategies in SMEs cannot be a miniaturized version of larger corporations. It is evident that further research on CRM in an SME context is required.

As in large organisations, CRM may provide numerous opportunities to SMEs. However, a thorough understanding of the complex issues involved is needed, so that the drive to implement CRM will successfully contribute to SMEs’ competitiveness. Many Small and Medium-sized Enterprises (SMEs) operating in the global markets, have implemented CRM in an effort to be successfully competitive (Ramdani, Kawalek, & Lorenzo, 2009). The
level of success of such businesses varies. Studies indicate that there are mixed results as to how effectively organisations have been implementing CRM (Goodhue et al., 2002; Alferoff & Knights, 2008). One of the biggest challenges when applying CRM solutions has been the management of complex data quality issues (Friedman, 2009). Indeed, it is reported that more than half of CRM projects are failing because of the complex data quality issues involved (Kaila & Goldman, 2006).

Taking into account the particularities of SMEs helps to understand better the implications and benefits of CRM adoption. Through the literature dealing with SMEs, it is evident that there are certain SME features that are relevant to CRM adoption. According to Wahlberg et al. (2009), “these features include (i) an owner-management dominance [Chen and Popovich 2003; Manuel et al. 2003; O’Toole 2003; Özgener and Iraz 2006], (ii) an owner-manager commitment to independence. [Fink and Disterer 2006; Manuel et al. 2003; Sand 2003] (iii) Strategic myopia, ad hoc decisions and policy inertia. [Manuel et al. 2003; O’Toole 2003], (iv) commitment to face-to-face and personalised customer relations [Fink and Disterer 2006] (v) regarding selling as equal to marketing and salespeople as the central market communication medium [O’Toole 2003] and (vi) a focus on few and long term business relations, especially for enterprises in the B2B sector, and local market orientation [Manuel et al. 2003; O’Toole 2003], (vii) lack of marketing capabilities [O’Toole 2003; Sand 2003], (viii) relatively low ICT maturity and a lack of ICT capabilities [O’Toole 2003; Subba Rao et al. 2003], and lastly (ix) a general lack of resources to finance ICT investments [Manuel et al. 2003; Özgener and Iraz 2006].”

It is apparent that CRM implementation is a complicated process which requires deep understating of several aspects and strategic planning. Especially when it comes to SMEs where resources are limited, the adoption of a CRM strategy becomes a multifaceted process which entails many risks. To thoroughly understand such risks, both technological and strategic factors should be examined. Since technological solutions are an integral part of CRM implementation, it was considered as necessary to examine also the factors which affect CRM system applications. For example, top management support, perceived relative advantage or competitive pressure may affect decision making related to CRM system solutions. Such factors are examined in more depth in the following chapter (2.2.1).

Focusing more on the strategic side of CRM implementation, A. Payne and P. Frow (2005) have developed a cross-functional, process based CRM strategy framework aiming to
help companies prevent problems arising from narrow technological definitions of CRM. In their article, they identify five key cross-functional CRM processes, namely, a strategy development process, a value creation process, a multichannel integration process, an information management process, and a performance assessment process.

More specifically, in the strategy development process the focus is on the detailed assessment of the organisation’s business strategy and the development of an appropriate customer strategy. The aim is to provide a clearer platform for the organisation, on which it can develop and implement its CRM activities. Completing this first process, the value creation process follows in which the outputs of the first step are transformed into programs that extract and deliver value. The key objectives in this process are to determine the value that the company can provide to its customers, as well as the value that the company can receive from its customers, and subsequently manage and maximize the lifetime value of desirable customer segments.

One of the most important processes in CRM is arguably the third one, the multichannel integration process. During this step, all the outputs of the first two processes are translated into value-adding activities with customers. The main focus on this process is to select the most appropriate combinations of channels, ensure that the customer experiences highly positive interactions within those channels, and create an omni-channel strategy. This strategy refers to the hybrid channel model where the customer interacts with more than one channel and the aim is to create and present a single unified view of the customer and the same level of customer experience. According to A. Payne and P. Frow (2005), “a company’s ability to execute multichannel integration successfully is heavily dependent on the organisation’s ability to gather and deploy customer information from all channels and to integrate it with other relevant information”.

Moreover, the information management process targets to the generation of customer insight and suitable marketing responses. This is achieved through the collection, collation and use of customer information from all the available customer contact points. The final process is the performance assessment process which ensures that the organisation’s strategic aims in terms of CRM are met to an acceptable standard. Also, an essential task during this process is to ensure that a basis for future improvement is established. Figure 3 illustrates the above explained processes.
Based on these processes, A. Payne and P. Frow (2005) developed a conceptual framework and explored the role of each of the above elements in the framework. Several organisations have used this framework to address issues such as planning the key components of a CRM strategy, identifying which processes of CRM should receive priority, creating a platform for change, and benchmarking other companies’ CRM activities. However, their research was based on large industrial companies, excluding non-profit organisations and SMEs.

The strategic framework proposed by A. Payne (2006) was further examined by B. Oliveira et al. (2014). In their paper, the strategic framework proposed by A. Payne was tested for Small-Medium sized enterprises through a multiple case study. According to their findings, “Through the multiple case study conducted, we can conclude that not every SME integrates all departments in the organization, that there are cases where there is an owner
manager dominance and others where it is shared with the employees, there are some SMEs, but not all, that do not lack planning, marketing activities, ICT capabilities, and that these SMEs are not that flexible to changes, although it is easier than in larger enterprises.” (B. Oliveira et al. 2014).

Additionally, they have added that “the best strategies observed were not necessarily anchored on adequate software. Furthermore, we can also say that the SMEs investigated have indeed lack of resources, are focused on customizing products and services and give a special treatment to each customer, have characteristics that enable them to obtain competitive advantage, have a close customer relationship, and, despite some resistance, there is space for change in the management processes.” (B. Oliveira et al. 2014). They conclude that nowadays, adequate and adapted CRM software is a very important tool for organisations and especially for SMEs, because it enables more personalised services, which leads to higher satisfaction and loyalty.

According to A. Payne (2006), successful CRM has to be strategically led, process-driven, business oriented and results-focused. The emphasis should be on strategy and not tactics, customers and not companies, outcomes and not outputs, and process not software. CRM is a strategy, not a solution, and has the potential to provide significant competitive advantage if implemented in a cooperative environment (Kotorov R., 2003). However, CRM implementation is a multifaceted process with high complexity which means that a 360 degree view of the customer is needed before looking for customer level results. In the following sections, the factors that affect the implementation of CRM in SMEs, as well as the implementation benefits are examined in more depth.
2.2.1 Factors that influence the implementation of CRM systems in SMEs

CRM technologies are a useful tool for SMEs to manage the relationship with their customers. The benefits of such a customer centric strategy are multiple since the business can potentially realize more profits, become more competitive in the contemporary challenging market as well as maximize their business potential. However, the implementation of a CRM system in SMEs is a complicated and demanding process which designates several implications. In this section, the factors that influence the CRM implementation in SMEs are examined.

According to Ramaseshan and Chia (2008), many small businesses do not adopt CRM in their organizations due to the cost of hardware and software. Any organization, before the implementation of a new technology, normally evaluates the benefits and risks which are implied in this move. However, this is not a simplified process and in many cases businesses fail to forecast accurately the potential results. This is because they have less understanding about CRM technologies and do not know how a particular CRM approach should be cost-effectively implemented (W. Reynolds et al., 1994).

Moreover, Reynold et al. (1994) stated that for small businesses, mostly the owner and employees usually have limited technical knowledge or expertise and resources when it comes to implementing a new technology in the organisation. This lack of knowledge or expertise in Information Technology (IT) postpones the implementation of new innovations in an organisation. Additionally, Gable and Raman (1992) supported that “lack of basic knowledge and awareness of IT and benefits that IT could potentially offer led to small business owners rejecting the notion that IT could be of any use to their businesses”. Moreover, Attewell (1992) indicated that technological innovations are hampered by lack of knowledge, thus when a firm can overcome those knowledge barriers, the diffusion of complex technological innovations may be enabled.

It is important for the owners of a small organisation to realize the relative advantage of IT for the implementation of CRM so that they can show commitment to the implementation plan. As Cragg and King (1993) have also stated, the perceived relative advantage of IT is the factor for IT implementation in small businesses. IT developments and updates can bring new innovations which are an important part of business development
since they can reduce turnaround time, provide better customer service and reduce costs and unnecessary communication and operations. As it was also stated by Premkumar & Roberts (1999), “In a competitive market place, these benefits create significant motivations for adopting new technologies.” Thong (1999) supported that decision-makers who perceive relative advantage in an innovation will be more likely to adopt a new technology.

According to Teo et al. (1997), top management support is very important when firms have to deal with barriers or resistance to change. This position was reinforced by Ramaseshan (1997), Grover and Goslar (1993), and Rogers (1995), who also supported that top management support is the most important factor in creating a supportive condition and providing adequate resources for implementing a new innovation. This is because the implementation of a new strategic approach which is customer oriented, requires funds for the maintenance of a customer database, sufficient software and hardware as well as sufficient training for the employees so that they will be able to comprehend and deal with changes. When thinking about smaller enterprises, the decision-maker is usually also part of the top management team, thus it is crucial to have the support for new technology adoption from his/her side (Blili and Raymond, 1993).

Furthermore, IT practices are highly influenced by government agencies (Kim, 2001; Chan and AL-Hawamdeh, 2002; Tigre 2003). According to previous literature, the government dimension is a direct external influence on ICT adoption (Daniel & Wilson, 2002; Dasgupta, 2000; Lai & Hsieh, 2007; Scupola, 2003; Themistocleous, 2004). Even though the role of government agencies in CRM adoption might be impartial, an indirect influence is recognised since CRM is an ICT related technology.

Finally, according to Porter (1990), competition and tough rivalry increase the adoption of innovations. This statement is justified if we consider that the adoption of innovations can change the competitive environment of a business by reshaping the industry structure and outperforming rivals. Therefore, it could be supported that the levels of competitive pressure that business face, affects the possibilities of innovation implementation.

Overall, there are several factors which affect the implementation of CRM systems in SMEs. Each of them has a different level of effect and relative importance on this process depending on the industry, the enterprise and other parameters. According to the literature, relative advantage, cost effectiveness, top management support, information technology (IT)
knowledge, government support and competitive pressure are the main factors that influence CRM technology implementation in organizations and those were analysed above. Additionally, top management support has emerged by several studies (Ramaseshan and Chia, 2008; Teo et al., 1997; Grover and Goslar, 1993; Rogers, 1995; Ramaseshan, 1997) as the most important factor influencing the adoption of CRM in SMEs. Other parameters that should be taken into consideration are presented in summary below.

According to Alshawi et al. (2010), CRM implementation is influenced by issues that relate to organisational, technical and data quality factors. Organisational factors refer to the factors connected directly or indirectly to the structural, operational, human, and managerial sides of an SME’s business entity. Technical factors include soft and hard aspects of the ICT/CRM technology being adopted by an SME. Finally, data quality factors include parameters which are directly related to the concept of data quality and how it is being conducted in the context of CRM adoption. The dimensions of each of these three factor groups are presented in the following table:

<table>
<thead>
<tr>
<th>ORGANISATIONAL FACTORS</th>
<th>TECHNICAL FACTORS</th>
<th>DATA QUALITY FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>ICT infrastructure</td>
<td>Evaluation of the data quality tools &amp; processes</td>
</tr>
<tr>
<td>Staff ICT skills</td>
<td>Purchase, implementation and integration cost</td>
<td>Evaluation of the quality of customer data</td>
</tr>
<tr>
<td>Managerial ICT skills</td>
<td>System evaluation and selection criteria</td>
<td>Customer data infrastructure</td>
</tr>
<tr>
<td>Organisation size</td>
<td>Complexity</td>
<td>Customer data types classification</td>
</tr>
<tr>
<td>Internal barriers</td>
<td>Integration</td>
<td>Customer data sources classification</td>
</tr>
<tr>
<td>Support</td>
<td>Vendor after sale support</td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td>Software selection criteria</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business objectives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer response/attitude</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive pressure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External barriers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Factors influencing CRM implementation (Source: Author’s elaboration)
2.2.2 Implementation benefits

Low switching costs have provided customers with the opportunity to easily redirect their loyalty between companies (Massey et al., 2001). This increasingly competitive market environment implies that customer is the most important property in an organisation. It is commonly accepted that finding a new customer costs multiple times more than retaining existing ones. As Reichheld (1993) has also stated, “it costs more to attract new customers than retain existing customers due to high operating expenses incurred by companies in their advertising and marketing campaigns.” Consequently, the focus of enterprises should be switched from differentiating products to differentiating customers (Nykamp, 2001), aiming at developing customer share instead of market share.

It comes with no surprise that CRM has been increasingly used by organisations to support different types of their customers. Specifically SMEs can benefit from CRM strategy by satisfying their customer requirements and consequently building long-term relationships. It is generally agreed that CRM implementation can optimize profitability and revenues for an organisation by satisfying their customers’ needs and wants. Therefore, customers’ satisfaction should be the main objective for SMEs to grow their business in the future.

To reach this customer satisfaction an organisation should first of all understand its customers’ requirements and define its customer group. Information related to the customers should be spread in all the different departments of the organisation that are involved in customer management. Chen and Popovich (2003) and Zablah et al. (2004) support that CRM implementation allows customers’ information sharing throughout the organisation. It provides the ability for the organisation to define different customer groups that will be served in different ways. For example, an organisation can focus to more personalized services for its most important clients while leaving its less important clients on a more self-service channel. From this perspective, CRM implementation reinforces the diffusion of customer information which allows an organisation to focus its time and resources on its most profitable customers and therefore boost its business growth.

