

ROLE OF AI IN MARKETING THROUGH CRM INTEGRATION WITH SPECIFIC REFERENCE TO CHATBOTS

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ABSTRACT

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<p>Abstract</p> <p>Due to digitalization, consumers are aware of the multitudes of choices and demand constant engagement and a personalized experience. Additionally, this has encouraged organizations to ensure seamless communication across various customer channels utilized to make a purchase decision. CRM is the monitoring and analysis of customer-firm relationships with the final goal of increasing sales, improving marketing strategies, and providing better customer services.</p> <p>AI tools such as chatbots are used to provide quick and fast responses thus creating engagement with the customers and aiding in the value creation process for the customers and firms. Additionally, chatbots provide opportunities and challenges to the organization that implements it.</p> <p>Previous research on chatbots has limited its scope to understanding the customer perspective. This study investigates the extent of engagement a chatbot provides and the impact of its implementation on the firms. Data is collected through ten semi-structured interviews which includes companies utilizing chatbots as well as chatbot providers across two countries, Finland, and India.</p> <p>The findings indicate organizations are utilizing chatbots as part of their customer service in the CRM activities whereas chatbot providers emphasize its use in marketing and sales functions such as lead generation and personalized messaging. Furthermore, chatbots provide automated personalized communication in contrast to traditional mediums like emails. Chatbots can ensure connection, interaction and satisfaction to some extent which are important aspects for customer engagement. Additionally, the implementation of chatbots provide advantages in the form of operational efficiencies and support to existing personnel and disadvantages such as technical, organizational, and regulatory challenges. Future research could investigate the effects of the pandemic on adoption of chatbots as it will accelerate the process of digital transformation for organizations.</p>	
Key words Customer relationship management (CRM), chatbots, conversational marketing	
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1 INTRODUCTION

This chapter begins with setting the context of the study by giving a brief overview of the pre-existing research and highlights the research gap. Next, the research questions and objectives are discussed. Lastly, the outline of the research is given.

1.1 Context of study

The digital age enabled consumers to become aware of the multitude of choices they have and necessitated constant engagement and a personalized experience. For companies, this meant meeting their customers on their preferred channel to serve them better. The COVID19 pandemic further accelerated this growth. Due to social distancing and contactless ways of buying products, consumers have moved to digital platforms (Arora et al., 2020).

Additionally, adoption of technologies such as artificial intelligence (AI) has accelerated during this time of crisis. Beyond using AI technologies to gain competitive edge, organizations have increased their investments to more than 60 percent (Balakrishnan et al., 2020). Besides cost efficiencies afforded by automation of business processes, AI enables organizations to save time, collect vast amount of customer data and enable engagement with a customer before and after a sale (Davenport et al., 2020). Moreover, research shows that AI and machine learning improve salespeople's efficiencies and help them cope with the complex business environment (Syam & Sharma, 2018).

Sales, marketing, and service functions are managed by customer relationship management (CRM) systems. CRM is the practice of monitoring and analysing the firm-customer relationships with the final goal of increasing sales, developing better marketing strategies, and providing better customer services (Buttle & Maklan, 2015, p.9). AI tools such as chatbots can be used as an engagement tool which further enhances the customer experience across social media, websites, and mobile platforms for a company. Chatbots can be used across various industries such as retail, banking and finance, healthcare, and e-commerce. According to a study by Business Insider Intelligence (2021), retail spend through chatbots will be \$142 billion – almost fifty times from \$2.8 billion in 2019. Additionally, the study also predicts an annual savings of \$11 billion to healthcare, banking, and retail sectors by 2023. Moreover, the chatbot market is estimated to grow from \$17.7 billion in 2020 to \$102.29 billion by 2026 (Mordor Intelligence, 2020). Drift, an established company in the chatbot market, uses conversational marketing and sales platform to help companies engage with their customers (Drift, 2020a). According to their study, making a customer wait for more than five minutes for a response would result in losing the customer (Drift, 2020b).

Past research on chatbots has explored the customer point of view (Luo et al., 2019; Brandtzaeg & Følstad, 2018) and design point of view (Jain et al., 2018; Khan & Das, 2018). Additionally, there has also been segmented research on chatbots used in specific industries such as finance (Rikkinen et al., 2018), insurance (Rodríguez Cardona et al., 2019), banking (Trivedi, 2019) and e-commerce (Cui et al., 2017). However, there is limited research on AI chatbots from the perspective of companies and how they are used in managing customer relationships and the benefits they provide.

1.2 Research questions and objectives

The primary objective of this study is to gain an in-depth understanding of the impact of AI tools on managing customer relationships and more specifically the use of AI chatbots. A qualitative approach is chosen to answer the research question and the data is derived from semi-structured interviews with two study groups – chatbot providers and companies using chatbots on their communication channels such as websites and social media channels. The theoretical framework draws on earlier literature of AI chatbots and customer relationship management (CRM). After this the empirical data and subsequent analysis is presented. The results of this study could be used by companies interested in investing in AI technologies, such as chatbots during the decision-making processes.

The research questions are:

RQ1: What role do AI chatbots play in creating engagement and further building customer relationships?

RQ2: What is the impact of implementing AI chatbots in a firm?

The research objectives are:

1. To understand the extent of utilizing chatbot technology versus their intended usage by chatbot providers
2. To understand the advantages and disadvantages of implementing an AI chatbot in a firm

1.3 Structural outline

This research consists of five sections and sub-sections. The sections are – introduction, literature review, research methodology, findings, and discussions and conclusions.

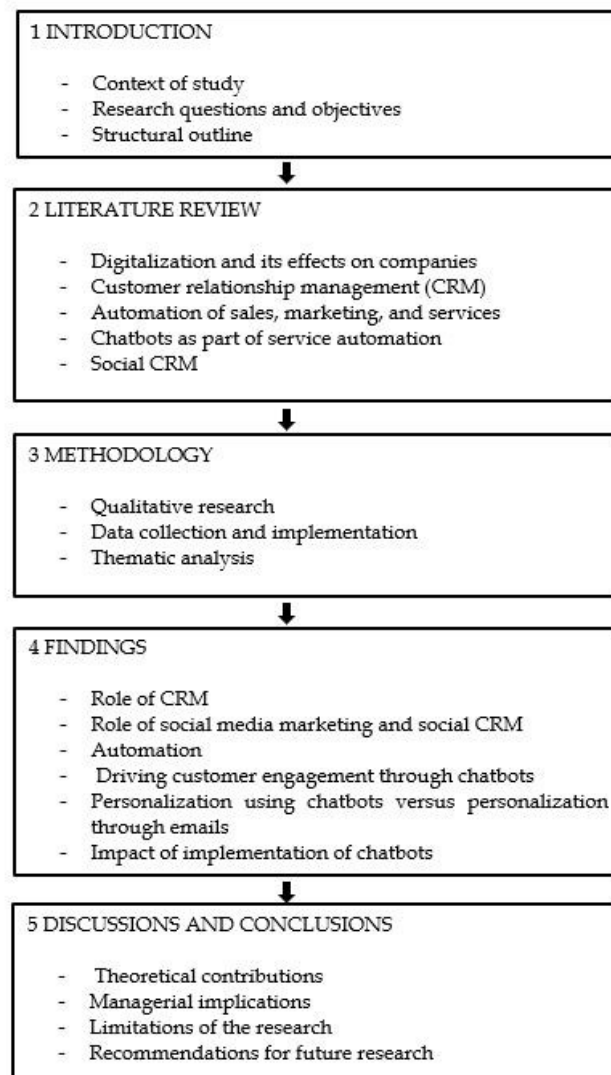


Figure 1 Structure of research

In the introduction, research questions and context of the study is set. The structure of the study (see Figure 1) is as follows: The literature review starts with digitalization and its effect on companies. Then, CRM is defined and the types of CRM – strategic, operational, and analytical CRM are discussed along with the advantages of maintaining a CRM system. Next the automation of sales, marketing and services is discussed and subsequently chatbots as part of service automation are defined while also enlisting the recent applications of chatbots in various industries. Next, social CRM as a strategy is elucidated on with a central concept - customer engagement – explained through a customer engagement cycle with all the important terms.

Next, the research methodology is discussed in the third chapter and the justification for the approach is also outlined. Finally, the findings are presented. Interviewees include a combination of chatbot service providers and companies

utilizing chatbots as part of their customer relationship management strategies. Additionally, this study includes participants from two countries – Finland and India – to provide more in-depth information in the use of chatbots.

The last chapter, conclusion, draws a parallel between empirical data and theory established in chapter two. Similarities and differences are presented as well as the research questions are answered. This chapter also includes managerial implications, which provides suggestions for future decision makers when considering chatbots to be implemented as part of their business. Finally, the chapter includes suggestions for future studies and evaluates the reliability of the study while also recognizing the corresponding limitations.

2 LITERATURE REVIEW

The aim of this section is to provide a comprehensive overview of existing literature which is essential in the subsequent understanding of the empirical data presented in the results chapter. Firstly, the effect of digitalization for companies is discussed. Secondly, the evolution of customer relationship management (CRM) is elaborated upon along with defining the types of CRM. Furthermore, automated technologies used as part of operational CRM are defined in detail. Subsequently, the advantages and disadvantages of implementing chatbots for companies is also discussed. Thirdly, the evolution of customer relationship management is elucidated upon. A central construct of social customer relationship management (sCRM) is customer engagement which is discussed in the last sub-section.

2.1 Digitalization and its effects on companies

Digital technologies have had a global impact on customers and companies. To understand the impact of digital tools, it is essential to identify and distinguish digitalization from other commonly used terms. Digitalization is the process of moving from non-digital to digital medium, through technologies for maximizing profits and value addition (Gartner, 2021). While digitalization has existed since 1960s, there are multi-plausible definitions. Verhoef et al., (2021) identifies digitalization as the first step of digital transformation which is a wider and all-encompassing term that requires an organizational change.

Exponential development of digital technologies has led to changes in infrastructures and the emergence of a network of simple and affordable technologies such as computers and mobile phones (Fichman, Dos Santos & Jindal, 2014). This development of digital innovation can be explained by Moore's law which is at the core of digitalization. According to Moore's Law, computing and electronic devices will become even more cost-effective per unit and the capabilities will grow at double the rate after every 18 months. This law accelerates the emergence of new technologies such as social media tools, analytics, and big data. (Fichman et al., 2014.)

Furthermore, this gave rise to the crisis of immediacy (Parise, Guinan, Kafka, 2016). The authors describe the impact of digital technologies on consumers by highlighting a need to serve customers in real-time and provide personalized solutions as customers are well-informed and comfortable with using these technologies. A brand's inability to provide quick answers to customers' questions may result in customers abandoning their purchase or worse, switching to a competitors' product. Additionally, serving the customers on their preferred

channels is what drives marketers and the 'crisis of immediacy' has facilitated a faster adoption of technologies to meet these goals. (Parise et al., 2016.)

For companies, digital transformation is seen as an end goal of digitalization, that is, beyond solely using latest technologies, digital transformation is the wider imperative to stay relevant. Additionally, new, and emerging technologies have influenced production, sales, and services of various businesses, while also changing the economic context of the industries they exist in (Bojanova, 2014). Due to the competitive nature of businesses, there is an urgency to adopt digital technologies at a faster rate. According to a study by Westerman, Calmejane, Bonnet and Ferraris (2011), more than 72% of the corporate personnel studied, indicated competition as being the driving factor for digitalization of business.

The literature highlights three areas where digital transformation is seen as a necessity namely customer experience, redefining operational processes and evolving business models. Digital technologies enable the automation of routine processes such as providing personalized customer service in the form of self-service technology such as chatbots. Adoption of CRM has led to transforming operational processes from offline to online thereby increasing employee productivity (Westerman et al., 2011.)

2.1.1 Online presence as a strategic advantage

The internet is a fast-growing medium to deliver business communication to current and prospective users (Chen & Yen, 2004). According to a study (Kemp, 2021) as of January 2021, more than 60% of the world's population uses the Internet. This figure has risen from 316 million to 4.66 billion in 2021, a 7.3% increase (Kemp, 2021).

Moreover, Arora et al., (2020) also highlight that the COVID19 pandemic has encouraged consumers to make their first ever online transaction as alternatives emerge to shop digitally. Due to the uncertainty of the crisis, the shift from physical to digital channels is more viable, as customers' intent to return to physical stores post-pandemic, has gone down by 7-8% in UK, Italy, and Spain. (Arora et al., 2020.) Therefore, as customers spend more time online and become more comfortable with digital tools, having an online presence is essential for businesses not only to retain customers but also to avoid losing them to competition.

Pre-pandemic one form of presence was having an interactive company website which was seen to not only engage users and satisfy them (Chen & Yen, 2004), but also to drive customer experience.

Traditionally a basic online presence would be insufficient in guaranteeing strategic advantages; thus, necessitating a combination of physical and digital touchpoints (Chen & Yen, 2004). However, due to the pandemic, an online presence could possibly mean connecting with consumers solely online. Companies have been forced to accelerate their digital transformation to meet the customer demand on digital channels.

2.1.2 Single to omni-channel strategy

Digitalization has encouraged the use of multiple channels by brands for their consumers. These channels can be either digital or non-digital. Digital comprise of virtual experts, virtual mirrors, websites, social media platforms and emails. Non-digital channels include physical stores and catalogs. (Parise et al., 2016.)

Traditionally, customers would consult with retailers or assistants at brick-and-mortar shops to make a purchase decision. With the introduction of internet searches, *showrooming* – a phenomena where after physical inspection, consumers buy competitors' product online - threatened the existence of physical stores. Consequentially, companies require a digital presence – through mobile apps or kiosks, to retain the customers. (Parise et al., 2016.) This demanded the movement of brands from serving customers on a single channel (physical) to omni-channel (all channels).

Besides a presence across these channels, companies must also understand the importance of integrating all such channels and ensure seamless communication (Manser Payne, Peltier & Barger, 2017). A customer could use multiple channels for a single transaction such as looking for information of a product and its alternatives across websites, reading online reviews, obtain virtual assistance and recommendations from a digital agent such as chatbot. This further necessitates the need for customers' seamless integration of all channels.

With the increased need of interactivity, brands no longer need to choose between physical and digital channels when determining resources, as omni-channel marketing is a much broader strategy which includes both. Around 85% of consumers use at least two channels while deciding on a purchase and about 80% conduct online research before making a purchase online or offline (McPartlin & Dugal, 2012).

Moreover, the more channels a company invests in, the more money is spent by the consumer (Kushwaha & Shankar, 2013). Multi-channel customers are considered engaged and provide positive outcomes such as repurchases and growth in consumption (Kushwaha & Shankar, 2013). Additionally, multi-channel customers are more loyal (Manser Payne et al., 2017) and thus it would be financially beneficial for companies to manage these customers across all channels strategically (Kushwaha & Shankar, 2013; McPartlin & Dugal, 2012).

2.2 Customer relationship management (CRM)

Managing customers is considered crucial for the success of an organisation. To do this, organisations often use CRM systems to acquire, retain and build relationships with current and prospective customers (Payne & Frow, 2005). Relationship marketing is the "strategic management of relationships with all relevant stakeholders" (Frow & Payne, 2009) and is the wider umbrella term which includes CRM and customer management. Relationship marketing assumes that

nurturing and retaining the current customer base is more profitable than focusing on acquisition of new customers. Reichheld (1996) supported this through research which proved that an incremental change in retaining existing customers provided financial benefits when compared to the cost of acquiring new customers.

CRM is defined as a subset of relationship marketing. CRM is defined as “the strategic management of the key customer segments supported by technological initiatives” (Frow & Payne, 2009, p.9). Moreover, the authors include customer management as a further subset of CRM. Customer management is defined as the “implementation and tactical management of customer interactions” using mediums such as call-centre management, campaign management and salesforce automation (Frow & Payne, 2009, p. 10).

Even though the concept of CRM has existed since the 1990s, there is no consensus on a single definition, as it is a multi-dimensional concept (Zablah, Bellenger & Johnston, 2004). Additionally, describing CRM as a technology initiative only, that requires implementation, hinders its strategic importance for a firm (Reinartz, Krafft & Hoyer, 2004). Initially, CRM was a way of collecting relevant customer information which would facilitate delivery of goods and services to the customers (Levine, 2000). More recently, the focus of CRM has shifted from being a technological solution to being a strategic customer-centric process which requires an organizational change rather than just a technological one (Buttle & Maklan, 2015, p.4). The advent of technology (Sandoe, Corbitt & Boykin, 2001, pp. 45-50), the financial benefits of retaining customers (Reichheld, 1996) and the amount of available customer data (Goldenberg, 2008, p. 120) further emphasized the need for a comprehensive definition of CRM.

To further understand the evolution of CRM, some of the key definitions are enlisted in Table 1 below. While, the definition of CRM has evolved, most of the definitions are strategy centric, with narrower definitions existing, which may solely view CRM as a technological imperative by a firm.

Table 1 Definitions of CRM

Source	Focus	Definition
Buttle & Maklan (2015, p. 16)	Strategy	"CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer-related data and is enabled by information technology."
Hasan (2003, p.16)	Philosophy	"CRM is not a discrete project - it is a business philosophy aimed at achieving customer centricity for the company."
Shoemaker (2001, p. 178)	Technology	"CRM is the technology used to blend sales, marketing and service information systems to build partnerships with customers."
Zablah, Beuenger & Johnston (2004, p. 480)	Process	"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."
Peppers, Rogers & Dorf (1999, p.101)	Capability	"CRM means being willing and able to change your behavior toward an individual customer based on what the customer tells you and what else you know about the customer."

Although various definitions highlight the various aspects of CRM, Buttle and Maklan's (2015, p. 16) definition underpins three critical features (1) It is a "core business strategy" - it requires the breaking down of the silos between different departments of the business hence it is not just limited to IT processes (2) it is a customer-centric process - since the aim is to "create and deliver value to targeted customers at a profit" (3) "customer-related data" is essential as it helps to determine marketing, sales and service functions of the firm.

To acquire a comprehensive view of the customer activity and history, a database must be constructed based on the following information (Winer, 2001):

- *Transactions*: A complete detailed list of the customers' purchase history such as items purchased, cost per item, the delivery data which includes the time, address, and mode of delivery
- *Customer contacts*: Due to the multiple customer touchpoints such as sales and service calls, there is a need to include all contacts made through customers and companies alike.
- *Descriptive information*: Relevant customer information which can be utilised for segmentation and future customer targeting.
- *Response to marketing actions*: This data should be collected to reflect customer reactions to any direct marketing or sales initiative.

Due to the various definitions of CRM in existence, companies implement CRM to varying degrees. Payne and Frow (2005) provide a 'CRM continuum' on which they describe three levels of implementation of CRM. The first extreme is the 'narrow or tactical' implementation which is limited to it being an IT project. On the middle of the continuum, CRM is seen as implementation of integrating various customer-oriented solutions. On the other end of the continuum, CRM is seen as a strategic shift to managing customer relationships and includes the coordination of corporate, operational, and technological tools and people. Payne and Frow (2005) suggest firms to implement CRM strategically to manage customer relationships which will aid in creating value for shareholders.

2.2.1 Types of CRM

META Group (2001, p.5) attempted to define CRM in three ways: operational, collaborative, and analytical. Payne and Frow (2005) recognized a further need to propose a strategic framework for CRM building on the pre-existing ecosystem. The three types of CRM will be discussed: *strategic, operational, and analytical*. (Payne & Frow, 2005.)

Strategic CRM

Strategic CRM is a customer-centric business culture that focuses on obtaining customers and providing value to them in comparison to its competitors (Buttle & Maklan, 2015, p.5). This requires an organization-wide change - right from change in leadership, to reallocation of resources to value-addition to the customer (Rababah, Mohd & Ibrahim, 2011) and collecting customer information to serve the customers better (Lin & Su, 2010).

For the successful implementation of strategic CRM, companies must define their business objectives, evaluate the knowledge they have on customers to build successful long-term relationship with them (Frow & Payne, 2009). Strategic CRM aims to answer questions such as: "Who are the existing and potential customers?", "What kind of relationship does the company want to have with customers?", "What is the nature of competitors?" and so on (Frow & Payne, 2009). According to Rigby, Reichheld & Schefter (2002), successful implementation of CRM requires a company to have a focused customer strategy which is augmented by the technology and a change in the managerial decision-making processes.

Operational CRM

Buttle & Maklan (2015, p. 7) define operational CRM as "the application of CRM software to automate customer-facing business processes". Therefore, this aspect deals with the role of technology in the overall CRM strategy. Operational CRM includes the automation of sales, marketing and service through salesforce automation, marketing automation and service automation.

According to Xu & Walton (2005), the aim of operational CRM is to ensure personalized and timely response to customers' needs and thereby increase the

efficiency and effectiveness of customer-facing employees. This communication is enabled by e-mails, face-to-face interactions or at web storefronts (Iriana & Buttle, 2007). This communication is done through collaborative CRM. As collaborative CRM and operational CRM function at the same level, collaborative CRM is an integral part of operational CRM (Frow & Payne, 2009).

According to Iriana and Buttle (2007) multi-channel integration ensures consistency and unified experience for the customer across all channels managed by companies. This necessitates a “single view of the customer” (Buttle & Maklan, 2015, p. 217). Furthermore, a unified view of the customers’ interactions across the various company channels ensures employees have insights into the customers’ relationship history with the firm. The various components of operational CRM are explained in detail in section 2.3.