According to Boulding et al. (2005), an organisation, either a large scale enterprise or an SME, have to be in constant touch with their customers in order to build a long-term relationship. Those business relationships should be nurtured and protected in order to
increase business growth. Coltman (2006) has argued that a successful CRM program should include a combination of technical, human and business capabilities. Such a portfolio of CRM processes could include cross-selling, up-selling, marketing, customer service and support, and retention management.

Customer satisfaction is a key determinant for future sales. According to Darajeh and Tahajod (2010), customer satisfaction became one of the most important principles for the organisation’s management, to improve customer loyalty which leads to repeated business in the future. CRM implementation may facilitate the prediction of future customers’ behaviour and enable the measurement and analysis of patterns and preferences in their behaviour under a broad range of circumstances. Therefore, CRM implementation is useful in planning, scheduling and controlling presales and post-sales activities in SMEs.
2.2.3 Industry norms

Fashion is a multifaceted social phenomenon which sometimes includes conflicting motives. Creating a unique identity and being part of a group or, emulating fashion leaders and rebelling against uniformity for instance. The fashion industry is characterised by diversity and flexibility, addressing any customer’s desire. In a more comprehensive examination, it can be realized that the industry’s characteristics are peculiar and affect considerably not only the processes of an organisation but also its strategy. For this reason, it was considered as necessary to encompass the characteristics of the industry in the perspectives of this study.

According to R. Čiarnienė et al. (2014), the main characteristics of the modern fashion industry are: a) globalization, b) volume, c) variety, d) low predictability, e) seasonality, f) short lifecycles, g) lead time, h) velocity, i) high volatility and j) high impulse purchasing. Furthermore, the fashion industry has huge impact on global environment which brings sustainability issues in the centre of attention. As social and environmental awareness have been growing during the last years, the demand to minimize environmental pollution stems not only from fashion firms but also from customers. As a result, many businesses incorporate green practices into their supply chain.

Considering this trend towards the implementation of more sustainable practices, it can be revealed that the industry is changing. Customers are becoming less sensitive to pricing as previous studies also indicate that customers are willing to purchase sustainable fashion products and pay a higher price point as long as the quality of the product is satisfying. Moreover, the sustainable fashion industry allows the development of different business models by widening the product life cycle from production to consumption. Resources are redesigned in order to reuse the whole of a product, aiming to zero waste. Additionally, transportation and manufacturing of products are encouraged to be sourced locally, targeting to save money and natural resources, thus turnaround time in the industry changes. Overall, A. Kozlowski et al. (2016) stated that the most important characteristics of sustainable fashion industry based on the literature have been the transparency, development of codes of conduct, auditing and capacity building.
3. **Empirical case study**

Research methodology and research data are presented in this section. Starting by explaining the methodological approach of this study, the chapter continues by describing all sources of collected data. The chosen analysis technique of data is then presented. Lastly, part of the research data is presented.

### 3.1 Research Methodology

In relation to the methodological approach, positivism and hermeneutics are the two main directions when approaching scientific ideologies (Lövblad, 2003). Positivism supports that an assumption is only correct when it corresponds to the reality whereas hermeneutics states that, the interpretation of the reality is the vital aspect. According to the hermeneutic approach, reality can be understood only from an individual perception since reality is subjective.

Furthermore, in order to understand a phenomenon, a pre-understanding is vital as well as full understanding of the overall picture is required for the comprehension of a specific part (Eriksson & Wiedersheim-Paul, 1999). In addition, researcher’s understanding of a topic may be affected by how detached he/she is with the phenomenon. According to the hermeneutic approach, the researcher participates in the phenomenon under study. Consequently, the level of involvement that a researcher has on a topic under research may affect his/hers interpretations and conclusions when a hermeneutic approach is followed.

Moreover, the hermeneutic view is connected with the abductive approach as interpretations are made on facts that one already has an understanding about (Alvesson & Sköldberg, 1994). According to Alvesson & Sköldberg (1994), the abductive approach regards the understanding of a subject, which distinguishes also this approach from the rest, namely inductive and deductive. This is in line with this research as it aims to create understanding for a certain subject.

For the collection of data there are two methods that can be used; qualitative and quantitative (Riley, Wood, Clark, Wilkie & Szivas’, 2000). The main difference between
these two methods lays on the way data are collected and analysed. In qualitative techniques, the researcher’s ability to act as an interviewer or observer is very important. Furthermore, the number of respondents and the level of personal involvement in the process are semantic parameters when determining the data collection method that will be followed in a research. It is better to collect data by using qualitative methods when the level of involvement of the researcher/s is high and information is better obtained by participant observation (Riley et al., 2000).

Due to the aforementioned reasons, a hermeneutic view was chosen in combination with an abductive approach for the purposes of this research. Qualitative methods of data collection and data analysis were utilized aiming to a thorough understanding of the phenomenon under research. There are different techniques when performing qualitative research, one of them being the case study (Holme & Solvang, 1991). This research was based on a single-case study in order to collect rich and more in depth data. As Siggelkow (2007) also states, single-case studies have the ability to comprehensively and in detail explain and present a phenomenon.

The company selected for this single-case study fulfilled specific requirements. Those requirements derived from the perspectives of this research. Firstly, the selected company should be categorized as a Small-Medium sized enterprise. Additionally, one of the main objectives of this study was to examine the CRM processes followed by companies in a fast-paced industry. The selected company was operating in the design-fashion industry, which addressed the above objective. Furthermore, according to the literature review, there have been no previous studies examining Finnish companies for the topic under research. Therefore, this study contributes in a geographical sense to existing literature.

The data was collected through semi-structured interviews with six respondents, including the CEO and managers with varying responsibilities. Moreover, personal observations and archived data were utilized since the researcher was actively involved in the processes of the case firm. The researcher has used what Gummesson (2002a) terms “interaction research” which stems from the view that “interaction and communication play a crucial role” in the stages of research (p.345). Finally, in order not to add more complexity on the topic under research, only the CRM processes addressing B2B customers were examined and retail customers were excluded from the analytical frame of this research.
3.1.1 Data collection

For the purposes of this research, both primary and secondary data have been used. Secondary data is data that pre-exist and have been collected for another purpose. For this thesis, articles and books have been used as secondary data, based on which a frame of reference was created that assisted in the collection of primary data. Primary data is information that is collected by the researcher for the purposes of a specific study. In this thesis, primary data was collected through three different sources. Firstly, through interviews with executives of an SME operating in the design-fashion industry. Secondly, through archived data from the aforementioned company and finally, through personal observations of the researcher.

The interviews were semi-structured with predetermined questions and themes which were not strictly followed in a specific order. This allowed the researcher to obtain rich answers to the complex phenomena and the interviewees to express their own viewpoint and thoughts, achieving a more in depth contribution to this research. To assist a common understanding of the topic under discussion during the interview, CRM definitions as well as layouts of the perspective of the research were utilised, apart from traditional verbal communication. A simplified frame of the interview structure and themes is presented below.

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>CRM PROCESS IN THE CASE FIRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAIN THEMES</td>
<td>Overview of current CRM process</td>
</tr>
<tr>
<td>1) Advantages of current CRM process</td>
<td>1) Which is the targeted customer group?</td>
</tr>
<tr>
<td>2) Dissadvantages of current CRM process</td>
<td>2) How do you build relationships with the targeted customers?</td>
</tr>
<tr>
<td>SUBTHEMES</td>
<td>3) Identified patterns from the past related with customer retention and customer churn.</td>
</tr>
</tbody>
</table>

Table 2: Interview structure, themes and subthemes (Source: Author’s elaboration)
All the interviewees were directly or indirectly involved in the CRM process of the company. Interviewee 1 was the Founder, Head of Sales and Corporate Projects; thus, he was closely related with the CRM strategy and processes followed by the company. Interviewee 2 was the Founder and CEO of the case company and even though she was not directly involved with CRM processes, it was considered appropriate to discuss with her about the business strategy and goals of the company. The aim of this interview was to understand better the company’s business plan, value proposition as well as long-term goals, and also how well was the internal flow of information. Furthermore, Interviewee 3 was the Supply Chain and Wholesale Manager and he had a deep understanding and insight on the topic, offering rich information during the interview. Also, Interviewee 4, the International Sales Manager, was directly involved in the CRM processes and offered valuable insights during the interview. Lastly, Interviewees 5 and 6 were both partly related with CRM processes in the case company, handling certain B2B accounts each of them and therefore, they had useful information to share. The interviews were approximately 50 to 60 minutes long and they were all recorded and transcribed after the interviewee’s consent. Figure 5 gives more information about the interviews and interviewees.

<table>
<thead>
<tr>
<th>Number of interviewee</th>
<th>Title of interviewee</th>
<th>Years at the company</th>
<th>Date of the interview</th>
<th>Duration of the interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee 1</td>
<td>Founder &amp; Designer, Corporate Projects</td>
<td>16</td>
<td>26.05.2016</td>
<td>50 min</td>
</tr>
<tr>
<td>Interviewee 2</td>
<td>CEO, Founder &amp; Designer</td>
<td>16</td>
<td>16.05.2016</td>
<td>40 min</td>
</tr>
<tr>
<td>Interviewee 3</td>
<td>Supply chain &amp; Wholesale Manager</td>
<td>3.1</td>
<td>07.04.2016</td>
<td>50 min</td>
</tr>
<tr>
<td>Interviewee 4</td>
<td>International Sales Manager</td>
<td>1.7</td>
<td>28.04.2016</td>
<td>45 min</td>
</tr>
<tr>
<td>Interviewee 5</td>
<td>B2B &amp; Events Manager</td>
<td>3.7</td>
<td>21.04.2016</td>
<td>40 min</td>
</tr>
<tr>
<td>Interviewee 6</td>
<td>Store Manager &amp; B2B Sales Associate</td>
<td>5.5</td>
<td>06.05.2016</td>
<td>65 min</td>
</tr>
</tbody>
</table>

Table 3: Interviewee's information and interview timing, 30.5.2016 (Source: Author’s elaboration)

Moreover, in order to create a more comprehensive view of the phenomenon under research, feedback from the customer side was pursued. More specifically, the researcher created an online questionnaire addressed only to wholesale customers. Unfortunately the response rate was so low that could not be included in the data of this research. Alternatively,
feedback through personal emails was pursued. However, responses were again rather sporadic.

Finally, archived data was collected and analysed in order to identify patterns between seasons and understand better customers’ buying behaviour. This process was rather timely and complicated since the firm was not utilizing systematic techniques of collecting and analysing those types of data. All the above sources of information, in combination with personal observations of the researcher, assisted in the understanding of the CRM process in the case company and the formation of conclusions. The results of this research are presented in the following sections.
3.1.2 Content Analysis

This study follows the content analysis techniques to analyse the collected pool of data. According to Miles & Huberman (1994), there are three major phases when conducting a content analysis: data reduction, data displays, and conclusion drawing/verification. During the first stage of data reduction, categories aligned with the research questions and interview questions were constructed. These three categories were:

A. Understanding the current CRM processes and strategy followed by the case company
B. Identifying results from the current CRM processes and strategy in the case company
C. Forming a suggested strategy framework for CRM

Following this broad categorization, sub-categories were created in order to organize more effectively the collected data. For the first category, “Understanding the current CRM processes and strategy followed by the case company”, sub-categories such as “Building relationships”, “Customer lifetime value”, and “CRM strategy in the case firm” were created. In the following category, “Identifying results from the current CRM processes and strategy followed by the case company”, five sub-categories were constructed, some of them being “Strategy evaluation”, “Customer satisfaction measurement”, and “Most common customer feedback”. Finally, the last category, “Forming a suggested strategy framework for CRM”, includes subcategories such as “Data utilization” and “Customer feedback utilization”. This categorization helped in the sense making process from the collected data and revealed critical issues which addressed the research questions. All the subcategories are presented in Table 4 below.
During the second face of content analysis, all the collected data were elaborated in a table including all the main and sub-categories. This data allocation helped in the processual understanding of all information and categorization of most relevant data. The table created by this process was encompassing concise but rich data, organised by themes and sources of information. Following the completion of this table, conclusions could be drawn shaping the findings of this study. The content analysis process of this study is presented in Figure 4 below.

Table 4: Content analysis (Source: Author’s elaboration)

<table>
<thead>
<tr>
<th>Categories</th>
<th>Understanding the current CRM processes and strategy followed by the case company</th>
<th>Identifying results from the current CRM processes and strategy in the case company</th>
<th>Forming a suggested strategy framework for CRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-categories</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer segment</td>
<td></td>
<td>Measurement of CRM process efficiency</td>
<td>Suggestions from interviewees</td>
</tr>
<tr>
<td>Building relationships</td>
<td></td>
<td>Strategy evaluation</td>
<td>Customer feedback utilization</td>
</tr>
<tr>
<td>Customer lifetime value</td>
<td></td>
<td>Customer satisfaction measurement</td>
<td>Data utilization</td>
</tr>
<tr>
<td>Customer classification</td>
<td></td>
<td>Most common customer feedback</td>
<td></td>
</tr>
<tr>
<td>Collection &amp; utilization of relevant customer information</td>
<td></td>
<td>Practical examples</td>
<td></td>
</tr>
<tr>
<td>Advantages of current CRM processes/strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disadvantages/problems in current CRM processes/strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRM strategy in the case firm</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4: Content analysis process (Source: Author’s elaboration)
In this chapter additional information about the case company are presented. As it was stated also in chapter 3.1.1, three sources of information were utilized: interviews, archived data, and researcher’s observations. Based on these three different sources, a description of the current CRM processes in the case firm is elaborated and presented in the following section. Moreover, this chapter presents archived data from the case company, allowing a better understanding of the customers and sales variations between seasons.
3.2 Research data

In this chapter, the collected data related to the case firm are presented. Initially, basic information about the case company is presented. The reader is introduced to the business model of the case firm and its value proposition. Additionally key markets are mentioned and the nature of the offered products is explained. In the following section, a description of the current CRM process followed by the firm is presented. Researcher’s interpretations and interviewee’s statements are combined to create an understanding of the existing CRM strategy and operational processes. Next, fact based results are illustrated based on the analysis of available archived data.