Analytical CRM

Analytical CRM is the gathering, storing, extracting and analysis of valuable customer data which can be used to form the business strategy of organisations (Buttle & Maklan, 2015, p.11). Using intelligent technologies, different types of customer data can be mined – such as sales and marketing data (purchase history, loyalty scheme data), service data (live chat logs, phone call logs). Furthermore, correct analysis of the data can aid in developing customer profiles, personalizing communication, conduct customer segmentation and customer probability analysis (Herschel, 2002; Doyle, 2002).

Effective analysis of customer data will augment the capabilities of operational CRM by providing the right information about customers’ preferred communication channels and the personalization of such communication (Payne & Frow, 2006). Moreover, analytical CRM supports strategic CRM as the synthesis and analysis of information about prospective customers can help in developing customer strategy, which will create value for the firm, aid in the development of new products and services and possibly increase customer lifetime value (Knox et al., 2003). Gebert et al., (2003) suggest data mining solutions and data warehousing as common applications of analytical CRM. Next, the strategic model proposed by Payne and Frow (2005) is represented in Figure 2, which consists of five business processes namely: *strategy development process, value creation process, multi-channel integration process, information management process and performance assessment process.*

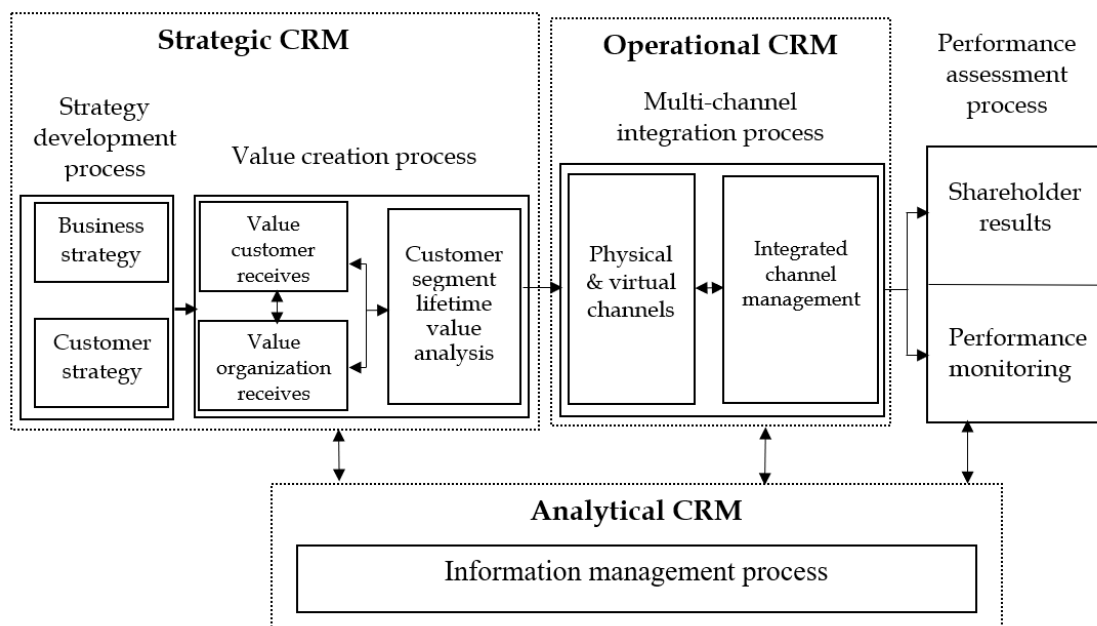


Figure 2 Strategic framework of CRM (Source: Payne & Frow, 2005, p.171)

Strategic CRM begins with defining business strategy (in context to industry and competitors) and aligning this to the customer strategy. This essentially means conducting customer segmentation analysis to build a base of current and potential customers and evaluating appropriate relationship management strategies for them. The decisions taken at this stage are then translated to action in the form of programs that generate value for both customers and organizations. For customers, this can be products or services that meet or exceed their expectations in comparison to competitors' products and services. Satisfied customers will lead to a higher return on investment, which will add value to the organisations. Additionally, customer lifetime value (CLV) is used to measure the possible investment a customer makes on the organisation's product or service over their lifetime. The authors state that multi-channel integration is essential in creating a unified customer experience across all channels – virtual and physical alike. Furthermore, the information management process or the analytical CRM is where valuable insights are extracted from the customer data. A connected front and back-end office allows for efficient coordination which is required to provide unified customer information across the organisation. The last step in the outline is performance assessment process, which ensures the strategic vision of CRM which is achieved by measuring the stakeholder results and monitoring customer satisfaction. (Payne & Frow, 2005.)

2.2.2 Customer knowledge management using CRM systems

According to Tanner et al., (2005), there are two types of customer information, that is explicit and tacit. While explicit customer knowledge includes all

transactional information for example, a customer-initiated event such as a visit on the company website or a complaint or answering customer satisfaction surveys, tacit knowledge is the context-specific information about a customer (Gebert et al., 2003).

Explicit knowledge about the customer can be captured in the CRM systems by automated systems and salespeople or customer service representatives and appropriate responses can be processed. Contrastingly, tacit knowledge is usually limited to the relationship between a salesperson and a customer. This type of customer information is difficult to estimate as it depends on the personal judgement of the salesperson. (Tanner et al., 2005.)

2.3 Automation of sales, marketing, and services

Digitalization further pushed companies to use different technologies to automate their manual processes such as direct sales and account management by salespeople. Additionally, as communication with customers became complex and prevalent on multiple channels, companies had to adopt various technologies to capture the complexity of customer interaction (Tanner et al., 2005).

Moreover, Buttle & Maklan (2015, p. 211) discuss the need for standardizing business processes integral to the strategy of a firm such as marketing, sales, and service. Furthermore, the interdependence of both strategic CRM and analytical CRM have on efficient use of operational CRM is discussed. Providing a consistent view of the customer, operational processes will enable quality of data collected which could be analyzed and further used to implement strategic initiatives (Buttle & Maklan 2015, pp. 211-212).

While salesforce automation ensures increased efficiency of salespeople, adoption of the systems might vary depending on the individual. This could depend on organizational factors such as training and support to use systems as well as personal sales experience. An experienced salesperson might have tacit knowledge about the customer, which a new salesperson might require some time to build, in which case such an automated system can help in providing a centralized view of customers. (Tanner et al., 2005; Speier & Venkatesh, 2002.)

2.3.1 Salesforce automation (SFA)

In existence since 1990s, sales force automation was the initial form of CRM which was adopted to enhance productivity and support to salespeople (Tanner et al., 2005). Using technological tools to aid salespeople in sales activities such as generating, qualifying, and nurturing leads, generating proposals, handling, and closing a sale, is salesforce automation (Zeng, Wen & Yen, 2003). Such automation provides multiple benefits to salespeople - reduced sales cycles and more closing opportunities, for sales managers - increased productivity of salespeople,

reduced cost-on-sales, and for top officials – increased sales revenue and profitability (Buttle & Maklan 2015, p.226).

Adoption of SFA systems depend on various factors like the training received from management to adopt such technologies, the need to share customer knowledge with a team. Additionally, a new salesperson might benefit from utilizing an SFA system, as it provides a centralized view of customer. Contrastingly, an experienced salesperson may not want to utilize the CRM to capture the tacit knowledge related to the customer which has been developed through the personal relationship between the salesperson and the customer. (Tanner et al., 2005.)

2.3.2 Marketing automation

Todor (2016, p. 88) defines marketing automation as “the use of software to automate marketing processes such as customer segmentation, customer data integration and campaign management.” In the digital environment, the customer shares their information with organisations across various channels. This information could be used to drive targeted marketing campaigns and provide relevant content which could generate leads for the organisation (Järvinen & Taiminen, 2016). Beyond being cost effective, marketing automation also helps in targeting information to a customer at a particular point of time which further increases customer engagement (Buttle & Maklan 2015, p.8).

2.3.3 Service automation

Using technologies for customer service operations such as call centres, contact centres and with the development of internet - websites, and social media, is referred to as service automation (Buttle & Maklan 2015, p. 10). Common technologies used as part of service automation include interactive voice response (IVR) which begins with customers interacting with a call routing software. If the problem is not resolved, the customer is allocated further to the appropriate personnel.

Another commonly used customer service technology is chatbots which can be utilized to solve customer complaints in the form of frequently asked questions (FAQs), and thus provide better customer experience and decreased service costs. Using these on social media would provide quick and efficient communication for the brand as most complaints remain unanswered and conversations on these platforms go unattended (Buttle & Maklan, 2015, pp. 10-12).

In the next section, chatbots are defined and the advantages and disadvantages of implementing chatbots is discussed.

2.4 Chatbots as part of service automation

Due to the development of artificial intelligence, there are an unlimited number of technology applications that marketers can employ to fulfil customer needs. Artificial intelligence is generally defined as software programs or devices that support human intelligence. It includes machine learning, neural networks, and deep learning. AI is an effective tool for marketers as it has the capability to collect and analyse a large amount of data from websites and social media. Furthermore, almost 85 percent of organizations adopt AI as a strategic opportunity and to gain a competitive advantage (Ransbotham et al., 2018).

A common artificial intelligence tool used to improve customer experience and engage digital users based on conversations is chatbots. According to Shawar & Atwell (2007) and Dale (2016), chatbots are “conversational agents” or “intelligent virtual assistants” which are built with the goal of having a conversation by applying natural language. This means chatbots are used to talk to humans in a way known to them. Essentially an artificial intelligence tool, chatbots can interact with customers across various messaging channels on social media, on apps or even just websites.

Michiels (2017) proposes two types of chatbots:

- Text-based chatbots suitable for a specific business purpose: These could be present on messaging apps such as Facebook Messenger, Slack, WeChat etc. An example is ordering food from a restaurant through a messaging app.
- Chatbots suitable for providing information and other requirements: These are also called virtual assistants such as Amazon Alexa, Google Assistant and Apple Siri.

Even though chatbots have been in use for close to 60 years, the increasing popularity of chatbots could be credited to the advancement of AI and keen consumer interest in mobile-messaging apps (Brandtzaeg & Følstad, 2018). Various areas of commerce adopt chatbots to save costs, resources, money, and time. Chatbots are also utilized by commercial and non-profit service providers to engage with customers across websites and social media platforms. The most common use of chatbots is in conversational commerce – retail, travel and tourism, hospitality sector as well as public sector organizations which use it as a new digital channel of communication and dissemination of information (Androutsopoulou et al., 2019).

As chatbots are a type of AI application, the opportunities and challenges are viewed from the lens of implementation of AI technologies.

2.4.1 Advantages of implementing chatbots

The adoption of chatbots provide greater operational efficiencies, improved customer experience and additional support to existing personnel (Jang et al., 2021). According to a study by Jang et al., (2021), most organizations implement

chatbots to gain operational efficiencies such as round-the-clock availability, personalization, and automation of communication, heightened website conversion rate, generation of qualified leads and handling customer churn (Drift, 2020c).

Furthermore, chatbots can play a supportive role to the current personnel (Jang et al., 2021). With the evolution of AI, chatbots are better developed with lower error rates which leads to human agents being freed up for more complex tasks at hand (Davenport et al., 2020). Furthermore, Paschen, Wilson & Ferreira (2020) highlight the need to train both sales professionals as well as support staff to use information generated by AI technologies and interpret it correctly. Since the use of chatbots depends on the input provided, employees need to gain new skills to adapt to the scenario (Paschen et al., 2020).

2.4.2 Disadvantages of implementing chatbots

The adoption of chatbots pose technological and organizational challenges. Additionally, government regulations may also affect the decision to implement chatbots.

As AI is still in its development phase, chatbots may not have reached their peak of technological maturity (Dwivedi et al., 2019). Managers who participated in a study by Jang et al., (2021) cited inaccurate responses in a particular language and the inability of chatbots to handle complex requests as technological impediments.

The organizational challenge is resistance from the workforce due to the fear of being replaced. As chatbots are seen as an IT investment, implementation may require an investment to manage quality data, set up relevant infrastructure, hiring additional personnel, thus causing an economic challenge. (Jang et al., 2021.)

Furthermore, the authors also suggest government regulations as a challenge for the adoption of chatbots. This study is conducted across Finland and India; hence data privacy may be a cause of concern for organizations.

In Finland, the EU General Data Protection Regulation (GDPR) is a key regulation in terms of data privacy. According to the GDPR law, refers to personal data that can aid in identifying a person and thus requires the consent of the person (GDPR, 2016). Furthermore, failure to comply with GDPR restrictions can result in a penalty of almost 4 percent of the organization's global turnover (GDPR, 2016). The Indian counterpart of the GDPR law is the Personal Data Protection (PDPA) bill (2019) which is still in the draft phase and has not been implemented by organizations in the country.

2.5 Social CRM

Social CRM came into existence with the introduction of social media technologies in the early 2000s (Choudhury & Harrigan, 2014, p.151). Greenberg (2010,

p.34) defines it as “a philosophy and a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment.”

Extending beyond traditional CRM and including social interactions between companies, customers and potential customers, social CRM can be practiced through tools such as blogs, user communities, podcasts, user reviews or interactions through platforms like Facebook, Twitter, and WhatsApp (Greenberg, 2010, p. 40). Zablah, Bellenger & Johnston (2004) highlight the importance of new technologies which improve interaction between customers and companies and establish enduring relationships. Contrary to this, Buttle & Maklan (2015, p. 13) consider social CRM to augment analytical and operational CRM. The authors suggest purchases made on social media as a part of operational CRM and using social media data of customers to manage relationships which will support analytical CRM. Furthermore, social CRM can aid in the overall CRM strategy but cannot replace the need for a strategic CRM approach on behalf of an organization (Buttle & Maklan, 2015, p.13).

The next section describes customer engagement, which is a central concept of social CRM. The sub-section begins with the introduction of customer engagement and subsequently, the customer engagement cycle by Sashi (2012) is explained.

2.5.1 Customer engagement cycle

With increased competition in the market for the customers' attention, it is imperative to not just satisfy a customer, but to keep them engaged. Therefore, engaging a customer has become a necessity for every business. As an example, a study reported that customers who may be considered satisfied according to a customer satisfaction scale of 10, may switch to their competitor's brand subsequently (Mitchell, 1998).

Customer engagement arose from the concept of employee engagement and moved into the relationship marketing literature due to the evolution of the nature of relationships between customers and firms (Hollebeek, Glynn & Brodie, 2014). This relationship evolved from being solely transactional in terms of making profits and sales to including non-transactional behavior of the customers such as providing feedback, communicating with other customers across their networks (Bowden, 2009). Gallup, a management consulting firm, through their research challenged the notion that consumers are rational buyers and proposed that emotional aspects were crucial in determining a purchase decision (Gallup Consulting, 2009).

Sashi (2012, p.260) proposes a customer engagement cycle which emphasizes the need for a customer to go through all seven stages to be considered engaged. An engaged customer could potentially aid the company by expressing their own needs or amplifying the needs of other customers using interactive mediums such as social media (Sashi, 2012, p.261). Supporting this, Buttle & Maklan

(2015, p.102) establish that engaging customers beyond mere purchase activities will result in active participation and connection to the brand. Additionally, the interactive nature of social media can be harnessed to satisfy customer needs, keep customers engaged and build trust and commitment in the process (Sashi, 2012, p.261).

According to Sashi (2012, p.260) there are seven steps in the customer engagement cycle (see Figure 3) namely: *connection, interaction, satisfaction, retention, commitment, advocacy* and finally *engagement*.

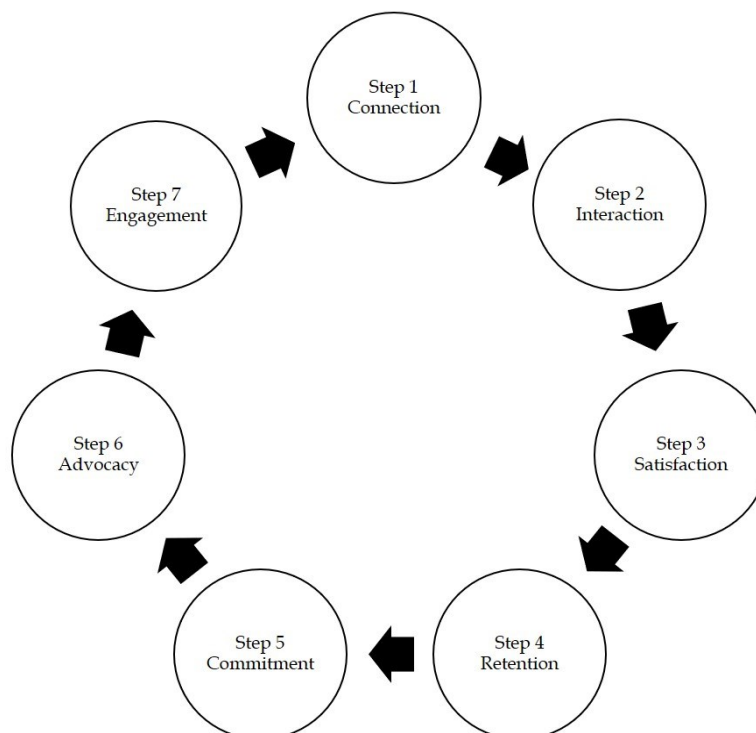


Figure 3 Customer Engagement Cycle (Source: Sashi, 2012, p.261)

1. Connection: To build long-term relationships, the first step is to establish a connection between customers and companies. This can be done by using offline channels or using new age digital tools such as chatbots to reach a wider audience. If a connection has been established, companies will be able to better estimate customer needs beforehand and assist them in choosing the right product. (Sashi, 2012, p.261.)

2. Interaction: After a connection is established, firms can interact with customers in real-time because of the wide variety of digital tools at their disposal (Sashi, 2012, p. 261). Customers can interact with the companies in the form of enquiries or complaints and companies can utilize this as an opportunity to capture a lead on their chosen platforms (Tikkanen et al., 2009).

Digital tools such as instant messaging, email, blogging and social media channels have increased the frequency and speed of communication and can be used as a channel to better serve customers. Interacting real-time with its customers on these mediums can help companies tap into a wealth of knowledge about customer needs (Sashi, 2012, p.262).

3. Satisfaction: The customers will stay connected and have continued interaction with a company if they are satisfied with the interaction (Sashi, 2012, p.262). Customer satisfaction is measured through satisfaction surveys and ratings which are considered an integral business goal of a company (Mittal & Kamakura, 2001).

As mentioned in section 2.2. retaining a customer is financially profitable for an organization than the cost of acquiring a new customer (Payne & Frow, 2009) and hence customer satisfaction and loyalty of current customers must be measured.

Net Promoter Score (NPS) measures the likelihood of a customer to recommend an organization's product or services to other customers. Measured on a scale of 0-10, where 9 or 10 is a "promoter", 7 or 8 is "passively satisfied" and 0 to 6 is a "detractor". NPS is the percentage of "promoters" minus the percent of "detractors". Furthermore, this score aids in estimating an organizations' profitability. (Grisaffe, 2007.)

However, simply satisfying a customer does not guarantee a repurchase from them (Mittal & Kamakura, 2001). Moreover, it is essential to keep customers satisfied throughout the purchase journey whether they are at pre-purchase step or post-purchase (Sashi, 2012, p.262). Additionally, exceeding customer expectations and building a positive customer experience will lead to companies being able to retain their customers (Buttle & Maklan, 2015, p. 91).

4. Retention: According to Sashi (2012, p.263), if a customer is satisfied over a period or has a positive experience with a brand, the company will be able to retain the customer. However, both these are mutually exclusive, that is, if a customer has a positive experience with a brand, it may not result in a long-term relationship and even if the customer has a long-term relationship with a brand, it does not necessarily mean a positive experience for the customer. Moreover, customer satisfaction impacts retention positively (Gustafsson, Johnson & Roos, 2005).

5. Commitment: Broadly speaking, commitment is when companies favor stable, long-term relationships rather than short-term profits (Buttle & Maklan, 2015, p.27). According to Gustafsson et al., (2005) commitment includes calculative and affective commitment.

Affective commitment refers to the psychological aspect of a relationship whereas calculative commitment refers to the cost-benefit analysis a customer might conduct before a purchase (Sashi, 2012 p.263). Both types have different outcomes - calculative commitment results in higher loyalty towards a brand or company, whereas affective commitment leads to trust and an emotional bond with the customer and hence leaving the customer delighted (Sashi, 2012, p.263).

Conclusively, if a customer is in a long-term relationship and is emotionally invested in a brand, it can be concluded that the customer will be loyal and remains delighted (Sashi, 2012, p.263).

6. Advocacy: A customer who has been delighted may want to communicate their experience to other customers in the form of positive word-of-mouth

communication (Harrison-Walker, 2001). With the evolution of social media, delighted customers may be willing to do so. According to a study by Harrison-Walker (2001), loyal customers would become advocates of a brand or product only if they develop an emotional attachment and subsequently a long-term relationship with the company. In other words, if there is repurchase intention and a psychological attachment a customer feels with the brand, it can be called customer loyalty.