3.2.1 Case company description

For the research purposes of this thesis, the customer relationship management processes followed by a Finnish company headquartered in Helsinki were examined. The case company is a high-end design-fashion brand, although it is not considered as a luxury brand. Their product range varies in several key categories including more than a thousand different products, and they are also seeking for new opportunities. However, they are mostly known for high quality leather bags and they are leading in the industry in which they compete. Currently, they own two stores and they are preparing for the forthcoming opening of a new store in Sweden as well as several pop-up stores in other locations. With a yearly turnover around 1.5 million and a fairly small number of employees (<50), they are categorized as a small enterprise.

The revenues distribution is divided between four different channels. Retail stores, which include both online and offline stores, represent almost 50% of total revenues. Wholesale channel follows with approximately 30% of total revenues and the remaining percent of revenues is divided between design projects for corporate customers and co-branding, and event production.

Considering the value and volume of transactions, Finland is the most important market for the case company. However, there have been successful steps to
internationalization and also, the products of the enterprise are available in more than 20 countries through its wholesale channel. New York City, Tokyo, Paris and Milan are some examples of countries at which the company has established a successful presence in the market. Additionally, the online store enables global availability of products. Overall, due to the nature of the industry as well as fluctuations in the seasonal demand, and historical reasons, the key markets are changing from season to season.

The case company has a dynamic and sustainable supply chain. In its efforts to maintain cooperation with ethical vendors and avoid useless transportations, the case company is producing 75% of its products assortment in Europe, Portugal, Spain, Italy and more recently Sweden and Latvia. India is also an important country for its supply chain since they have established a loyal and long lasting relationship with vendors there. The case company’s value proposition is deeply embedded with sustainable product design which means that the designed products contribute to a social and economic well-being, by using sustainable resources and methods that have the smallest possible impact on the environment. The aforementioned facts add on complexity to the supply chain management as well as the customer relationship management which will be analysed in the following sections.

3.2.2 Description of current CRM process in the case company

Understanding the current situation, processes and strategies in an organisation is the first step to identify advantages, disadvantages and make changes. One of the benefits of small enterprises is that they have a more comprehensible organisational design than larger enterprises, meaning that all the required processes are distributed to a limited amount of employees. This fact may lead to overlapping responsibilities but it also enables an easier identification of bottlenecks and mishandling operations.

Considering the case company and its characteristics, several advantages and disadvantages of SMEs have been identified. Starting from personal observations related to the CRM processes, an initial framework has been elaborated. To thoroughly understand the followed processes for CRM in the case company, interviews with all the executives related to this process have been conducted. The questions were related to all the different stages in a
customer relationship management process aiming to create a well-rounded view of the current situation.

A relationship between a company and a new B2B customer can be initiated in different ways. For instance, a potential customer might learn about a company through tradeshows, personal relationships or word of mouth. Also, the company can trigger a relationship with a potential B2B customer through targeted research and contact with selected companies via several means. In the case company, new customers are acquired mainly through tradeshows around Europe. According to three of the respondents in the interviews, emails or phone calls are usually not effective ways of approaching new clients. The nature of the product requires physical contact so that the customer will be able to test it and understand the quality of the materials. Furthermore, the geographical region of potential customers is very important in this process. “Customers within Helsinki are more approachable since we can arrange business meetings or dinner, or invite them at our showroom” informant 4 says. “For customers outside Finland, almost the only way to get in contact with them is through tradeshows where they can see our products and meet our representative”.

The CRM process in the case company could be characterised as very practical and focussed more on the processes than the strategies. The calendar year is divided into two seasons, namely fall-winter (FW) and spring-summer (SS), and the CRM processes start each season by participating in tradeshows and contacting clients to collect the seasonal purchase orders. Through tradeshows, contact information from interested customers is collected. Some of them might already place a purchase order during the tradeshow and the rest will show their interest and give their contact information for future communication. Based on this distinction the customers are categorized in two groups, namely “prospects” and “customers”, and their contact information are imputed in the ERP system.

For prospects, immediate emails providing information about the company and the product assortment is required. The aim is to turn those accounts to customers which mean that active communication and sales is necessary. The window frame is very important in this situation and as informant 1 emphasises, “If they don’t answer within two or three weeks then they are most probably a dead case, meaning that the possibilities to get an order from them is minimised”. From this group, some of the prospects will place a purchase order and they will be moved to the customers’ group and the rest will be in the inactive prospects group.
For customers, the first CRM step is to import the purchase order in the ERP system and then send to the client an order confirmation as well as information about the availability of his/hers requested products and the estimated delivery time. This step might seem fairly simple but usually there are several bottlenecks which delay the process. Firstly, the initial P.O. is handwritten which in some cases creates trouble with identifying the products or the quantities. Furthermore, in some cases the agreed price might differ compared to the actual price or there might be even combinations of products and colours that the enterprise is not producing. Also, in rare cases it might be challenging to find the required contact information of the customer. Additionally, confirming availability of products is time consuming since in several cases double checking is necessary. Finally, lack of standardized sales terms and personalized services add on complexity to the process. The aforementioned problems create delays in this first step and require additional time and communication with the clients.

Following this step, the purchase orders have to be archived based on the delivery window in two categories, namely “immediate deliveries” and “special delivery dates”. The orders with special delivery date have to be sorted by chronological priority and when it is time to start processing them, they follow the same processes as the immediate deliveries. For the immediate deliveries, availability check and packing have to start as soon as possible. This step is crucial, time consuming and it depends on numerous parameters such as the suppliers, the enterprise’s resources or day to day obstacles imbedding the optimum efficiency of operations. The delivery window is usually two months which means that planning and consistency are very important in this industry. The reasons why this step is of significant importance for the enterprise are multiple but most importantly, it highly affects relationship building with customers and corporate branding of the company in the wholesale market. Ideally, the order should be ready for delivery within the pre-scheduled time frame and specific standards for the quality of the products as well as the overall presentation have to be fulfilled. However, this might not be always possible due to the number of employees involved in this process, the confliction of responsibilities and lack of clearly stated standards.

Once the availability check and packing is completed, it is possible to categorize the orders in hundred percent fulfilled or partially fulfilled. For those orders that are fully completed the shipping cost can be calculated and then, depending on the client an invoice or prepayment invoice is created. For new clients prepayment is required which means that the prepayment invoice will be sent to them and once the payment is confirmed the enterprise
can proceed with the shipment of the goods. For older clients, prepayment is not necessary and in this case the order will be shipped together with the invoice for which the payment terms vary from case to case. For the orders that cannot be immediately fulfilled, the process is more complicated and the decisions have to be made on a case by case basis. In general there are two options, either offering to the client partial delivery with the amount of products that is possible to be delivered, or informing the client that there will be a reasonable delay in his/hers shipment and start negotiating for alternatives.

Following this stage of negotiating and shipping orders, there is an ongoing account management process during which further communication with some accounts is necessary. Cases such as returns of products or complains are handled during this stage. Additionally, invoicing and confirmation of payments is pursued during this stage which might be resource consuming is several cases. Reorders are also included in this phase and depending on the results, the same steps described above are followed. The CRM process ends by the time all the purchase orders will be delivered and all the invoices will be paid. Figure 5 illustrates a simplified flowchart of CRM operations in the case company as they were analysed above. Of course, there are also particular clients or cases for which different processes are followed but it is not in the interests of this chapter to analyse those isolated cases.
Figure 5: Flowchart of current CRM processes in the case firm (Source: Author’s elaboration)
It is apparent that the current system of customer relationship management in the case company is more process oriented and ad hoc decisions are quite common due to numerous parameters. At the same time, strategic planning is not evident in the sequence of CRM processes and this fact was confirmed also by the interviewees. All the above resulted in a misalignment of the overall strategic goals of the company and CRM system. The main disadvantages of the current CRM system could be summarized as follows:

- The number of employees involved in this process as well as the fact that a clear strategy and standard quality level of services is not established between them, creates confusion for both the employees and the customers, variations in the corporate branding and lower operational efficiencies.

- The current form of purchase orders creates delays in the CRM process, unnecessary communication with clients and operational deficiencies.

- Customer relationship building is hampered by availability issues.

- Feedback from wholesale clients, a very important ingredient of the CRM process, is missing in the case company. It is collected only sporadically and it mainly affects the product development team.

- The case company is offering in most cases personalized services, which are not necessarily negative but it is surely more time consuming.

- Clearly stated strategic plan which would cover and lead all the CRM processes is missing.

On the other hand, the enterprise under research has succeeded to build a reputable corporate branding during the years. The main reasons to which this success is attributed are the quality of the products as well as the quality of the services that they provide. Furthermore, since the case company is fairly small, the clients have the opportunity to meet the founders of the company and understand the essence and vision of the brand. Main advantages of their current CRM processes are:

- Personalised services which assist in relationship building.

- Flexibility in terms and processes which benefits both the customer and the supplier on different levels.
- Lack of established processes creates opportunities for development and freedom for experimentation.

- Adaptability due to short time windows.

Suggestions based on the gaps and opportunities that are identified from this chapter, are going to be elaborated in following sections.
3.2.3 Data from archives

As it was described in the above section, CRM processes in the case firm have been focused on an operational level. Due to several reasons which will be analysed in following chapters, there has not been any emphasis on the strategic part of CRM. Additionally, the overall strategic aims of the company where not directly reflected on the followed processes. Systematic collection of customer data or customer feedback has not been pursued thus far. Furthermore, the case firm has not followed any evaluation system of its CRM. Consequently, summarized results for each season related to organisation’s performance were not available. This resulted in a very time consuming process of editing, combining and analysing available data. It should be noted that due to the above reasons the results present a higher deviation rate. Therefore, all the analysed data and subsequent results have been used only as indicators but not as absolute metrics.

Data related to customer engagement and buying behaviour were collected. Based on the identified industry norms, questions such as “how feasible is it to build long-term business relationships in the sustainable fashion industry?” were examined. The time frame of research has been between 2014 and 2016, including 6 different sale seasons (SS14, FW14, SS15, FW15, SS16, and FW16). Since this study was completed during November 2016, only data until the end of October 2016 was included in season FW16. Even though the season was not completed, the data could reflect the results of the season therefore, it was considered as relevant to be included. Below, the results of the data analysis are concisely presented:

- Ad hoc clients account for 65% of total customer portfolio.
- Based on the customer lifetime value between those 3 years, the following segmentation occurs:
  - About 33,64 % are small account with value less than 1000 EUR.
  - About 63,60 % are accounts with value between 1000 and 29000 EUR.
  - About 0,92% are customers with value between 30000 and 99000 EUR.
  - About 1,84 % are customers with value more than 100000 EUR.
- 30% of the customers are domestic, 50,7% from Europe and, 19,3% outside Europe.
The ratio of new clients to total clients per season has been on average 50%. More specifically, for seasons FW14, SS15, FW15, SS16 and FW16, the ration has been 45.8%, 61.4%, 53.5%, 50% and 52.1% respectively.
4. Research findings

In this section the third phase of content analysis is elaborated. Following the data allocation between three main themes, each of them including several sub-categories, results from this research can be presented. Three are the main themes that are addressed: 1) Understanding the current CRM processes and strategy followed by the case company, 2) Identifying results from the current CRM processes and strategy in the case company, and 3) Forming a suggested strategy framework for CRM. The subcategories of these themes are presented in the table below. All the quotes that are included in this chapter are directly from the interviewees, made accurate through transcriptions of the interview recordings.

<table>
<thead>
<tr>
<th>categories</th>
<th>Understanding the current CRM processes and strategy followed by the case company</th>
<th>Identifying results from the current CRM processes and strategy in the case company</th>
<th>Forming a suggested strategy framework for CRM</th>
</tr>
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<tbody>
<tr>
<td>sub-categories</td>
<td>Customer segment</td>
<td>Measurement of CRM process efficiency</td>
<td>Suggestions from interviewees</td>
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<td></td>
<td>Building relationships</td>
<td>Strategy evaluation</td>
<td>Customer feedback utilization</td>
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<td>Customer lifetime value</td>
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<td>Customer classification</td>
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<td>Collection &amp; utilization of relevant customer information</td>
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<td>Advantages of current CRM processes/strategy</td>
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<td>Disadvantages/problems in current CRM processes/strategy</td>
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<td></td>
<td>CRM strategy in the case firm</td>
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Table 5: Main and sub-categories of content analysis (Source: Author’s elaboration)
4.1 Understanding the current CRM processes and strategy followed by the case company

The purpose of this theme was to comprehend the CRM strategy followed by the case firm. For this reason, data related with the processes as well as the strategic planning of the case firm was collected. Additionally, the operational CRM framework that was presented in section 3.2.1 was utilized for the same purpose. Based on those data and interviews, conclusions could be drawn. The interview questions were not the same for all the interviewees since each of them has a different focus. In particular, two of the interviewees were more concentrated on the strategic part of CRM, and the other four on the processes. This section is divided into 8 chapters: a) customer segment, b) building relationships, c) customer lifetime value, d) customer classification, e) collection & utilization of relevant customer information, f) advantages of current CRM processes/strategy, g) disadvantages/problems in current CRM processes/strategy, h) CRM strategy in the case firm.

4.1.1 Customer segment

The identification of the desired and actual customer segment of the case firm was the first topic under discussion with the interviewees. All of them agreed that the main customer group has been smaller boutiques, and not particularly Finnish but mostly international. It should be noted that data related to the customer’s size were not available. However, it would be interesting to examine the segmentation of current customer portfolio. Interviewee 4 described more comprehensively the actual customer group:

"I don’t know statistics but mostly are small stores who want to have unique brands and they are not interested in mass market brands. There are shops that are interested in design products. The competition is of course fierce if you think the price points of ZARA or H&M but there are still people who want to buy design items and appreciate the quality and unique design of such products. Our brand is satisfying that market."