7: Engagement: If a customer is delighted or feels loyal towards a brand, this will lead to the customer being engaged with the brand (Sashi, 2012, p.264). For engagement, trust and commitment is needed from both parties – the company and the consumer (Sashi, 2012 p.264).

Conclusively, customer engagement enables both companies and consumers to co-create value – consumers provide their feedback and changing needs to the sellers through various digital and social mediums and consumers reciprocate with not only their repeat purchases, but also with their trust and loyalty. As the network of present consumers grows, they develop new connections, where they can share their positive experience with their network as well as potential customers, using social media and other technologically advanced tools and become advocates of the brand in this process. The company can expect these loyal customers to become brand evangelists and “stick” with the company through their highs and lows. (Sashi, 2012, p.264.)

3 METHODOLOGY

There are two ontological assumptions, namely objective and subjective ontologies. According to the objective approach - objects can be measured, tested, and justified in a uniform way independent of the subject (O’Gorman & MacIntosh, 2016, p. 56). The subjective approach contextualizes an individual’s perception which further shapes the reality of the situation (O’Gorman & MacIntosh, 2016, p. 56). Further, this study employs the subjective ontology with an interpretivist approach as its epistemology. The interpretive approach goes beyond mere measurement of a phenomenon under investigation and focuses on the social context of the situation (O’Gorman & MacIntosh, 2016, p. 65).

This chapter aims to introduce and justify the research methods employed in this study. First, the research paradigm is discussed followed by the nature of qualitative research. Next, interviews as a method of collecting data is described and justified. Lastly, the method of analysis of the synthesized data is elaborated upon.

3.1 Qualitative research

There are two types of research: qualitative and quantitative research. Braun & Clarke (2013, p. 6) highlight qualitative research as the research based on understanding context through the gathered “narrow” data which is considered rich enough to provide detailed descriptions. The goal of qualitative research is to answer the “why” and “how” of a particular situation and contextualize individual experiences. Qualitative research data is often in textual forms such as documents, interview transcripts and observations. Contrastingly, quantitative research is carried out with the objective of confirming a hypothesis or testing a theory and aims at generalization whereas qualitative research focuses on both commonalities and differences in the data (Braun & Clarke, 2013; Adams, Khan & Raeside, 2014). Additionally, qualitative research is usually guided by an interpretivist paradigm, due to which the focus is on collecting in-depth information from a limited group of people rather than extrapolating results from a larger sample size (Hennink, Hutter & Bailey, 2020).

Table 2 summarizes the main outline of qualitative research as given by Hennik et al., (2020, p.16). This research implies interviews as the qualitative research method as the aim is to gather information on the personal experiences of marketers/managers who have used chatbots as part of their customer relationship management strategies. This is contrasted by the information from chatbot service providers who highlight the intended use of these technologies.

Furthermore, this research can act as a base for both service providers and marketing managers who would consider using chatbots in the future.

Table 2 Key identifiers of qualitative research (Hennink et al, 2020, p. 16)

Objective	To understand individual beliefs and behaviors in a particular context
Purpose	To understand why and how
Data	Non-numeric or textual data
Study group	Small number of interviewees
Data collection	Interviews, observation, focus groups, content analysis, ethnography

3.2 Data collection and implementation

Interviews are defined as the two-way interaction between interviewer and interviewee through face-to-face, telephone or computer-mediated technologies (Hair et al., 2015). They allow for in-depth data collection especially when elaboration of the data is critical to understand concepts (Adams et al., 2014; Eriksson & Kovalainen, 2008; Hair et al., 2015). This research aimed at understanding the role of chatbots in the CRM strategies of various firms as well as the experiences of the digital specialists in using these chatbots. Hence, interviews were chosen as the suitable method.

Qualitative interviews can be structured, semi-structured or unstructured (O’Gorman & MacIntosh, 2016; Hair et al., 2015). The types of interviews vary in terms of structure of interview questions; structured interviews consist of a pre-planned outline and the aim is to collect facts to generalize conclusions. Unstructured interviews are more informal and are suitable when a topic needs to be explored intensively and in a broader sense from the interviewee’s point of view (Eriksson & Kovalainen, 2008). Semi-structured interviews are led by a pre-prepared outline of relevant themes while keeping some room for in-depth and detailed responses of topics which may not be included in the interview outline (O’Gorman & MacIntosh, 2016; Fossey et al., 2002). Semi-structured interviews were chosen due to its flexible nature. However, it is imperative, to acknowledge the disadvantages of this method. The biggest challenge according to Eriksson and Kovalainen (2008) is to ensure covering all relevant topics which may not be included in the interview guide. Additionally, the authors also note that it is difficult to draw comparisons in the data especially since the responses are guided by people’s personal interpretations of similar questions. Lastly, Adams et al. (2014, p. 148) highlights the issue of “interviewer bias” that is, the questions being guided by the interviewer’s preconceived notions. Suitable steps were taken during the planning and implementation phase of the interviews such as employing

explanatory probes (“what did you mean by that?”) and getting to know the interviewees beforehand, when possible.

3.2.1 Recruiting interviewees

To interview the most suitable participants, judgment or purposive sampling was chosen. Purposive sampling is chosen when the sample is selected based on the researcher’s judgment and adheres to certain parameters with specific objectives in mind (Saunders, et al., 2019, p. 237). Interviewees from both groups were recruited through purposive sampling.

For this research, there are two groups- chatbot providers and companies using chatbots as part of their customer relationship management strategy. The main criteria for the first group - the chatbot providers - was that the interviewees must have knowledge about the capabilities of chatbots and their implementation. The criteria for the second group - the companies utilizing chatbots - were: a) the interviewee would either be in the position of sales, marketing, or service functions b) would have extensive knowledge of the use or implementation of chatbots in the company. Due to the various industries that use chatbots, it was considered appropriate to conduct interviews of managers across all industries - retail, IT, e-commerce, insurance, finance, and travel.

The study was intended to cover Finnish companies, since the country is at the forefront of adopting AI with over 3 percent of all Finnish firms using AI in business processes (FAIA, 2020). However, since limited number of responses were received (see section 3.2.2.), the study was extended to India. This acted in favour of the study as almost 45 percent of organizations in India had increased the adoption of AI during the pandemic in comparison to major economies such as UK, US, and Japan (Ghosh & Bhushan, 2020).

There is ambiguity with respect to the number of interviews that count as a suitable sample size, since the aim of qualitative research is to explore and understand a particular phenomenon in more detail (Saunders et al., 2019, p.218). However, Guest, Bunce & Johnson (2006) established that six to twelve interviews are suitable to achieve data saturation. Data saturation is the stage at which no new themes emerge from the collected qualitative data (Saunders et al., 2019, p.235). Since the use of chatbots varied in different industries, six to twelve interviews were considered as the estimated number of interviews to gather sufficient information.

3.2.2 Implementing the interviews

Two interview guides were prepared diversity across the two study groups. The first interview guide was prepared featuring major topics such as customer relationship management, AI tools used to manage relationships and using chatbots on social media platforms (see Appendix 1). The second interview guide was more focused on questions about the usability of chatbots and the benefits they could provide to a company (Appendix 2).

To recruit the first study group - chatbot providers - invitations were sent to popular chatbot providers. Three positive responses were received and were included in this study. For the second study group - companies using chatbot services - two ways were used to acquire interviewees. First, a list of almost 20 companies was collated on Excel with the prospective contact person, the email and phone number also mentioned. This list was a combination of two things - first, from personal experiences of using chatbots on a certain brand/company's website/social media/app. Second, the user cases section on the chatbot providers' websites were explored and the end-customers were also requested to participate. On receiving no answer, or a negative response, the author also explored the possibility of asking for an introduction of end-users in the interviews with chatbot providers. One interview was obtained through this method.

Ethical practices were uniform across both study populations, such as sending a brief to participants regarding the scope of the study along with a research notification as well as a privacy data protection notice in line with the General Data Protection Regulations (GDPR). This was done to assure participants that their data would not be misused and anonymized while deriving conclusions. The tentative interview guide was sent to some of the participants who requested for it to give a certain structure to the discussion. However, they were also briefed about the possibility of deviating from the set questionnaire. This ensured to keep a balance between well-prepared as well as spontaneous answers. To protect respondent anonymity, all interviewees were pseudonymized as company A, B, C and so on. The interviewees are informed regarding the same, prior to the interview.

The semi-structured interviews were conducted from February 2021 to April 2021. The interviews lasted for 15 minutes to 35 minutes depending on the availability and the willingness of the interviewees to discuss the broader themes. Due to the COVID-19 pandemic, all interviews were conducted via university's secure network of Zoom and the audio and video were recorded with the verbal consent of the participants. Subsequently, the audio recordings were used for transcription and accurate analysis. Finally, the data was deleted in line with the protection of private data of the organisations.

Table 3 presents detailed information of the interviewees in terms of type of business, country, position of interviewee, industry the company operates in and the duration of the interviewee.

Table 3 Description of interviewees

S. No	Type of business	Country	Position	Industry	Duration
Company A	B2C	India	President of Operations and Customer Service	Insurance	35 minutes
Company B	B2C	Finland	CRM Specialist	Entertainment	12 minutes
		Finland	Guest Experience Manager		26 minutes
Company C	B2B	Finland	Business Developer	IT	17 minutes
Company D	B2B	Finland	Marketing Specialist	IT	26 minutes
Company E	B2B	India	Sales & Marketing Head	FMCD	35 minutes
Company F	B2C	India	Marketing Communications Specialist	Food & Beverages	28 minutes
Company G	B2B	Finland	CMO	IT (Chatbot provider)	15 minutes
Company H	B2B	Finland	Content Marketer	IT (Chatbot provider)	40 minutes
Company I	B2B	Finland	Senior Marketer	IT (Chatbot provider)	29 minutes

3.3 Thematic analysis

The analysis of data is done following the thematic analysis given by Braun & Clarke (2006, p.79). The authors define the analysis as a way of “identifying, analyzing and reporting patterns or themes within the data”.

The data analysis process began with transcribing the recorded interviews. All interviews were conducted in English. The total number of pages of the transcriptions was 66 pages. Next, transcriptions were prepared by removing filler words such as “um”, “okay”, “right”, “yeah”, “uh”, “so”, “like” and repetitions. The transcripts were then read multiple times to develop a better understanding of the data at hand. Words and phrases regarding a particular theme were colour coded. Initial themes were derived from the literature - CRM, usage of social media and social CRM, chatbots and customer engagement. The commonalities and differences in the data were also considered during this phase.

Additionally, automation as part of CRM and personalization were two themes that emerged from the data. Finally, the themes were re-evaluated and re-examined to ensure all data is well-represented. In the next chapter the results are presented under the themes.