Considering the potential customers Interviewee 4 adds:
“In our case it’s more about branding. We are known for the quality of our leather bags but as you have seen Scent line (Bath salts, soaps, candles and bath oils) is also growing. I believe that whatever we start under the “umbrella” of our brand can be successful as far as it meets our customer’s expectations. The concept of natural products and the sustainable idea are suitable for leather goods. So if you think of the material (leather) the market is narrow but if you think from the brand side, it is limitless / broader.”

Furthermore, it is remarkable that none of the Interviewees 3, 4, 5, and 6 mentioned anything about the strategic plan on the topic. Interviewees 1 and 2 commented on the strategic approach to CRM and more specifically, on who is the targeted customer. Both informants agreed that the strategic goal is to approach more department stores. As Interviewee 1 commented:

“We are mostly into boutiques at the moment. We have also some department stores as customers, but we should definitely chase more department stores where the processes and money are way easier. In boutiques they will place small orders and then it takes resources from us to prepare everything and in some cases it is also a nightmare to get the money back.”

Interviewee 2 gave more information about the past and also stressed the importance of focussing on bigger accounts:

“I think that bigger stores are the future. For example, ten years ago when we were participating in tradeshows there were much more boutiques and they were buying a lot but now the industry has changed. Many of those boutiques have died out because of the bigger players that come in the game and massive online retailers. So it makes sense to focus more on bigger clients such as department or concept stores especially when we are in a new country, because retail buyers have also more confidence when they see us in such stores, they feel that it is a good brand. Also, they have potentially more choices to choose from because we have many SKUs and in a boutique usually they buy only few styles and bigger stores have always wider collection.”

The main advantages that were recognised from Interviewees 1 and 2 for this strategy were: increased financial profit, better utilization of resources, greater possibility for long lasting relationships with customers, and greater potential for building awareness of the brand among retail customers. This last argument was justified by Interviewee 2, explaining that
when retail customers see the company’s products in well-known department stores, the brand automatically gains value since they perceive it as a well-known brand. Also, department stores have the potential to present the story and feeling of the brand, offering better customer experience to retail clients. On the contrary, small boutiques usually do not have the space or enough of the case company’s products to do the same. As a consequence, the market in Finland is positively affected by building awareness of the brand internationally. This result is linked also with the general strategy of the company which is explained in a following section.

4.1.2 Building relationships

The answers of the interviewees have been divided in two directions: international and domestic customers. The ways of approaching clients and maintaining relationships have been dependent on the geographical factor. For domestic customers, common practices for approaching new clients, or building relationships with existing customers, have been the invitations to the showroom and other events organised by the case firm, or business dinners. As Interviewee 3 commented:

“In Finland, the market is so narrow that you know who the customer would be and you can invite people to the showroom, show your collection, and go to their offices. So it is basically very personal relationship based.”

For international customers, tradeshows have been the most common place to meet new and old clients. The case company participates every season in 2 to 3 tradeshows, represented by one of the founders of the company. During those trips, it is possible to meet old clients and maintain a relationship, but also get in touch with new ones. As Interviewee 1 said:

“We find new customers through tradeshows. Also, in every city that I am going I always save some time to visit some potential accounts and leave my card and brochures. It might not work in the short-run but in the long-run we can invite them to tradeshows and you never know.”
Interviewee 1 also mentioned that in the past, business trips have been attempted by the Sales Manager but the results were not as expected. Due to mainly financial reasons, those trips were discontinued and emphasis was given on the tradeshows. Moreover, regarding the strategy that is followed for building relationships with clients, Interviewee 4 stated that:

“"It depends. With international clients we don’t have the chance to go out for dinner or meet them. With Finnish clients we usually do that. I don’t know. We send greeting and we try to build a relationship and more informal way of communication through emails. Learn about their personal life and find something to connect with them. Sometimes it’s working sometimes it’s not. It depends on the person and how open they want to be. I think building an informal way of communication is more important in this field because fashion is not so ‘strict’ as other fields. So there are not any specific strategies that we follow."

The importance of trust as an element in a professional relationship was stressed by Interviewee 6. More specifically, the informant stated that internal miscommunication in the company leads to significant problems in CRM which affects mainly the trust between the supplier and the buyer. On the question “How do you build relationships with existing customers?” Interviewee 6 responded:

""It’s quite tricky because it’s based on trust. In some cases there have been huge problems with shipments for several reasons. For examples, there have been products that were cancelled from production but I wasn’t aware of. When you learn about those kinds of things at the last moment it is difficult to do some damage control and keep a good relationship with a client. If I was informed early enough I could communicate with the client and suggest other products but when I learn too late about changes or I do not hear about them at all then there is nothing I can do. There have been cases that we have lost some clients due to that reason, and I’m surprised that we still have one of my clients! I thought she would drop us because there has been so much mess up with her orders. Generally I think that it needs communication and the more the sales people know the easier it gets to keep a client and build relationships."

Furthermore, the product itself that the case company offers, affects drastically the sales as well as the approach of new clients. Since all the products are made of natural leather, almost each of them is unique. This might be appreciated by some clients but it also creates problems in some markets where they do not accept any fault or heterogeneity
between products. For instance, Interviewee 2 mentioned that their customers from Japan have very high standards and they are not tolerant to any variations or faults. This fact restricts the range of products that the case company can offer to Japanese clients and also increases the possibilities of complain. Interviewee 3 refers also to the fact that initiating a business relationship is harder due to the product:

“Takes time to trust a new brand and the nature of the product requires personal contact, you have to see and touch the product before you decide if you like it or not. So sales through emails or phone-calls are basically not possible.”

Lastly, a statistical analysis reveals that the ration of new to total amount of clients per season ranges at 50%. More specifically, for seasons FW14, SS15, FW15, SS16 and FW16, the ratio has been 45.8%, 61.4%, 53.5%, 50% and 52.1% respectively. The reasons that trigger those results could not be examined in depth due to lack of information. However, this ratio could be an indicator of industry norms and operational efficiency. Additionally, the data analysis presents a clear geographical distribution of clients. Domestic customers account for 20% of the total client portfolio. European and non-European clients represent a 50.7% and 19.3% percent, respectively. This distribution is an indicator of the investment needed on building relationships. Furthermore, it implies appropriate methods of approaching clients and building bonds, and provides useful insight that could be used in the strategic phase of CRM planning.

4.1.3 Customer lifetime value

The results from the interviews were contradicting regarding how the customer lifetime value is evaluated in the case company. On the one hand, all the interviewees supported that it is difficult to evaluate the lifetime value of the customers and that an organised measuring system has not been implemented before. On the other hand, only one of them supported that the company is conducting statistics by season. More specifically, when interviewee 4 was asked about how she keeps track of customer’s activity she answered:

“I’m not sure, I don’t think I measure it someway but I think the most active customers are the most annoying because with small orders they try to discuss everything.
Maybe because they have more time than bigger companies. Of course you have to be polite and answer to them every time but you can see that they ask unnecessary questions that normally other people wouldn’t ask. Generally, we do statistics by season and we also keep track of the talks.”

On further examination of this topic, it was clarified that the informant was referring only to specific accounts for which season’s sales value is calculated. The Interviewee also added:

“It is difficult to say in wholesale. If you look at the value of the order it might be a big account but if you look at the reorders, they might be ordering once. I think that 20% are those who reorder and the rest are ad hoc clients.”

Interviewee 3, when asked about how the customer’s activity is measured, he stated that:

“Only through the Online retail channel, but these are aggregated data and there are certain metrics that are followed up. But, it’s not possible to trail down by customer.”

Regarding the wholesale clients the interviewee explained that the nature of the industry affects the lifetime value of the customers. More specifically, he stressed the fact that in the fashion industry there are many changes between seasons. This affects a lot the lifetime value of customers since even though the professional relationship between the company and the client might be going well for one season, then on the next season demand for colours or styles might change, which inevitably ends the relationship with the client. Furthermore, there are customers who work only on a seasonal basis, shops that are in touristic areas and open only for summer season for instance. In those cases, the lifetime value of the customer is again difficult to be evaluated.

Interviewee 6 mentioned that she is not measuring the lifetime value of her clients in the long-run, but rather focus on each season. According to the interviewee:

“For the wholesale accounts that I am handling I work with seasons. I don't track specific metrics.”

According to the results from the data analysis, ad hoc clients account for about 65% of the total wholesale accounts since 2014. This result however was not reflected in any of the interviewee’s responses. The reasons that could trigger such results could not be
examined due to lack of available data but it would be an interesting direction for further research. Additionally, after the examination of collected data it was evident that the total client portfolio could be segmented based on the customer lifetime value. More specifically, four main segmentation groups were identified, namely; small (<1.000), core (1.000 <x<29.000), medium (30.000<x<99.999), and big (>100.000). Those results are elaborated further in the following section.

4.1.4 Customer classification

The target of the questions on this topic was to identify if the processes of CRM in the case firm change, based on a customer classification. For this purpose, only the interviewees directly involved with this topic were asked. It is noteworthy that each of them gave a different answer. Interviewee 1 described a rather personal classification of customers which is accessible to other employees only through the notes from conversations between the customer and the interviewee. Informant 1 recognises also the importance of implementing a classification system that would be accessible by everyone in the company. As he mentioned during the interview:

“I do have a classification in the talks but it would be good to have it in our ERP system. Something like a 5 star rating system should be easy to put in place.”

Interviewee 3 answered by distinguishing clients based on the type of collaboration they have with the company or the terms of transactions between them.

“There are customized services. For example, we design products for certain customers, of course there are minimum order quantities for that area. In other cases, our brand logo has also been erased in some collaborations. Different payment terms for different customers. Special requirements for packing maybe. Or other requirements. Let’s say it’s not that standard. I would say it makes sense to offer more customised services to key accounts and not to smaller ones. But I think currently we are not doing it as well as it should be.
There is no such distinction, and basically all the accounts go through the same process except if special service is requested. This is very time and resource consuming. There is no difference if it’s 10 pieces order or 100 pieces.”

The interviewee also continued by explaining his perspective of how an effective segmentation would be:

“The size of the industry is also very small and personal relationships affect the processes that we follow in the company. For example, there might be a very small order, if you think from the numbers point of view, but because there is a close relationship between the customer and the owner, some really special service can be offered to them. At this point, it would be interesting to think about creating more automated processes. Let’s take Google as an example. They offer such a good product that even my grandmother can use it without having to contact them for help and it has been actually very hard to give a call to Google. So this is the one end, which you can scale it in order to have lot of small customers. The other end is to have a hot line and say “call whenever you want, we are there to help you”. Of course there should be this kind of segmentation.”

Moreover, Interviewee 4 describes an independent classification of customers based on her own ways of working:

“I have my own classification of clients depending on different parameters such as their size. For example, department stores or chains (ex. scandium) are very important and strategically it makes sense to focus on them. Also they require a lot of time and effort until you seal the deal with them. Those clients are in category A. In category B, I have those boutiques that on the one hand are small but on the other hand they have a good reputation for design brands and they add value to our brand. The rest clients are going to category C.

On my own classification I distinguish clients based on how our relationship has been initiated. If it is a client that has contacted us I don’t need to spend so much time but if it is a client that we have contacted then it takes a lot of time to study their portfolio and see how they match with our brand. My aim is to keep track of how much time I spend on each client. It is important for me to understand how effective can I be in less hour. This is the way I work and it is not a general line from the company.”

The interviewee also added regarding the differences in provided service between clients from different categories:
“Definitely for customer categories A and B we provide more customised services because they affect a lot our business. Also, they require a lot of attention because they have specific demands (ex. Price labels, delivery terms, special merchandising) and there might be 10 people involved in the buying process.”

Finally, Interviewees 5 and 6 had only limited amount of clients which would not require any type of classification. However, Interviewee 6 commented on the general situation in the company:

“I have my own customers; there are only few B2B accounts. Generally in the company we have prioritized accounts.”

The results from the data analysis imply a clear classification of clients. More specifically, four main segmentation groups were identified, namely; small (<1,000), core (1,000 <x<29,000), medium (30,000<x<99,999), and big (>100,000). Based on this classification, the organisation’s processes could be adapted, adding value to the most valuable customer groups. Additionally, those results could affect the business strategy of the case firm by re-evaluating goals and setting new targets.

4.1.5 Collection & utilization of relevant customer information

This area of data collection has been underdeveloped in the case company. Based on the answers from the interviewees, it is apparent that the company was missing resources and expertise for the collection of customer information which would provide improved CRM operations. Interviewee 3 stated during the interview that:

“No. there has not been time or resources to improve this area.”

Basic information about the clients, such as country of operation, phone number, address, email and maybe contact names, were archived in the ERP system. Any additional customer information that the company had until the period of this research was not in a homogeneous form or concentrated in one platform. According to Interviewee 4, customer information was used only for invitations to different events, such as tradeshows,
store/showroom events, or for marketing reasons. During the interview, the informant mentioned that:

“We have the Google drive if someone wants to find more information. Mostly, we use the information to invite customers at tradeshows, events or for marketing reasons, if we open a new store for example."

The data analysis revealed a geographic distribution of the client portfolio. Domestic, European and non-European clients account for 20%, 50.7% and 19.3% percent, respectively. Based on those results a classification could be conducted, creating insights on how cultural differences affect business relationships. Furthermore, the strategic aims of CRM could be re-evaluated on this basis. Additional information about the clients, such as their size, could provide interesting information but those were not available in the case firm. However, customer intelligence rise from the literature as an integral part of CRM and further attention should be given.

4.1.6 Advantages of current CRM processes/strategy

The current CRM processes that are followed in the case firm present several advantages. Their operating model allows offering more personalized services. This might include more flexibility for the requests of the customers or for possible changes in their orders, or variations in the quality standards between clients. Furthermore, different payment terms can be agreed in several situations. Those kinds of arrangements usually benefit the client and the case company has the advantage of gaining a customer or building existing relationships. Additionally, time frames or deadlines have been compromised in many cases affecting payments or deliveries. As Interviewee 4 also stated during the interview:

“We always take our client’s requests into consideration. Usually bigger brands will not spend time on changing colours for example for small orders. In our case, we are very warm with our clients and we try to satisfy their requests. Our customers are usually small boutiques which mean that the buyer is also the owner and keeping a good relationship is very important in this case.”

Interviewee 3 also commented briefly on the strategy that the company is following:
“First comment about the strategy, I think the time window is extremely short in this company, it’s good and bad, good thing is that you can fairly fast change things, {…}”

4.1.7 Disadvantages/ problems in the current CRM process/ strategies

It is remarkable that each of the interviewees stressed out different problems when they were asked about the disadvantages of the current CRM processes and strategy of the case firm. Numerous issues were identified however; availability problems were recognised by all the interviewees as one of the most critical disadvantages that affects CRM. More specifically, delays in the development and manufacturing process lead to numerous issues with account management. Primarily, it adds on the time that employees have to spend with each account. Additional communication and negotiation is required when changes on the initial order have to be made. In many cases, this may result to agreement breach by changing the delivery time, cancelling part of the order, or lost sales. As interviewee 1 stated:

“Availability issues are the main problem that we are facing. We are losing sales due to low turnaround time with our suppliers. We have orders but we can't fill them.”

Moreover, availability issues which result to late deliveries, affect the customer’s sales. Since the sales season in the fashion industry is quite short, each customer has limited time to sell before the “end of the season” sales start. Therefore, delay on deliveries from the side of the case company, is a major drawback which affect CRM but also corporate branding. Interviewee 3 commented on this topic:

“It’s really bad that we are facing delays in the arrival of products because we have to deal with seasons. When you are delayed at the beginning of the season, then you miss all the newness of the product and the reordering opportunities then you push the time so end of season sales will start coming. It’s really critical to get it right.”

Additionally, Interviewee 4 explained in more detail the above issue:

“You can see from this season, from the total of pre-orders that we collected for SS16 I think we couldn’t deliver about 30%. I don’t know exactly the statistics but those are money that we lose. I don’t think that the clients usually tell about it but if I was in their shoes for
example and had a store, I would have a budget for the season which I spent on pre-orders and if the season comes and I don’t have any goods to sell of course I will be annoyed. That builds bad reputation for our brand and clients lose their trust on us.

If you are able to deliver everything in January they can have good sales but if you deliver in April this means that they have only one month to sell before the sales start. Of course they don’t have to put your stuff in sales but when there are general sales it can be confusing for many stores. Late deliveries are a big problem. The competition is very hard, all small stores start sales very early now, I think it used to be July-August but know they start from June and you can’t compete with that.”

Interviewee 6 referred also to the problems that availability issues create and she added that the issues that they are facing with the suppliers affect also sales and consequently CRM. More specifically she stated that:

“In the showroom I might hype about products and manage to sell them and at the end they are not even coming. This is a big problem for me because I have to go back to the client and find some reason to justify the changes.”

Furthermore, Interviewees 3 and 6 commented on the resources of the case firm and they both supported that low resources lead to more complication in CRM. More particularly, Interviewee 3 mentioned that limited resources do not allow for development in the CRM processes. Interviewee 6 added that due to limited resources they face problems with their inventory count and ERP system:

“The quantities of the products in our EPR system are wrong in some cases. This means that before I confirm any order to the client I have to go back to the inventory and physically check that we have the product. Of course since most of the days I’m not at the office my job gets more difficult. I have to ask from someone at the office to check or confirm with the client and check when I go.”

Interviewee 6 said also in relation to the resources that:

“There is no one at the office to make sure that the orders are getting out on time. Also, there is definitely lack of standards for the deliveries and quality of the products. It happened sometimes that I’ve been at the office and saw products in the boxes of my clients that I would never send to them. For example with natural line that the leather is untreated,
they have putted products to ship that the leather has already started to get tanned. What’s the point for that? I prefer not to send anything than sending a product that is not okey. I don’t know what the problem is. Maybe because we get inexperienced people to do the job or because there are many people involved and standards are not clear.”

In relation to problems that are created from the product and quantities in the ERP system, Interviewee 4 also added that:

“Sometimes we offer styles that we don’t have in our stock which brings a lot of negotiation after they have placed their order. We have to contact them multiple times, try to find alternatives and conclude and agree on a different deal.”

It is apparent that low resources create problems in the CRM of the case firm not only by increasing the response time to the clients but also by affecting the trustworthiness and corporate branding of the firm. Moreover, Interviewee 6 states that development is needed on the internal information flow:

“I don’t know what is going on with the suppliers and when we are receiving products or when receiving dates change. Of course I can’t call every day at the office and ask what is going on why those products and are we getting those products because they will just block my number! So it is very difficult to work like that because I cannot inform my clients. We should have a better way of communication, I don’t need to know what is going on with the suppliers or what is the reason for the delay but I need to know when we will receive the products so that I can contact my clients on time.”

Interviewee 1 recognises the need to have more information about each client. This would come along with the company’s strategy to offer more personalized CRM. As the informant stated during the interview:

“We don’t have enough information in our system. It would help if we had more personal information or notes such as to whom you should talk to in this company, who is making the decision or when should you contact them. By personal information I mean birthdays, kids or staff that you can base a conversation on. Then the next time you contact them and you mention something like that, they are impressed. The customer thinks that we remember him and we build more intimate relationship.”
Additionally, Interviewee 3 stresses the importance of managing expectations. As it is reasonable to argue, setting expectations is an important element of CRM since the customer knows what to expect. As Interviewee 3 explained:

“In my opinion, managing expectations is very important. Letting the clients know what they should expect and understanding what happens before the delivery and what services they should expect after they receive their products. This would reduce also the work that we have to do at the office.”

Moreover, Interviewee 3 recognised that a better customer classification is needed:

“...Also, more customised services for different kind of customers are required. I believe this would reduce the work on our side and add more value to different sized companies.”

Lastly, the importance of a clear strategy is mentioned repeatedly by Interviewee 3. According to the informant, the short time window for decision making leads to ad-hoc choices which hamper the creation of a long-term plan for CRM. Additionally, the strategic goals of the organisation were not reflected on the CRM processes which results to further inefficiencies. The interviewee commented during the interview that:

“First comment about the strategy, I think the time window is extremely short in this company, it’s good and bad, good thing is that you can fairly fast change things but then it’s unclear what is the long-term plan and where the company is going. And then, it would be good that there would be clear programs inside, let’s say, how this part is going to be developed. The development resources are really limited. I think there is lot to improve in this area. Now there are more data available so it is possible to have more fact based decisions. Now it would be just crystallising what the strategy should be and what would be the next steps.”
4.1.8 CRM strategy in the case firm

An overall description of the current CRM strategy of the case firm was asked by each interviewee. Based on their answers it could be argued that a clear strategic plan is not applied. The answers varied between informants, showing that there is not a specific line that everyone follows. For instance, interviewee 6 commented that:

“I don’t think that there is a clear strategy. There is a wish for more sales, but the strategy is missing if you look into the whole company because not everyone is synced with each other to achieve that. There is huge potential, but everyone needs to be linked up to the same goal.”

What all of the informants agreed on was that more personalised CRM is pursued by the company’s strategy. However, this goal was not further elaborated by any of the interviewees apart from one of the founders of the company. More specifically, Interviewee 1 analysed the importance of providing more personalised services. The most important goal of the company’s CRM strategy is to know better its customers:

“You have to know your people. CRM should be more personalized and we should know our customers very well. We are not a brand that addresses a mass market per say, we are a design brand. I was thinking that I could take pictures of our clients in our tradeshows and in this way you guys at the office can have an idea to whom you are talking to. That would be a gorgeous thing to have.”

Interviewee 1 explained further the reasons that their strategy should focus on more personalised CRM but also added that the current CRM processes that they follow lack in prioritizing accounts:

“If I want something to be done fast I have to push for it. Our system is not very good for that, it is not based on putting priorities. So it comes back again to the fact that you have to know your client. For instance, is it a client that you have to deliver fast or they have strict deadlines? Or does he want his delivery fast or does he want the cheapest way?”

Considering the initial phase of pursuing new customers, Interviewee 2 commented that the company’s strategy includes several means but mostly they get in touch with new clients through tradeshows:
“We participate in tradeshows and also we have people working in sales, X, Y, N, Z. Of course we also try to make deals with agents and distributors abroad that are signed by a specific market or country. For example, now we are starting cooperation with one from China. But generally it is very difficult because it’s hard to find distributors, who are really pushing the sales, and then often the quantities are really low and we have such wide product range that they were ordering 1 piece from here and 1 from there. but if you think also that we have 15 suppliers and we have to coordinate all the orders and take them out on time then it is getting really complicated. So several times it wasn't possible to continue with some agents.”

Interviewee 4 who is responsible for international sales in the firm added that:

“There is no specific strategy. It is more about intuition and market research. You have to find the right store; it can be small or big. You just need to find out. Usually I contact them straight away, with an opening email or call them to ask who is responsible for buying.”

Moreover, all the interviewees were asked if the current strategy of the company was focussed on satisfying existing customers or searching for new ones. The answers to this question were contradicting. Both of the founders of the company agreed that their CRM strategy should focus on maintaining existing accounts however, realistically; they believe that is a combination of both. On the contrary, Interviewee 4 supported that there should be more emphasis on bringing new clients:

“I think that there is more value at bringing new customers. Of course it is important to take care of old customers but this will happen in any case. In our business it is more important to bring new customers to the company because we get more profit when we bring more customers to the company. We don’t have so many customers that they order every season. This means that we have some amount of stable customers but this profit is not enough to grow the business. So we have to always chaise new customers.”

Interviewee 4 explained further the CRM strategy of the case firm by providing a more detailed description of the processes followed:

“There are different ways of starting a relationship with a client. Usually we meet potential clients through tradeshows where they can see the products, become familiarised with our brand and our values. Another way is through active sales, by which we contact
prospects and potential buyers and we try to push sales. Finally, there are also clients who will contact us and try to initiate a business relationship. Those prospects might know about our brand through our store, personal research or other ways (wom).

Following that face, it depends on the size of the company how long it will take until we start the cooperation. Usually for bigger companies it takes more time, even half a year, because they need to understand our marketing strategy, the quality of our products and also see samples. Smaller companies usually do test drives, they buy products and if those are selling they will continue the cooperation with us if not, they won’t.

The next step is to try to follow how satisfied our clients are with the quality of the goods. Of course, in many cases sales are not directly affected from that because it depends also on the type of the store. If it is a store that chases new styles all the time then they will probably not continue buying from us. If there are issues with the quality it is important to get feedback. For example, they might say that the leather is too heavy or suggest alternatives for the style of the bags. That kind of feedback is forwarded to our production.

On the practical side, when we get a new order we need to send confirmation to the client, which means that we first have to check if we can fulfil the order. If we can’t fulfil the order we are searching for alternative suggestions. Once this step is completed, comes the dispatching and preparation of invoices.

An important step that should be in customer relationship but we are missing now and usually I am doing it is following up with our clients after the shipment of their order and check if everything is ok with their order, if they are satisfied or if there are any problems of any kind (delivery time, quality, colours etc.). The aim is to understand what is going on from their side and correct any “problems” in our relationship as soon as possible.”

Finally, Interviewee 1 who is one of the founders of the company commented on the strategic part of CRM that it is based mostly on intuition. As he explained, the goal of their strategy is to offer superior experience to the clients:

“We are working with intuition. I want to create this WOW factor to the client. We don’t have to follow specific rules but rather being creative. I say also to our investors that we are working by intuition. It’s not about marketing; you have to do something so that the customer will back to you and say that he liked something. For example, it’s not enough to
put a smile out there and expect the clients to smile back, you have to do something that will make them smile and make them come back to you and say 'I like this and that'.”

The interviewee explains further that the company’s policy enhances creative thinking which is reflected on the strategic plan too:

“At the end of the day we can do whatever we want to do. It's our company. I always say that we don’t have to look a specific spreadsheet to decide. I want the employees to be free to experiment their way and ideas. It doesn’t matter if you fail because at least you have done something. Many times we get trapped in the ways other companies are working but we should try new things.”
4.2 Identifying results from the current CRM processes in the case company

In this section the outcomes of the firm’s CRM processes and strategy are examined. The objective of this theme was not only to identify the metrics that the company uses to evaluate its processes and strategic plan, but also to evaluate customer’s satisfaction and collect practical examples that assist in understanding of the topic. For this purpose, five different categories were created: a) measurement of CRM process efficiency, b) strategy evaluation, c) customer satisfaction measurement, d) most common customer feedback, e) practical examples.

4.2.1 Measurement of CRM process efficiency

According to the interviewees, the company does not implement any specific form of measurement for the results of their CRM processes. None of the interviewees commented further on the topic, except from Interviewee 1:

"Unfortunately, We don't do that much. We measure the financial results from the store in retail but it would be good if we could do it also in wholesale. It’s a little bit trickier because you don't know what exactly the reason that brought those results is. For example, the year 2015 has been difficult for the company but is it because the financial situation in Finland wasn't good or is it because we received the products late, delays in deliveries totally affect."

4.2.2 Strategy evaluation

The evaluation of the firm’s CRM strategy has been the least discussed topic during the interviews. Unfortunately, as Interviewee 3 commented:

"There is not any clear form of measurement for the results."
Based on the answers from the interviewees and observations of the author, it is apparent that the main reasons for this lack of CRM strategy evaluation have been the deficiency in resources and the fast-paced corporate environment.

4.2.3 Customer satisfaction measurement

The case company is not implementing any type of organised customer satisfaction measurement. The results from the interviews show that customer satisfaction is estimated in the case firm only by the feedback they receive from clients. According to Interviewee 4:

“No we don’t have any type of organised measurement. It is more like normal feedback. If someone is not happy we get the feedback but we don’t have something organised.”