4 FINDINGS

In this chapter, the empirical findings are presented. Interviews were conducted for two study groups – companies using chatbots and chatbot providers to gain a holistic understanding regarding the research topic. Three chatbot providers were interviewed to understand the intended use of the technology and the implementation process. Seven interviews were conducted with companies to gain a better understanding of the implementation, use and benefits of this technology. As the intent was to interview someone with holistic understanding of chatbots used in CRM activities, the author actively sought representatives working in the role of marketing, sales, and services.

Firstly, the role and use of CRM is discussed. Secondly, the usage of social media channels and social CRM is elaborated. Thirdly, the use of automated software such as marketing automation and chatbots as part of service automation are examined. Next, personalization using chatbots is contrasted to personalization through emails. Finally, the impact of implementation of chatbots is expressed in terms of advantages and disadvantages it offers to an organization.

4.1 Role of CRM

As mentioned in section 2.3, CRM is a multi-dimensional concept that may have a different context, depending on size of the organization, type of industry and type of business. The interviewees are divided between business-to-business companies and business-to-consumer companies.

4.1.1 The use of CRM in business-to-consumer companies

Relevance of CRM to interviewee

The three business-to-consumer companies were company A, in the insurance sector, company B, in the entertainment sector and company F, in the food and beverages sector. For all three interviewees, the use of CRM as a tool and the strategic importance of CRM was discussed.

The interviewee at company A, the general insurance company defined customer centricity as a core value embedded in the company's brand motto which was followed through the marketing, sales, and services activities.

“We basically have to demonstrate to customers that we are here to care for you, to solve your worries. This is a philosophical underpinning whether it's a manual strategy or a digital strategy.” Company A, President

For the interviewee at company B, in the entertainment industry the main activity to maintain customer relationships was targeted emails and entertaining content.

With the goal of sending out a weekly email per customer, the aim was to target emails based on customer interest.

“It depends on the week, what segments we target...so if we have a bunch of news about, let’s say a Marvel movie, then we target our sci-fi enthusiasts...if we have news on like demographics, for example, of X theatre in X city, then we send it out to people in X segment, but we try to send out one weekly email per customer.”
Company B, CRM specialist

The interviewee from company F, in the food and beverages industry, oversaw the use of CRM and described the focus on a loyalty programme and messaging frameworks, which worked on triggers depending on where the customer would be on the customer journey outline. While the loyalty programme was at a basic level, it worked well for the organisation, as a small company it was beneficial to retain customers rather than acquire newer ones.

“We keep tracking our loyalty programme, we have email and SMS blasts that we have at different levels of triggers. For example, after the first visit has taken place and after that, if the person has not visited us in 30-60 days or 90 days, then we send out subsequent messages. Also, on customers’ anniversaries and birthdays.”
Company F, Marketing Communications Specialist

Advantages of CRM systems

All three interviewees mentioned the regular functioning of CRM systems to help enable better customer communication, uniform servicing and providing a better experience for customers as the centralized system helped keep track of all customer information.

The interviewee at company A, the insurance company, emphasized the proper functioning of the system as customers contacted the company through various channels and so there was a need to have all customer information in one place. Upgrading the CRM software at regular intervals and especially prior to the pandemic ensured uniform customer service activities through the pandemic.

“Our CRM basically acts as a middleware, it sits in between the core platform and various customer facing assets, but when customers come to us, their fulfilment happens in a seamless way because CRM acts as a bridge between customer assets and our core platform.”
Company A, President

“When COVID19 happened, we had updated our CRM at the right time. It enabled people to continue to give uninterrupted services by working from home...our earlier CRM would not have allowed that, because we had moved into a new CRM it ensured that our switch was without any glitch.”
Company A, President

Interviewees from company B in the entertainment industry and company F in the foods and beverages industry agreed on using CRM for maintain up-to-date information about customers in the form of contact lists and dashboards which helped in reporting customer activities in a detailed way. As a consequence of

updated customer contact list, interviewee from company B emphasized on the reduction of manual workload as the CRM system automatically excluded unresponsive customers.

“So, let’s say if one email bounces too many times, it will get discarded in our system...so we don’t keep sending emails to people that aren’t really responding or receiving our marketing emails...it’s not a lot of manual work that I have to do.”
Company B, CRM Specialist

“We have an entire dashboard that helps with reporting things like who our customers are, how is their customer journeys, what our generic customer is, in how many days do they visit us, generally in a month.” Company F, Marketing Communications Specialist

Importance of collecting customer data

As company A is a large organization operating in multiple lines of business, the interviewee stressed the need to collect customer data throughout the entire insurance life cycle, from acquisition to retention of the customer. The customer data collected was used to gain a holistic view of the customer, which could further be used in new product development and providing better services.

“You leverage data to gain a holistic view - it could be at any part of the value chain. Because it starts from acquisition going through the entire life cycle, claims in case, he has to avail a claim...and it ends at renewals. It helps give a unified view therefore, a seamless experience be it in terms of services, be it in terms of more products or taking a 360-degree view across everything” Company A, President

Driving customer behavior to the website was the focal driver of all CRM activities for the interviewee at company B. The centralized system contained information the customers willingly shared with the brand on the website. Targeting of marketing communications was done based on this customer data provided to the company and they did not seek out any other ways of gathering customer data.

“Basically, all information that our customers have agreed to share with us, which is the stuff that they put in their profile when they log into our website and are able to buy tickets from us. So, where they live, their interests, age, like, I can target our customers based of the data we have.” Company B, CRM specialist

Similarly, company F in the foods and beverages industry relied on the information customers provided voluntarily. This helped in mapping out the customer journey even if it was at a basic level. The company was currently in the process of switching CRM systems as collecting detailed customer data had become a priority. Additionally, the interviewee mentioned not having access to third party data which could help the company know more about their customers. This third-party data existed on food aggregators’ database. Food aggregators were companies that provided a platform where customers could compare offers

and order meals from various food outlets for delivery. While this data was crucial as pointed out by the interviewee, it was currently inaccessible to them.

“The customer journey is done at a basic level, for example the maximum times the customer has visited us, or say if they have visited, then what is the ticket size, which is very basic level data which should be more detailed, we are in the process of switching to a different agency.” Company F, Marketing Communications Specialist

4.1.2 The use of CRM in business-to-business companies

Relevance of CRM to each interviewee

Companies C, D and E are the three business-to-business companies. C & D sell software-as-a-service (SaaS) and company E works in the fast-moving consumer durables (FMCD) industry and more specifically, the tyre industry.

All interviewees stressed on the operational and strategic importance of CRM and having a centralized system in place. As all companies had two types of customers – business customers and end-users, CRM activities were focused on nurturing the business relationships and serving the end customers. Interviewee from company E, mentioned the role of having a CRM strategy as a strategic advantage to nurture relationships with potential and prospective customers. The interviewee also mentioned nurturing customer relationships as a prerequisite for making a sale as having a quality product was not sufficient for selling. Given the time-sensitive and price-sensitive nature of the tyre industry, the interviewee stressed the need for the company to focus on acquiring and retaining customers or risk losing them to competitors.

“All companies have to be proactive in taking care of customers’ rising demands or risk losing them, information is available to customers at the click of a mouse...being a hardcore sales guy, I can tell anyone that the most important part in the company is selling which can only happen if you have good relationship with your customers along with a good quality product. Products, no matter how good, if not coupled with strong management of customer relationships will not be able to fetch results.” Company E, Marketing & Sales Head

Advantages and disadvantages of CRM systems

All interviewees agreed on the use of CRM as a tool to collect information about customers through different methods, which is used to further decide on the customization of communication with the customer and track customer engagement. At the SaaS companies, scalability and easy installation of the CRM system were essential to both interviewees, as the organizations were startups which were short on time and resources.

“Well, I think of course it’s easy to use for a lot of people, when you have a lot of scalability there, so we use it through the company and partners, also I think for us, all the reporting, we can combine a lot of things. There are so many features that you can use, when you have the baseline ready, and add up like different cherries

and features on top. I think the data possibilities and reporting possibilities are in high use in our company." Company D, Marketing Specialist

The interviewee at company E, echoed the similar sentiment with respect to using CRM to keep track of customer interactions between salespeople and customers. Like the SaaS companies, CRM at company E, was seen as a cost-effective way to save time and effort of salespeople which could be better utilized in core sales activities. The biggest disadvantage according to the interviewee was the resistance to change by salespeople as a hindrance in the adoption of CRM system. Moreover, updated customer information enabled a seamless handoff when for example a salesperson would leave the organization as the company.

"It helps to keep a track of what's going on between the company's representative and the customer.... it's used as MIS for the management to take calculated decisions as well as loyalty schemes for the customers who are doing good business with our company." Company E, Marketing & Sales Head

"Salespeople resisted this change of software in fact it took us almost 4 months to completely switch over to our CRM software...probably because salespeople lose their hold on information, they carry in their pockets by not revealing some part to the company management." Company E, Marketing & Sales Head

Importance of collecting customer data

All interviewees agreed on the importance of customer data, though the priorities were different but the most important reason to collect customer data was ensuring targeted communications, personalized offers, and schemes or for other marketing activities. Interviewees at C & D emphasized the need to collect data of both business customers and end-users to analyze the market penetration and reaching the right customers. For interviewee at company E, customer data aided in the formation of marketing and sales campaigns for the most profitable customers.

"Firstly, to try to convert customers and to have information on those customers, because in a way we work as a two-sided market - on one side we have X, which is obviously our prime customers and mostly where we get our revenue from, but then we also give services to, final customers. And this, can be useful for analytics and to make a merge of what markets we have better penetration in and so on..." Company C, Business Developer

"For example, we had a webinar yesterday...kind of reflecting on if we did this thing A, who did we reach? And did it meet their expectations? And we targeted these people, did we reach them or did we reach something else and looking into the content and that point of view." Company D, Marketing Specialist

"The data to me, is of utmost importance and the more filtered the data is, there is a chance of gaining better results. We use the data in creating segments, offering discounts, floating schemes, holding marketing campaigns especially for our loyal customers." Company E, Marketing & Sales Head

4.2 Role of social media marketing and social CRM

The interviewees were asked questions regarding the use of social media channels, the frequency of social media posts, the engagement seen on these channels with chatbots as the main platform in mind. Furthermore, questions were asked regarding gathering information about customers from these channels to further use as part of the CRM strategy of the firm. First, this section discusses the intensity of social media usage for participating organizations and then elaborates on the usage of social CRM.

The extent of social media use

Given the nature of insurance being a “push” product, conversations play a key role in both sales and servicing and are hence a part of the business model of company A. The company had a digital presence across their app, website, and a messaging channel WhatsApp. The chatbot is available on the website as well as on WhatsApp. The reason for this, according to the interviewee, is the frequent use of WhatsApp in India.