Interviewee 6 added on the topic:

“Measurement? No. We are tracking all the reclamations and returns when there is a problem with the bags.”

Based on these answers, it can be presumed that mostly negative feedback is collected from clients that face implications with the service they receive or quality problems with the products. However, in many cases clients give also positive feedback, orally or through emails. Consequently, this lack of systematic record of any received feedback generates a distorted view of reality. A systematic collection of feedback was pursued by the researcher via online questionnaires for SS16 customers. The results showed that response rate is significantly low in this case, thus it was rejected as a solution for collecting customer feedback. The main reasons that proved those questionnaires as not useful were: timing, customer context and, lack of interest. The researcher believes that timing was not correct since it was close to the end of the season. Additionally, customers did not have interest to answer either because probably they could not remember the brand or they did not have the time. Lastly, the customers could not recognise any advantage from answering the questionnaire therefore, the possibilities to spend their time on that were minimal.
4.2.4 Most common customer feedback

All the informants were asked during the interviews what is the most common feedback they receive from clients and in which form. Their responses were focused more on negative feedback but some of them mentioned also positive comments that they receive. According to Interviewees 1, 3 and 6, the most common negative feedback that they receive concerns delays in deliveries. Interviewee 1 explains further that they always try to handle with attention those situations:

“We usually face problems with delivery time and it’s the most common feedback we have from clients I would say. The good thing is that we have been handling that very smooth and smart and people are happy at the end.”

Interviewee 4 also comments on the company’s policy regarding unsatisfied clients and how they should be treated:

“We try to talk with them, apologize and make them understand that we hear them and we always try to solve the problem. The customer should always feel that we care about his problems as well as his sales.”

Complains regarding the product and quality issues were found as the second most common feedback. According to interviewees 3, 4, 5 and 6, quality issues are less common but due to the material of the product, it is still an often reason to receive negative feedback. Interviewee 3 commented that:

“Normally, it can be about the products or delivery window. I would say that it’s less common to get complains for delivery charges. All the products are unique so the standards vary a lot depending on the market and the customer.”

Furthermore, Interviewee 4 added regarding the feedback that they receive about products:

“Many times people try to say what they don’t like on the construction of the bag, I don’t know why. I don’t know, I don’t have a common picture, it really depends on the client.”

Additionally, Interviewee 6 commented on the feedback they receive about products:
“Changes in colours due to different suppliers have also been an issue for some clients because they match all their collection with the colours they have ordered before and when they get the product it’s a different colour from what they expect.”

Regarding the ways of collecting feedback, all the informants mentioned emails and oral communication through phone. Interviewee 1 added that it is common to get negative feedback on the trade shows:

“At the trade shows it’s usually where they will tell you what is wrong. For example, that didn’t sell, or delivery was late, or shipping cost was high. All that is basically negative comments but when you ask them for feedback, then they will tell you the good things. But feedback is usually negative even for small things because as a buyer that is what you do to destabilize the guy that is selling and close a better deal or discount.”

On the contrary, some interviewees mentioned that they get positive feedback for the offered product range and colours. In addition, in some cases they have received positive comments on the flexibility that the case firm offers to clients.

Overall, it is apparent from the informants’ responses that customer feedback is targeted towards two issues: product quality and delivery time. Feedback related with the customer service that clients receive has been infrequent or minimal. The reason for that has been the lack of systematic feedback collection pursued by the company. However, this type of feedback would improve CRM in the case firm, since it would assist a better understanding of how much customers value their relationship with the firm.
4.2.5 Practical examples

All the interviewees were asked to give examples of situations related with customer relationship management based on their own professional experience in the firm. In this section what the informants have commented is presented, starting from the negative examples and following with the positive.

Interviewee 1 referred to problems the company was facing with CRM due to inadequate employee performance. According to the informant:

“I had that in the past, not lately, but the person that was working at the office did not care at all about the work and he was making many mistakes. For example, sending boxes to the wrong clients or not processing orders at all. For example, I was bringing in orders and he wasn't processing them in the system, the clients never heard from us again after the tradeshow and in one case a got contacted by a client after six months and he said ‘we placed an order what happened we never heard back from you’. That is disappointing because I spend so much time in tradeshows trying to get those orders and we don’t do anything with it.”

Interviewee 3 presented another important element of CRM which is related with the collection of customers’ information and customer intelligence development. More specifically, the informant stressed the importance of gathering information regarding the customer and understanding how cultural background affects business relationships. A number of cultural aspects influence business interactions and in a successful CRM those should not be neglected. Interviewee 3 described a real case where cultural differences led to misunderstanding between the two parties and rupture of the business relationship:

“Know the culture! It has happened to me to send an email for a payment notification without knowing any information about the client and it turned out that in his culture this was very offending. At the end, he gave personally the money to the owner of the company and our professional relationship ended there. (client from Middle East)”

Interviewee 4 gave an example when the delivery time to a customer was extensively delayed:
“Difficult to say. Late deliveries are one. With one Chinese client we had to delay the delivery for 1,5 months.”

Moreover, Interviewee 6 referred also to an example with delivery issues:

“Every single shipment I would say, (haha). People are sending out wrong products, or wrong colours, or double products. That is standard not the exception. I don't know what the problem is. Maybe because we use inexperienced people, who don't know the product, or they don’t have time to double check.”

It should be noted at this point that informant 6 was referring to a very limited amount of accounts. Interviewee 5 also commented on product quality and mentioned some cases where repeated issues resulted to mistrust:

“There were some cases where the customer lost trust on us because of quality issues. For example, we had to fix the same bag 2 or 3 times. You understand that this is not good. But we don’t have this problem anymore; we had such problems only in few seasons back and when we changed supplier things got better.”

On the other hand, Interviewee 5 described as a positive example the flexibility of the company’s policies. As he stated, one of the most important company’s goals is to always support its clients:

“We are very flexible with changing bags when there is a problem. We have changed our guarantee from 1 to 2 years for retail and even that we might be more flexible in some cases. It is important to make customers feel that you are always next to them for both retail and wholesale.”

Lastly, Interviewee 1 mentioned the surprise factor as a positive example:

“A good example is when you promise that you can deliver in 15 days and they think that is impossible, but when you achieve it you surprise them pleasantly! I think it is good when you can challenge their expectations and happily surprise them.”
4.3 Forming a suggested strategy framework for CRM

During the last part of the interviews, the focus of the questions directed towards the future. The objective was to formulate suggestions for a future strategic framework of CRM. It was considered important by the researcher to collect ideas from the people who are directly involved in the current CRM processes, on how those could be improved. For this purpose, all the informants were asked to give proposals based on their professional experience. Furthermore, ways of utilizing customer feedback and related data was examined. This section is divided in three chapters: a) suggestions from interviewees, b) customer feedback utilization, and c) data utilization.

4.3.1 Suggestions from interviewees

During the interviews, all the informants were asked to make their own suggestions on how CRM in the case firm could be improved. Their insights led to interesting ideas. Starting from a strategic point of view, Interviewee 1 suggested that more data related with the customers should be collected. Providing more personalized service should be the main goal for the company’s CRM processes. As Interviewee 1 said during the interview:

“I would love to have more data for each account. Some kind of notebook where we could have more key details about each client and personal information such as birthdays and family situation. The goal would be to create more intimate relationships and make them feel that we care about them.”

Interviewee 3 also referred to the collection of customer data but emphasised more the importance of customer and market intelligence. More specifically, the informant commented:

“Still one point is that you are dealing with people that you have never met, or you are not aware of the historical background, what kind of agreements has been made or what has been said. For example, I have no idea about what would be the top ten customers in Greece. I would have to do my own research but if you tell me focus on this and not spend
your time on that one then I would trust you. My point is that you have to know with whom you are dealing with, their positioning in the market, and if there is any prior conversation or agreement between the client and any of us in the company, the way to find those kind of information should be more standardized.”

Moreover, Interviewee 2 commented that the improvement of resources had positive results for the company:

“Since we had our sales manager things have been improved very much. Also with the new assistant we can keep closer relationship with the clients because she checks tactically the status of each order etc.”

On this topic, both Interviewee 2 and 3 agreed that there should be more clear division between the roles and responsibilities of each employee. As Interviewee 2 commented:

“Also the roles should be more clearly divided between employees. It's difficult to follow-up clients now and their status.”

Interviewee 3 added:

“Currently, there are many people involved in the process doing things in different ways and with different skill-sets which makes it more complicated.”

Interviewee 4 suggested that more resources would be needed in the warehouse:

“We need more resources on the warehouse. Now we have problems with our ERP system because numbers usually don't match with reality. There are many people involved now and this creates problems.”

In relation to this topic, Interviewee 3 added that the increased amount of employees working on CRM in combination with lack of predetermined standards creates variations in quality level of offered services:

“There are no predetermined standards in the company, so clients will get different kind of service from different people; there is lot to improve in this area. Maybe there would be a lot of areas that are automated and leave only final touch and customized part in a very high level so that it would give a really good customer experience also. But especially the bigger accounts have a lot of unique requirements that take a lot of resources from our side.”
Interviewee 6 added also that guidelines should be formed which would provide directions for CRM in the company:

“Have some guidelines so that everyone can work with wholesale. For example, X wanted to work also in wholesale but it was very difficult because there is no information or updates when some terms are changing, ex. minimum order quantities.”

The interviewee added that the internal information flow should be improved:

“Have better visibility of what is going on in the company. For example, when are we going to receive products and if there are delays with the suppliers, so that we can plan and inform our customers.”

Furthermore, Interviewee 3 stressed the importance of focussing on the product portfolio and how this will affect CRM:

“More focus to the product portfolio. Killing a lot of products, even categories. Then having the net season always ready earlier, including the designing part and the samples because it’s really hard to sell without the samples. This will change the customer’s behaviour and of course our side, It will be more focussed. It will also limit how many suppliers we are dealing with and then it’s easier to cut down some not well behaving suppliers.”

Interviewee 6 commented also on the topic:

“The core collection can help with timing because you always know what you have and you know what you can sell and when it will be delivered. The clients won’t be so confused also.”

Interviewee 3 added also that better visibility of the supply chain is necessary:

“Improving the visibility in the supply chain is very important. Provide better visibility to the customer from what is happening in the supply chain.”

Considering the strategic side of CRM, Interviewee 3 suggested that a long-term strategy should be created. Interviewee 4 agreed and added that there should be more emphasis on long-term planning as well as targeted marketing which would assist sales and CRM. Interviewee 5 agreed that marketing should be more targeted, enhancing company’s strategy and objectives. As Interviewee 4 explained:
“We should be more focused on planning. If we are planning a collection and we know what we are going to show in the tradeshows then we should link it with our marketing. If we have done already work with our marketing before the new season sales start then it is much easier. Marketing also helps for sales when you think internationally. For example, when we want to enter a new market, if we have done some pre-work with bloggers or magazines, then when you contact a store you can say yes we have done this and that. So they feel that you have done already something for them and you can support them.”

Furthermore, Interviewee 3 added that the current available data could provide adequate information for more fact based decisions. The informant suggested also the creation of relevant key performance indicators which would evaluate and guide CRM decision making:

“Then creating relevant KPIs for tracking the current state of CRM and improving based on that. I think in the future there is gonna be even more this split between customers who order seasonally or who are in this replenishment mode. So, that will also require little bit different service and some new opportunities. And maybe one of the first thinks would be to make a strategic proposal, and it doesn’t have to be that long, and make it so that it will be easy to implement with very limited resources. It’s always difficult in change management to make something stick. How is it possible to avoid a bad behaviour? Make the right process very easy to follow or wrong behaviour very difficult to adopt.”

Moreover, Interviewee 3 suggested that customer feedback should be enhanced and more effort would be needed in segmenting the customer groups:

“Really segmenting the customer groups and offering different kind of service to different customer groups. Offer more customised services to key accounts and not to smaller ones. You can take for example Google. You need segmentation between accounts and how easily they can approach you. Offer more for big accounts and keep small ones in a self-service loop.”

The informant added also that short-term strategy should be developed, enabling more clear presentation of goals and methods of achieving these:

“It would be good that there would be clear programs inside, let’s say, how this part is going to be developed.”
Finally, in relation to short-term planning, Interviewee 6 commented that in decision making, the customer’s perspective should be taken into account:

“Also, when we make some decisions we should also think what are we going to say to the clients and if it is going to be acceptable. For example how do we justify a crazy delay?”

### 4.3.2 Customer feedback utilization

An important part of CMR is the collection of customer feedback and its effective utilization. In the case company, the collection of feedback has not been conducted in an organised form. As Interviewee 3 stated:

“*In wholesale, because it is very seasonal, there are usually these seasonal demand peak periods. Unfortunately, our resources have been changing a lot through the last seasons which has put more pressure on our schedule and we didn’t have the time to focus on and proactively ask for feedback. But I definitely see the value on this and the need to enhance feedback from our clients.*"

Apart from the internal difficulties that the case firm was facing, collecting feedback from clients has been proven challenging also because customers are not always willing to spend time on providing any comments. As Interviewee 4 explained:

“*Usually we ask feedback through emails but generally they don’t want to spend their time on that so usually they don’t answer. Maybe on the phone if they have time they will tell you something but usually they don’t have time. In some cases they might want to give you feedback but it might be too difficult for them to write or they might be afraid for some reason. If the feedback is not very general and it involves for example production or design, we forward it to the responsible person.*"

Similarly to Interviewee 4, informants 5 and 6 commented that mostly feedback related with design is forwarded to the product development team and utilized in some extend. Regarding any other feedback, both the informants stated that there is not any
platform available at the moment where customer comments are recorded. Consequently, customer feedback exploitation is rather sporadic.

4.3.3 Data utilization

The utilization of current available data related with customers has been underdeveloped in the case firm. According to Interviewee 3, the resources of the company have been limited which did not allow for development in this field. Even though the existing data are in an inconsistent form, they can provide a valuable perspective for further analysis. Therefore, statistical data could be provided on that basis which would enable more fact based decision making and planning.