“Although the entire spike in usage of digital channels happened due to the onset of the pandemic, nearly 70% of our servicing happens through digital channels. In India, WhatsApp is heavily used as customers are comfortable with immediately chatting with us.” Company A, President

While company B had a presence of various social media channels, the main channel of communication is the website as all CRM activities are focused on driving customers to the website and translating customer behaviour into usable data to further develop communications via email and vouchers. Furthermore, the interviewee at company B, explained the focus on being service-centric and easily approachable given the informal nature of the entertainment industry.

“But I think it’s more in our industry about collecting data from our websites...so customer behaviour on our site is more, than the CRM system in my opinion.” Company B, CRM specialist

“We try to be relaxed and just not very formal since the industry that we work in is fairly relaxed then and not formal at all...so just happy communications all around.” Company B, CRM Specialist

Interviewees from company C & D, both B2B companies, unanimously agreed on the limited use of social media to reach customers. Mostly, marketing blog posts across social media channels is the extent of usage of these channels. The interviewee from company D expressed a need for the brand to engage with business customers by using private digital channels and having a limited presence on Twitter and LinkedIn. The interviewee from company E agreed to increased social media usage as a recent phenomenon after the pandemic necessitated a

more digital presence. Furthermore, all interviewees agreed on using social media to drive leads to the home page, but the quality of leads was questionable. The interviewee from company D reiterated the importance of website as an information hub rather than a platform of engagement. In order, to be easily reachable for website visitors, a chatbot was present on both companies' website. In B2B organizations, often traditional methods such as events and personal communication is common to engage and gather leads rather than social media. For all three companies, the chatbot was present on the home page.

"Well from social media, I wouldn't say it's that important or that we have put so much focus on it, because our business is a bit more, B2B perhaps we haven't put as much emphasis on that as we would have if it's a purely B2C market, and then for the part, which is the final customers, we trigger more something like Google Ads and things like that." Company C, Business Developer

"The website is not in the engagement part in a way...so it's more like an information hub as such. Of course, there are possibilities to contact us, but maybe not in a direct way that you can message in Twitter...or they serve a little bit different purpose." Company D, Marketing Specialist

"Yeah, we do use Facebook and Twitter which are very useful tools in the current age of the pandemic, we've had to quickly adapt to digital channels. Through these social channels whatever enquiry is generated is transferred to the salesperson who in turn directs it to our authorized partner for that assigned area." Company E, Marketing & Sales Head

Like company B, the focus of company F was to drive customers to the website where a chatbot is present. As the website was the main sales channel, having a chatbot on the website was considered essential by the interviewee. Facebook, YouTube and, Instagram, were the most used mediums to support marketing activities. The interviewee mentioned creating content and ideating trending posts to engage with customers and marketing campaigns focused on certain times of the year.

"Right now, we are doing topical posts which are generally trending, we have a yearlong calendar, right now its summers, so we'll do something." Company F, Marketing Communications Specialist

The prospective use of social media in CRM activities

While all companies monitored social media platforms to varying extents, only two organizations seemed to be using it for CRM activities to some extent. All other companies did not mention using social media for collection of customer data.

Company A, the insurance company is present on all major social media channels such as Facebook, Instagram, Twitter, and LinkedIn. Realising the necessity to respond to customers promptly, an online reputation management team is functional for the same.

“They basically would leverage the social media channels to give a shout for a service. What we do is we realize the need for urgency...and then our team is obviously, scanning the entire horizon all the time...immediately the team picks it up and gets into action.” Company A, President

Company F, the company in the food and beverages industry had an online review management dashboard where reviews are gathered from third-party aggregators and occasionally, the interviewee would respond to the comments. The aim of using the dashboard was limited to checking customer satisfaction.

“only for reviews, basic levels of checking whether the customer has a positive, neutral, or negative feedback, nothing specific as such.” Company F, Marketing Communications Specialist

Contrastingly, all interviewees from chatbot-providers emphasized on integration with social media channels which were also an available service for their customers.

4.3 Automation

This section covers the various aspects of operational CRM, that is marketing automation, salesforce automation and service automation as is relevant across the data sample. Across the data sample, marketing automation and service automation in the form of chatbots is discussed.

4.3.1 Marketing automation

Marketing communication was considered an essential part by all interviewees though the range of automation and form of communications varied across the data sample. The interviewee from company C described the use of marketing automation software to further push customer along the marketing funnel by triggering emails at different stages of the customer journey.

“During our onboarding process, when customers are in our software, they need to build a profile which is supposed to define our customer, so we track with marketing automation, how they are doing and then we filter our messaging based on their activity.” Company C, Business Developer

The CRM systems helped keep track of customer activity and recently, the interviewee admitted to sending automated emails based on this activity to engage and capture customers’ attention. Furthermore, there was a need for more information to be gathered on the customers to customize communications.

“So, with CRM obviously you can track who opens who reads and how long they read those emails...so when we notice, like in an automatic way that someone is reading those emails, then we send emails to them, to say “Hey, do you want to have a demo? Or “Do you want to have a meeting with us to talk about the product?” and so on.” Company C, Business Developer

The interviewee at company D, expressed an interest in engaging with business customers and nurturing them using a certain level of automated messaging. There were also plans in the future for the company to use marketing automation software to target marketing activities based on buyer personas.

4.3.2 Purpose of using chatbots

Actual use of chatbots versus potential use of chatbots

Company A was the only company that had integrated the chatbot on another messaging platform that is, WhatsApp. The reason for this integration was to be able to meet customers at their preferred channels as noted by the interviewee.

“The biggest is WhatsApp in India, because we use WhatsApp heavily as customers are very comfortable using it - they can log on and just immediately start chatting with us.” Company A, President

While the period for which, the companies had used chatbots for, varied from four years to nine months, the main purpose of implementing the chatbots was customer service. Additionally, all interviewees agreed on using chatbots for simple customer inquiries and getting immediate responses.

“We use them in some capacity, particularly landing pages so that customers can readily get answers or like simple answers, but I would say like 90% of at least what we use it is customer support and that’s probably the most use that I’ve seen from them.” Company C, Business Developer

“We wanted to test them because I think in a lot of companies, there’s a lot of information aside, so we wanted to be reachable. It is so annoying you try to look for something, how to contact the company, so we wanted to make it very simple in the page. When you go to a company’s website there are like a hundred names...who is your contact? Chatbots follows you through.” Company D, Marketing Specialist

“Chatbot is a very accessory thing on our website right now, it’s not a functional thing, we get basic level questions answered and one on our ‘order now’ page where people would have questions.” Company F, Marketing Communications Specialist

Additionally, the interviewees at company A and B, mentioned the effect that the pandemic has had on usage of the chatbots.

“We had figured out key drivers of traffic into the call centre and then we built frictionless digital journeys for those reasons on our bot...when COVID necessitated the shift from call centres to bots, for us, it was a very smooth switch over, our bots got into action.” Company A, President

“I was a little sceptical at first, because in our business, questions usually vary a lot, but actually in this situation the questions were quite the same...a lot about corona and the vouchers and how long they are valid...so now in this situation and the last year, these questions are the three questions that everybody asks.” Company B, Guest Service Manager

Despite the usage of chatbots for customer service, chatbot providers emphasized the ability to use them for marketing and sales especially in terms of lead generation which was also a function some interviewed companies used but were unsure how well it worked. The interviewee from the chatbot provider company G, identified the ability of chatbots to capture a potential lead in terms of obtaining contact information, however the quality of the lead was questionable according to company H.

“When companies want to get clients, chatbots can help the companies to get more sales and get new customers so that way they can be part of marketing and sales. They can be used in the process where you try to convince those website visitors to leave their contact details or like finish the purchase in, say, the web shop.” Company G, CMO

“Yeah, it can do quite a lot in terms of lead generation, they can do a lot in terms of qualifying four X or eight X of your leads, but there’s the question of the quality of leads as well. But even if there is a chatbot that can help you sell, depending on your product, you may eventually need to talk to a human.” Company H, Content Marketer

Integrations with current CRM systems

Company A & E had integrated the chatbot with the CRM which helped across service and to some extent, for sales. Company B used chatbots solely for customer service and hence did not integrate it with the existing CRM system. However, the company had plans to acquire a new sales system and integrate the data acquired by chatbots into the system. For companies C, D & F chatbots were a pre-existing feature of the CRM software the companies used. Additionally, tickets were issued to every customer to keep track of queries.

“The landing page doesn’t give further information that we think customers might ask...so then there’s like a pre-made sort of conversation to give some information about how the system works etc.” Company C, Business Developer

“If you are maybe an end customer and you have something to ask, these kinds of easy ways to contact us...most of them, I checked, we had like six high call-to-actions there... like request a demo, trial or quote or something you want to book a meeting for, or you want to chat with our support.” Company D, Marketing Specialist

“Our chatbot is integrated to our CRM software which makes the task easier...the duplication of data is avoided as all mails and conversations from chats are integrated into our CRM and make things easy for us.” Company E, Marketing and Sales Head

All three chatbot providers discuss the ability of chatbots to be integrated into CRM software. Interviewees from chatbot provider companies G and H, mentioned the necessity to connect CRM to chatbots especially for lead generation and personalizing questions and answers.

“Marketing is handling chatbots, so they need to be in constant dialogue with sales, whether quality of leads is good enough or not....so if chatbots are used for lead generation, then naturally, the leads need to go into their existing sales process.” Company G, CMO

“In some cases, companies just want simple questions answered, in other cases, companies want questions to be personalized, and answers to be personalized and attached to the customer data in their database so that it can retrieve information and edit information later on.” Company H, Content Marketer

The interviewee from company I, mentions the possibilities, that integrations into not only CRM systems but in other third-party software, could provide to the company. Beyond the ability of chatbots to collect information and transferring it to sales and marketing, the data from the CRM system could also be used to personalize communication with the customers. This could be enabled by embedding the ticket number in the CRM. Using bank identifiers and other modes of authentication would obviously be a first step in this process, should a company decide to use a chatbot for this.

“It’s not just collecting an email address and passing it to CRM and passing it to sales...it can go both ways; you can pull from the system to tell the customer ‘Do you want to know about the pricing? Do you have a complaint?’ Whatever it is the bot can handle it, it just pulls from a database of past tickets that it has learnt to answer the different questions.” Company I, Senior Marketer

4.4 Driving customer engagement through chatbots

The ability of chatbots to engage customers was investigated across the sample. All interviewees including the chatbot providers agreed on the ability of chatbots to increase engagement. However, according to the customer engagement cycle, connection and interaction could be identified.