As interviewee 1 mentioned, there are several data which are saved in different file formats and they are not fully exploited. Despite the fact that almost every employee can have access to those data, the current structure of the company does not allow that since time and resources are very limited. Finally, the need for further advancement on this field was recognized by several informants.
5. Discussion

In this chapter the research questions of this study are addressed. The findings from the literature review are combined with the research results aiming not only to answer the research questions, but also to contribute to the field and bring new insights. Initially, two sub questions are analysed in this chapter combining literature review and research data. Since some of the sub-questions have been addressed already in previous chapters, they are not analysed again in this section. For example, the question “How CRM is implemented in a small company operating in a fast paced industry?” is addressed in chapter 3.2.1. Lastly, the chapter concludes with the examination of the main research question.

5.1 Which are the SME’s characteristics and how those affect CRM implementation?

As it was analysed in the literature review chapter, studies on CRM implementation have been highly shaped by the characteristics of large scale enterprises. However, the adoption of CRM strategies in SMEs cannot be a miniaturized version of larger corporations, since SMEs have their own characteristics which affect any attempt for change. For this reason, the identification of SME’s characteristics and their influence on CRM strategy implementation was considered rational.

According to the literature, limited resources are one of the characteristics of SMEs which highly affects CRM system or strategy implementation. In fact, lack of resources may hamper the comprehensive planning and execution of a business strategy. As it was proven also by the examination of the case firm, limited resources led to challenges regarding strategic planning not only for the long-term but also for short-term. Additionally, any strategic plan implementation was in most cases encumbered by low resources, resulting to alternation of the initial plan and disorientation or confusion of employees. Furthermore, due to low or frequently changing resources, management of complex data related to CRM has been challenging in the case firm. This implied data quality issues and further complications.
Since data are the foundation of every CRM initiative (English, 1999; Goodhue et al., 2002; Missi & Alshawi, 2004), it could be understood that lack of resources affects considerably CRM projects. It is imperative to put in place a data strategy prior to any CRM project adoption and adequate resources for the successful implementation of the project are necessary. According to S. Alshawi et al. (2011), almost 70% of CRM failures derived from issues with data reliability. Moreover, based on an industry study conducted by the Data Warehousing Institute, managing data quality and consistency as well as reconciling customer records emerged as the top two technical challenges cited by companies implementing CRM solutions (Eckerson & Watson, 2000). Thompson’s & Sarner’s study (2009) reinforce those results by citing that poor data quality is the biggest inhibitor to successful CRM implementation. Therefore, issues of data quality are one of the greatest challenges that SMEs are called to confront.

In relation to ICT investments and capabilities, previous literature supports that SMEs are characterised by relatively low ICT maturity and lack of ICT competences. This argument was supported by the findings of this research, since several interviewees stated that improvement is needed in ICT. Development in this sector would enable better internal information flow, improved management of accounts and fact based decision making. Furthermore, lack of marketing capabilities in the case firm was observed, confirming the data from the literature. This scarcity affects CRM since targeted marketing is missing from the company’s strategy or it cannot be implemented adequately. As several interviewees mentioned, more targeted marketing would help not only sales, but also building relationships with customers since it creates a feeling of trust and familiarization. For example, if the company’s internationalisation plan was targeted in a specific market and marketing was also focussing to grow awareness of the brand in the specific market, then sales for the case firm would be facilitated and customers would gain more faith in the company since they would see active marketing in their market.

Additionally, more emphasis should be given on improving corporate branding via marketing. As it was observed in the case firm, there was significant growth potential in this field. Initially, marketing could enable better communication of the brand’s story to B2B customers. A simple example would be advancing the linesheets, by including a short history of the brand for instance. This would let customers understand better the identity of the brand and realize more value. Another example would be to include some information that would
be helpful for the customers, showing that attention is given also to customer’s sales. Suggested retail prices could be one idea or incorporating some key selling points.

Moreover, regarding selling as equal to marketing and salespeople as the central market communication medium is another observed phenomenon in SMEs. In this particular study, there was no evidence supporting this argument. Despite the fact that salespeople were considered as a market communication medium to some extent, there was no any further confusion between the selling and marketing roles.

Considering business relations, literature supports that SMEs tend to commit in more personalised relationships. As Fink & Disterer (2006) stated, commitment to face-to-face and personalised customer relations in noted in SMEs. The strategy of the case firm supports partly this argument since probably the most important goal of their strategic plan was to provide more personalised services and build a database which would enable more personalised customer relations. However, a narrow approach to this perspective, such as the pursuit of face-to-face interactions, was not observed in the case firm.

Furthermore, focus on few and long-term business relations have been recognised by several scholars as an SME characteristic. However, the results of this study contradict with the aforementioned argument. Most of the interviewees supported that there should be a combination of both seeking for new customers and maintaining existing ones. Some supported also that they find more value in constantly seeking for new customers. Therefore, the focus of the firm has been on rather creating relationships with new customers than building long-lasting relationships with existing accounts. Only in very specific cases, such as important accounts in the local market, emphasis has been given on developing more personalised and sustainable relations. However, it should be taken into consideration that the industry is an important determinant on this topic. Even though the case company is not competing in the fast-fashion industry, limitations derive from the nature of the product and the fact that demand may vary considerably from season to season.

Local market orientation was also mentioned in the literature. Based on the findings of this study, the case firm was not pursuing directly the acquisition of a greater local market share. Despite the fact that the CEO recognised the potential of growing further in the local market, the focus of the firm’s strategy was turned more on internationalisation. However, from an indirect perspective, the company’s plan to expand in neighbouring countries and big
markets such as the US or China was recognised as an opportunity to reinforce the firm’s positioning in the local market.

Previous literature has been stressing also characteristics of SMEs which affect CRM and are related to the organisational design of firms. Owner management dominance has been one of them. The results from the case study indicate that owner management dominance affects CRM in multiple levels. Initially, it was observed that the role and initiative of employees attenuates by the owner’s supremacy, resulting to stagnation of processes and demotivation of employees from being creative and proactive. Additionally, the management dominance of the owner resulted in many cases in delays on CRM processes since decision making was postponed or transferred from one person to another.

Furthermore, ad-hoc decision making which ensued in many cases from the owner management dominance, was repeatedly noticed in the case firm. Those impromptu decisions impeded CRM by alternating processes and adding on turnover time. That type of management prevented the development of more standardized processes and created further confusion between the employees. Additionally, it is supported in literature that SMEs are characterized by policy inertia and strategic myopia. Both of these tendencies were verified by the examination of the case firm. According to the findings, the level of owner management dominance and owner-manager commitment to independence appear to be of significant importance when discussing about policy inertia and strategic myopia.

Lastly, the results of this research pointed out the significance of SME’s organisational design in CRM processes. As it was observed, vague responsibilities of employees, owner management dominance and ad-hoc decisions resulted in problematic internal processes. Most of the interviewees commented that the internal information flow regarding CRM presented numerous complications and that development is necessary. The main triggers for this problem have been the increased number of employees involved in the process, lack of expertise, increased amount of case-by-case decision making and, lack of established information database and standardised processes.


5.2 How does the industry context affect CRM projects and strategy?

According to recent studies, buyer–seller relationships are highly affected and formed within the boundaries of industry norms and business contexts, proving that business customer relationships are directly influenced by cultural norms and consistent expectations across an industry as well as the institutional networks that affect an industry (Andersen, Christensen, & Damgaard, 2009). However, the fact that organisations included in a specific industry tend towards a norm is implied rather than explicit in CRM literature, which points out the lack of research on the topic. Several researchers have stated that the identification and creation of customer value is industry specific (Buttle, 2004, p. 231; Greenberg, 2004, p. 255; Payne, 2006). Nonetheless, only the enterprise-wide CRM implementation models proposed by Payne (2006) and Buttle (2004) illustrate how the differences in value creation may affect other aspects of CRM implementation.

The Payne model has as a first step the strategy development process, which is followed by the value creation process, linking the CRM strategy with the development of value not only for the customer, but also for the organisation. Buttle (2004, p.32) elaborated on this model, emphasising the need for the organisations to understand the industry context in which relationships are developed as well as the relationship value and expectation differences between industries. Even though industry context appear to be related to customer relationships and perceptions, other suggested models from academicians either omit customer value creation (ex. Bryant, 2002) or an awareness of industry factors on the implementation of CRM projects. Essentially, it appears to shape the achievable outcomes from CRM therefore, the examination of the effect of industry context on CRM projects was considered by the author as an integral part of this study. Since there is a lack of coherent research into the role of industry context in CRM projects implementation, this research question in necessarily exploratory in nature.

When thinking about the fashion sector, speed, consumerism and complicated supply chains are the first elements used to describe the industry. All those factors consistently affect and shape CRM projects and strategy. Since the company under research operates partly in the fashion industry but mainly in the sustainable fashion industry, the identification of context from both industries is pursued and subsequently both are encompassed in the
prism of this study. Figure 6 presents the characteristics of fashion industry in combination with the context of sustainable fashion industry.

![Figure 6: Fashion industry norms in combination with sustainable fashion (Source: Author's elaboration)](image)

Initially, it could be supported that short lifecycles, velocity, seasonality, high volatility and short lead time act as inhibitors for CRM strategic planning. Short lifecycles of products imply the necessity to act fast which inevitably leads to ad-hoc decisions. Even though in sustainable fashion, products are designed to have longer lifecycles, still the time frame if considerably shorter than in other industries. This leads to significantly restricted time window for CRM strategic planning and often deviations from the original plan.

As it was observed in the case company, all of the product SKUs were classified as sustainable, following sustainable production. For most of the assortment, product lifecycle was wider than typical fashion products since it was not following a seasonal or yearly basis. At this point it is worth mentioning that the material of the product is very important in the evaluation of product lifecycle. Based on observations from the case firm, even though the design of the product might be the same, colour might be so different between seasons, due to switching suppliers for instance, that the lifetime value of the product gets affected. Consequently, even though sustainable products should allow more time for CRM strategic
planning, there is frequently a need to calibrate the initial strategic plan for CRM and set new goals. Changing the targeted customer groups for the next season for instance or, adjusting the customer strategy depending on the stock. The case company follows also a seasonal production of some products, having specific prints or colours for only one season for example. In this case, product lifecycle is significantly shorter, which directly affect CRM in several levels.

Velocity and seasonality are also characteristics of fashion industry with high impact on strategic planning. All the organisational processes, such as creating a plan, collecting relevant data and evaluating results, have to be suppressed in a highly challenging time frame. As it was confirmed by the examination of the case company, industry’s fast pace in combination with limited resources led to neglecting several organisational processes which are in essence of CRM. Velocity and seasonality are weakened when referring to sustainable fashion, which creates the opportunity for development of different business models inside the industry. In such business models, CRM implementation and development can be enhanced by wider time frames and not get biased.

Moreover, seasonality and high volatility of trends in the fashion industry affect considerably B2B customer portfolio. The impact of those aspects can be better understood when fitted in the context of sustainable fashion. Both of those conditions prevent from customer maintenance and relationship building. For example, the value proposition of a sustainable product is usually quite narrow. As a consequence, even though CRM in the company offering the product might be successful, if there is high volatility in the market and the value proposition of the product fails to match the seasonal trend, then most probably the business relationship between the client and supplier will terminate there. This implies the difficulty of measuring the results from CRM in the sustainable fashion industry. Furthermore, it can be realized that customer engagement becomes more complicated in this industry and CRM processes can only partially affect the outcomes. Additionally, it could be supported that those two factors affect directly the lifetime value of customers. In the case firm, data analysis presented high levels of ad-hoc clients. Even though it cannot be supported that seasonality and high volatility are the main reasons for this phenomenon, it could be argued that they definitely impact those results. Overall, it is apparent that CRM processes should be adjusted, taking those factors into consideration.
Furthermore, the material of sustainable products may affect CRM. For instance, in the case firm leather has been the basic material which presents heterogeneities between similar products. Therefore, the quality of the product can be partly subjective. In cases where products are acceptable for the supplier but problematic for the client, frictions are created between the two parties. Consequently, CRM is affected by adding on required communication time, management of conflicts and maintenance of a desired relationship.

Transparency is one the most important elements of sustainable fashion industry. Of course, this affects CRM processes and strategy since more honest relationship with the client is pursued. Initially, the value proposition that the client receives should reflect not only sustainability factors of product and organisational processes, but also transparency for the supply chain and the policies followed. Moreover, transparency could positively affect corporate branding and subsequently CRM. It is apparent that transparency can be a factor of customer engagement and CRM adaptation to such lines could imply prolonged processes, such as additional communication with clients.

Moreover, competition is fierce in this sector since the industry is characterised by low barriers to entry and high level of substitute products. At this point someone can wonder how important is it to keep your existing customers rather than constantly searching for new ones in this field. In the case firm, results from the interviews were contradicting regarding whether the employees find more value on searching for new customers or maintaining existing ones. Through the analysis of all available data in the case firm, it was proven that most of the company’s clients were ad-hoc customers. Even though those results do not prove that the industry creates such outcomes, it could be supported that the industry norms in combination with CRM efficiency determine the customer lifetime value. As it was explained above, efficient CRM is not enough to ensure customer loyalty and retention in the sustainable fashion industry. However a strategic plan should clearly reflect the aim and objectives of CRM.

Overall, it seems that the question of whether the industry affects the successful outcome of CRM is challenging to answer. However, it could be proposed that the industry’s nature and norms as well as the realised benefits arising from customer interaction, affect CRM change projects. It seems more likely for organisations to be more motivated to adopt and develop CRM projects when the industry context supports relationship development. According to M. Steel et al. (2013), “the industry norms that support long term relationships
with aspects of collaboration can act as a motivator for success, while industry norms that tend towards interactions that are transactional in nature are more likely to experience problems with their CRM projects”. Consequently, the likelihood of CRM project success is connected to the industry’s norms and the level of customer relationship focus.
5.3 How can SMEs improve their customer relationship management processes in order to minimise turnaround time in a fast paced industry and maximize operations’ capabilities and overall profits?

According to the literature, CRM can benefit organisations by increasing customer loyalty (Colgate & Danaher, 2000; Dowling, 2002), improving customer satisfaction (Colgate & Danaher, 2000; Mithas, Krishnan, & Fornell, 2005), facilitating greater customer retention (Day & Van den Bulte, 2002; Rigby & Ledingham, 2004), and improving revenues (Rigby & Ledingham, 2004; Starkey & Woodcock, 2002). Despite those facts, the results from CRM adoption have been in many cases dissatisfying for practitioners (Ang & Buttle, 2006; Howarth, 2003; Kale, 2004; Trembly, 2002; Vizard, 2002). Especially between 2000 and 2010, dissatisfaction rates on CRM project outcomes have been around 52% to 75% (Iriana & Buttle, 2006; McNulty, Leonard, McAfee, Gilway, & Freeland, 2003; Plakoyiannaki & Tzokas, 2002; Zablah, Bellenger, & Johnston, 2004). So why CRM systems fail to meet practitioner’s expectations? This has been a leading question driving this research towards addressing the study’s objective, which is identifying how SMEs can improve their CRM system. Different perspectives were examined in order to understand what causes failure of CRM projects and plans, what is the nature of CRM and which determinants could bring success.

The opinion that CRM systems fail to meet expectations has often been the reason for dissatisfaction. Additionally, the same results have been created by the perceptions that CRM outcomes cannot be identified or measured, and CRM projects result in no measurable changes in relationship strength, sales levels, or customer retention and loyalty. Moreover, aspects of CRM implementation or strategy appear to be one further reason for CRM project failure (Ang & Buttle, 2006; Bohling et al., 2006; Torkzadeh, Chang, & Hansen, 2006). Implementation issues that are associated with unsuccessful CRM projects include: lack of an adaptive and learning culture geared for change (Hart, Hogg, & Banerjee, 2004), problems with staff training or loss of customer facing staff (Colgate & Danaher, 2000) and existing processes that are inadequate for the current or desired relationship levels (Kotorov, 2003; McGregor, 2003). Regarding the strategic aspects, misalignment between corporate and CRM strategy (Payne, 2006; Payne & Frow, 2005; Piercy, 1998), or lack of clear CRM strategy (Day & Van den Bulte, 2002; Rigby, Reichheld, & Schefter, 2002), may bring the
same negative results. Moreover, as it was examined in this study, industry norms and organisational context affect the outcome of CRM projects. Even successfully designed CRM systems will fail if they cannot address the specific requirements derived from the industry and organisational context. The type of business sector and the industry’s competitive forces have also been affecting strategic positioning and CRM adoption. Customer context has also emerged as a contributing factor in the successful implementation of CRM projects, since if customers are not willing to invest in long-term and trustworthy relationships, CRM attempts for engagement will fail. Overall, it is apparent that CRM projects have to be contextually relevant and therefore specifically tailored to an organisation’s objectives and needs.

Even though context appears to be a key factor in CRM adoption projects, literature review suggests that it has not been specifically examined yet. This study attempted to create a conceptual framework for strategic CRM, combining the effects of different facets of context on CRM simultaneously, holistically and longitudinally. For this purpose, a single case study was conducted and a strategic framework of CRM was built in order to address the specific characteristics of the firm. Through a detailed description of the case firm and the followed CRM processes, it was attempted to generalise this strategic CRM framework for other SMEs operating in similar industries and with similar structure. Payne’s (2006) cross-functional and process oriented framework for strategic CRM was used as a conceptual basis for this research. Based on the industry, customer and organisation characteristics of the case firm as well as the overall results of this research, Payne’s model was evaluated and adapted to fit the SME’s context operating in a fast-paced industry. The resultant seven generic processes were (1) the strategy development process, (2) the strategy adaptation process, (3) the value creation process, (4) the organisational adjustment process, (5) the multichannel integration process, (6) the information management process and, (7) the performance assessment process.

Figure 7: Conceptual framework for strategic CRM (Source: Author’s elaboration)
Initially, the strategy development process incorporates the development of a business and customer strategy. Business strategy should reflect the vision of the company and its long-term goals. The importance of defining a business strategy is not merely semantic. Especially in SMEs where the amount of employees is limited and they are usually called to take initiative and undertake different kinds of tasks, clearly stated business strategy is crucial. As it was observed in the case company for example, both of the owners described an almost similar business strategy. However, none of the employees was in a position to answer with confidence to what is the business strategy of the company. This lack of clearly stated strategy led to disorientation of employees, lack of decision making from their side and demotivation since they could not feel that everyone was working towards achieving the same goal.

Moreover, shaping a customer strategy is highly important at the initial face of CRM planning. It is important to understand who the company’s existing customer is and which the desired group is. When resources are limited, like in the case of most SMEs, it is crucial to know who the target customer group is so that all the available resources can be exploited at the fullest. Vice versa, targeted customer groups should be also defined based on organisation’s capabilities. This would be facilitating CRM procedures and enable greater achievement of strategic goals. Furthermore, identifying appropriate ways of customer segmentation is a first step towards organising and recognising which resources will be needed for strategy implementation. Decisions on whether a macro, micro or one-to-one segmentation is appropriate, have to be made during this stage.

The strategy adaptation process follows as a second step in CRM strategic planning. During this stage the author suggests that the resources and capabilities of the organisation should be reviewed in order to examine how feasible is the business and customer strategy. As it was observed from the case firm, SMEs have usually very limited resources which imply the necessity of full exploitation of all available means. Additionally, ever-changing environment and prompt decision making characterise the fashion industry, thus resources might be vigorously reallocated. However, capability changes throughout the implementation of a CRM system might hamper the achievement of the strategic plan and lead to dissatisfying results. Consequently, it is important to realistically plan at the initial phases of CRM implementation what resources will be allocated for the pursuance of business and customer strategy. Furthermore, budgeting issues could be reviewed during this stage, ensuring the feasibility of the strategic plan. Additionally, during this stage the industry and
customer context should be reviewed in order to ensure that the business and customer strategy are adjusted to the specific characteristics deriving from both of those parameters. Finally, by reviewing the customer context, segmentation to customer groups and prioritizing is enabled, which is very important for the next stage of this strategic framework.

Once the first two processes are concluded, the strategy development phase is completed and the strategic plan should reflect the needs and capabilities of the organisation. At this point the value creation process begins aiming to create and exchange value between the customer and the company. Determining what is the value that the company can provide to its customers as well as what is the value that the company receives from its customers, can lead to maximization of desired customer’s lifetime value. Additionally, the value proposition of the company should be reviewed during this process in order to determine key selling points and emphasise the best company’s attributes that the customer can realize. Understanding what customers perceive as most valuable is also important at this stage because it enables a more targeted value creation process. Therefore, value assessment of offered services and creating superior customer experience are very important. These will lead to successful customer acquisition and retention strategies.

Based on results and observations from the case firm, the author suggests that at this point an organisational adjustment process should be established. Creating a strategic plan does not necessarily imply that the organisation is ready to implement it. It is important to create an appropriate adjustment period when the underlying principles of CRM could be communicated. Initially, a CRM readiness assessment could help identify in which stage the organisation is and what type of change management will be needed. In order to gradually adapt organisation’s processes to a more customer centric strategy, there should be a progressive adaptation period. This period will assist in building an organisational culture that recognises the benefits and importance of CRM processes. As a result, employee’s engagement to the CRM strategic plan will be higher, reducing the possibilities of failure. Consequently, CRM strategic implementation can be completed systematically and on a well-integrated basis.

According to Payne et al. (2005), the multichannel integration process is arguably one of the most important processes in CRM since the developed strategy until this point is translated into value-adding activities with customers. During this process, the most appropriate combinations of channels are examined, ensuring that the customer experiences
highly positive interactions within those channels. The results from the case study indicate that customers were actually interacting with different channels, each of them offering diverse levels of experience, which concluded to reduced customer value for the company. Considering also the SME’s context, each employee involved in the CRM process could be metaphorically described as a different channel. For instance, in the case firm it was observed that each employee was offering a different level of customer service, which leads to varying customer experience. Therefore, creating a homogeneous system that could uphold the same high standards across multiple and different channels is very important in a macro and micro level.

A multichannel integration process however, is highly dependent on the company’s ability to gather customer information and to combine it with other relevant information. This process of collecting and utilizing relevant information essentially affects and shapes all the other processes in the framework as well. As Payne et al. (2005) have commented, “the information management process is concerned with the collection, collation and use of customer data and information from all customer contact points to generate customer insight and appropriate marketing responses”. Considering this information management process in an SME context, implications occur from lack of IT systems and resources. Additionally, analysis tools might be missing from small organisations. As it was proven also by the case firm, minimum attention was given to analysis methods and creating meaningful patterns or relationships between data either because time frames and resources have been limited, or employee expertise was missing. This fact resulted to misinterpretations, strategic disadvantages and distorted picture of reality.

Finally, if a company has succeeded to implement a data analysis tool, a business activity measurement is feasible. On this basis, a performance assessment process could be built. This stage is very important since through assessment of the results, the level of accomplishment can be defined. Key objectives at this stage are to ensure that the strategic goals of the organisation have been met to an appropriate and desirable level and that through an evaluation, a basis for future improvements is established. Additionally, measurement of customer satisfaction and customer retention are critical at this stage. Based on the industry and customer context, it is supported that techniques such as online questionnaires, are not effective ways of satisfaction measurement. Both from the interviewees’ comments and the author's attempt to collect feedback through questionnaires, it was proven that response rate was nearly zero. Therefore, customer feedback should be pursued in different means with
emphasis on appropriate timing. Overall, the results of this study reinforce what Payne et al. (2005) has stated: “standards, metrics and key performance indicators for CRM should reflect the performance standards necessary across the major processes to ensure that CRM activities are planned and practiced effectively and that a feedback loop exists to maximize performance improvement and organisational learning”.

As it was described in chapter 3.2.1, “Description of current CRM processes followed by the case firm”, the company under research has been following a rather operational model for CRM. This result was also supported by the interviewees who stated that strategic planning is missing in several levels. However, this study proves the importance of CRM strategy. Based on the conceptual framework that was described above, the CRM flowchart was revised and presented below. A strategic phase was encompassed to the initial flowchart, adding value on planning and aiming to create more efficient processes as well as exploit resources in a better way. Additionally, other processes have been added to the CRM system, representing efforts of value creation and relationship building. It should be noted that processes such as the “Information management process” and “Organisational adjustment process” are spread around the whole CRM system, allowing continuous adjustments and improvements. Lastly, an evaluation stage is added for the end of each season targeting to initiate a development loop where learning from one season is transferred to the next.
Figure 8: Revised CRM framework (Source: Author’s elaboration)
6. Conclusions and Limitations

The purpose of this study has been to create a comprehensive business strategy for the development of CRM processes in SMEs. A case study was conducted in order to collect in depth data and examine CRM from both a strategic and operational level. Examining CRM on a more operational level was considered critical since the successful development of CRM strategy lies on the identification of the current position of an organisation and its assets. Overall, the literature review and findings of this research support that successful CRM strategic plans and projects should be contextually relevant. For this reason, different perspectives have been adopted to guide this research. The industry, organisational and customer context were identified by the researcher as important determinants of CRM strategy thus, those were analysed in the frame of this study.

Each of the aforementioned perspectives revealed critical parameters that should be taken into consideration when planning a CRM strategy. As it was suggested also from the literature review and the results of the case study, a CRM strategy should be organisation specific, context related and strategically aligned with the vision and targets of an organisation. Therefore, understanding and evaluating the current position of an organisation, its internal structure, and its industry norms is the first step to a strategic CRM approach. The proposed strategic framework for CRM emphasises this need for business intelligence and evaluation of the current position before implementing any CRM system. More specifically, the organisational adjustment process proposed in this study aimed at addressing issues such as CRM readiness assessment, change management and CRM project management and employee engagement.

Additionally, the iterative nature of CRM strategy development was emphasised in the proposed strategic CRM framework by the continuous flow of information and customer feedback. The author argued that a data collection process is an imperative part of CRM strategy and should be implemented prior to any CRM project adoption. Especially in cases such as the one that was examined in the framework of this research, where personalised CRM is pursued, it is important to establish consistent processes of data collection. This data driven customer interaction may enable the development of more personalised services for millions of clients, recreating the “traditional corner shop” experience with each customer.
As King & Burgess (2008) have also stated, “CRM’s lifeblood is the ability to deploy knowledge at the right time, in the right format to the right person”.

As in every study, several limitations presented in the course of this research. Limited available data related to the case firm restricted the results and conclusions of the study. As it was explained in previous chapters, key information about customers and statistical reports were missing in the case firm. This fact hampered the interconnection of events and data with previous literature. Additionally, this lack of data led to the examination of only wholesale clients. Analysing retail customers would be an interesting addition to this research which implies though more complexity. Further examination of the customer context and its effects on CRM strategic planning would be an interesting approach for future research.

Additionally, the hermeneutic approach adopted in this study and the assumption that the researcher participated in the phenomenon under research, implies that personal experiences influence the outcome of the study. Even though the researcher tried to follow a subjective approach, it should be noted that personal interpretations might have affected the results. Furthermore, due to lack of statistical data, the results of this research were highly driven by the interpretations of the interviewees. Therefore, the interviewee’s perceptions and the researcher’s interpretations play a huge role in the analysis and consequent conclusions. Lastly, even though a single case study can provide in depth data and insights, the results cannot be generalised to large extend. Thus, the conceptual framework proposed in this research represents only a suggested model for strategic CRM in SMEs which needs to be reviewed and adjusted for each organisation so that it is contextually relevant.
7. References


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