“I think chatbot is one of the tools to nurture engagement and conversation like how we can also cater our customers or partners...we also use quick messaging

where you can have a key message and you want to have a call to action there, so we use both" Company D, Marketing Specialist

"The impact that we see now is an increased sense of interaction with the customer, no one gets left out without an answer...so they can do at least the filtering or the initial contact from the person." Company C, Business Developer

"It heightens chat engagement on website, we've seen like 40% chat engagement increase, so I've seen in companies increasing their availability by three times." Company H, Content Marketer

Most of the interviewees agreed to not having a particular metric for measuring the effectiveness of the chatbots. Some of the metrics mentioned ranged from having a customer satisfaction questionnaire, to the reduction in simple requests on other channels and checking the bounce rate of the webpage.

"One is customers rate this, we get customer feedback. Second is, if you look at grievances, when the pandemic happened, our bots kicked into action, our grievances just fell by 90%." Company A, President

"The people get automatically like a rating for the interaction, and then we measure for example the use of the page as a whole, that's kind of included with the services like Hotjar and so on when they get questionnaires to fill out." Company C, Business Developer

"Basically, difference between how many tickets were issued and how many tickets are resolved and not redirected to our toll-free numbers." Company F, Marketing Specialist

For two interviewees, the measurement of the effectiveness of chatbots was an ongoing process.

"I'm looking every month for what percent of the conversation the chatbot answered and how often it said that it didn't understand you. And then I'm also looking at the customer satisfaction questionnaire, it's a small one, but I'm looking at that every month." Company B, Guest Service Manager

"We tweaked it during summer, so kind of also testing and seeing how people reflect. We have also some changes in the backend of the website, so this is a little bit of an ongoing process." Company D, Marketing Specialist

Chatbot providers on the other hand highlight some concrete metrics used to measure the effectiveness of the chatbots used.

"The marketing department needs to be in constant dialogue with sales, whether the quality is good enough, or whether the quality is too good, so that they would get more leads if they would lower their expectations." Company G, CMO

“Like first response resolution time how that goes down, your overall response time how that goes down when the chatbot is in operation.” Company H, Content Marketer

4.5 Personalization using chatbots versus personalization through emails

Across the data sample, some interviewees still used emails to personalize communication with their customers. Contrary to this, chatbot providers viewed personalized communication through chatbots imperative to provide a better experience for the customers.

“Chatbots make website, when they are utilized on the website, they make website visits feel more personal, they enhance the user experience of the website.” Company G, CMO

“It depends on what sort of processes you want automated by the chatbot. In some cases, companies just want simple questions answered. In other cases, companies want questions to be personalized and answers are personalized and attached to customer data in their databases.” Company H, Content Marketer

“I think a lot of people are used to kind of instant gratification, so sending an email to a business and waiting for two or three business days for an answer, it doesn’t really fit with the times. So, people want to get the answer now. Like, now I have the question, so now I want the answers.” Company I, Senior Marketing Manager

Across the data sample of the B2B and B2C companies, some interviewees emphasized on using emails to communicate with customers. Interviewees from company B & F agreed to using automated emails which were triggered based on events, such as birthdays and anniversaries. The interviewee from company C, emphasized on personalized messaging based on customer information provided by the CRM systems.

“We send out weekly emails, which depends on the week – what segments we target with emails that particular week, it varies from week-from-week, but we try to send out one weekly email per customer...we also have emails that go out on everybody’s birthday and other reminders.” Company B, CRM specialist

“Well, the outreach is massive, so it’s not mega personalized. Of course, there are tools within the CRM that help you personalize messaging like ID tokens. Or having the name within the email template and so on that you can pull from the data that is stored in the CRM.” Company C, Business Developer

Only at company A were chatbots seen as a form of personalized communication. This was also the only company where chatbots were used for the longest time, that is almost four years. Personalization was ensured in two ways – the chatbot

was launched in languages other than English and the chatbot was integrated with voice-based tools such as Alexa and Google Assistant to ensure seamless communication across channels.

“We launched it in languages other than English, we offer our services in Hindi too. Also, we integrated our bot with Alexa and Google Assistant which meant that when these voice-based tools were launched in India, we were present not only on text, but we were also present on the voice platform. So, if you wanted a copy of your insurance policy, you just tell Alexa, if you have an Alexa, “Hey Alexa, can I get a copy of my insurance policy?” This is conveyed to our AI-driven bot then this request is transferred to our CRM and insurance policies are emailed to registered email. Especially, when then pandemic hit, people became wary of touch, voice-based servicing started to get its share of the limelight.” Company A, President

Finally, interviewee from company I highlighted the need to not just have chatbots as a form of personalized automated communication but to design the conversation that would match the authentic brand image of the company.

“if you really design the conversation, if you manage the tone of voice of your bot, that it matches your brand, then you have someone representing the brand giving the feeling of consistent customer interaction. It is not dependent on the mood of whatever customer service rep that you are talking to, they are always cheerful, always have jokes in line with what you are supposed to be joking about. So yeah, they can definitely play a role in maintaining the brand image and customer relationships.” Company I, Senior Marketer

4.6 Impact of implementation of chatbots

4.6.1 Advantages of using of chatbots

Across the data sample, the most common advantage was improved operational efficiency and the ability of chatbots to handle simple, repetitive tasks hence leaving time to solve more complex problems for human representatives.

Operational efficiencies

All interviewees from the companies who implemented chatbots agreed on operational efficiencies – reduced costs, 24/7 availability and real-time responses.

“The main focus was because I have quite a small team and in the chat shift there’s always only one person at one time or in one shift, so my team member didn’t actually have time to concentrate on longer cases from customers. So, they had to say okay, we will get back to you by email. So, we wanted the bot to take all easy questions” Company B, Guest Service Manager

“Right now, we are not able to serve as we usually do from nine in the morning to ten in the evening, we are open only from ten to five-thirty, so it’s very important

that there's someone to answer, in the evening when people ask something." Company B, Guest Service Manager

"I'd say prompt response is the biggest benefit, the customer gets immediate attention, they don't have to wait in queue on the phone plus this chatbot is able to handle various queries at a certain point of time." Company E, Sales & Marketing Head

"We used to get a lot of traffic on our toll-free numbers for which we had to pay an external agency to take our calls, so that cost has now been reduced" Company F, Marketing Communications Specialist

Additionally, the interviewee from company H, also highlighted the ability of chatbots to communicate effectively with customers in times of crisis. The interviewees from company A and B, also mentioned this in their interviews how chatbots had become their preferred form of communication during the pandemic and its effectiveness. Interviewee from company B emphasized that despite the low volume of customer queries, the channel had shifted from majorly emails to chatbots in the last year.

"This is something we saw really strongly last year when COVID happened, one of our customers saw like three times more conversations in terms of customers contacting them via chat. We also saw that customer satisfaction did not change. They still had an 8 out of 10 customer satisfaction with their chat, so that was like a really huge point in terms of customer satisfaction in a really difficult period during COVID." Company H, Content Marketer

"Now, number of tickets and messages coming in, is so less than in the usual situation, but right now 50% traffic is coming from email and 50% through chatbot. Last year, at the beginning it was like maybe 70% from email and 30% from chatbot, but now it has been quite 50-50 every month." Company B, Guest Service Manager

"Customers found that they were able to get the same requests fulfilled, in fact, they found it, I would say even easier because if the proof of the pudding lies in the eating and if you assume that the metric for us is customer complaints, our grievances actually fell. They fell by 90% - it just shows that customers were comfortable." Company A, President

Supporting existing personnel

Chatbot providers and company representatives alike agreed to the support that chatbots could provide to human personnel. Further all interviewees emphasized the need to strike a balance between automations and human sales representatives.

"We wanted to make the chat a channel where we have time for customers, so we wanted the bot to take all the easy questions. The chatbot will take care of the easy questions and my team members will have time to deal with the more difficult questions." Company B, Guest Service Manager

“It can answer let’s say 95% of the most common questions, that doesn’t mean you should lay off your customer support people, it should mean that the bot handles all the repetitive tasks and questions and then the human specialists can spend their time on difficult tasks.” Company G, CMO

4.6.2 Disadvantages of using chatbots

Since chatbots were not being used to the optimal level at all the interviewed companies, ways in which technical, organizational, and regulatory challenges were handled were brought up by only two interviewees, that is, company A & B representatives.

Technical challenges

The interviewee at company B who oversaw the implementation of the chatbot on the company website, described the initial process of adding frequently asked questions (FAQs) as smooth. Even though, the chatbot dropped out of line twice, the entire process was painless. While the chatbot was intended to answer a wide variety of questions, due to COVID19, similar questions had to be supplemented to the chatbot. Additionally, as the volume of queries was not high enough currently, the interviewee expressed exploring the functioning of chatbots in the future months.

“The implementation was very smooth; I don’t remember any problems. Of course, at the starting point, there was a lot of effort to be put in to teach the chatbot, but we had made the most of that with my team before the corona hit.” Company B, Guest Service Manager

“And now because of the corona situation, the traffic on our chatbot its very slow and there isn’t like rush hours, so it hasn’t been such a big problem...but I think that maybe when the corona is over, we really could get on the bottom of our chat...because then the questions might have a little bit of more variation.” Company B, Guest Service Manager

Organizational challenges

As the implementation process was ongoing, the interviewee mentioned plans for the entire team being involved in teaching the chatbot frequently asked questions (FAQs) at the beginning of each of their shift. This would tackle the organizational resistance, if any, faced by the company by involving the team members in the process.

“That was also important for me, that I did not want my team to feel like they would be replaced by a technical bot, because of the situation I am now the only one teaching the bot, but the plan is that in the future, my team members will be teaching it. Like it would be an hour or half an hour at the beginning of each chat shift that they have time to teach the bot, kind of like getting to know a little bit of technology I think that is something that they appreciate, that they like to have in their CV in the future.” Company B, Guest Service Manager

Regulatory issues

Issues such as data privacy were discussed with interviewees from company A and B both. Complete anonymity was maintained for customer service by company B, currently. However, the interviewee from company B, mentioned plans of using the chatbots for sales which would require a new sales system at the organization. Further, in this situation there could be a possibility of ensuring safe payments.

“Our chat is totally anonymous, so you don’t log in, it’s very safe because we have no idea about who you are. But in the future when we have the new sales system, we can do more things with the chatbot.” Company B, Guest Service Manager

As company A dealt with money, the interviewee expressed the importance of keeping customer data safe. While there was no mention of the PDPA law which might affect collection of data, the interviewee ensured other checks and measures to ensure collection of customer data was done in the safest possible way.

“One is of course customer consent, because we’re very clear that whatever we do, we do it at a hundred percent transparency and full disclosure. The other is now that we are operating increasingly digitally, cybersecurity becomes important because no customer would want to have any loss of data.” Company A, President

5 DISCUSSIONS AND CONCLUSIONS

This research was undertaken with two objectives in mind: First, determining the role of chatbots in creating engagement and building customer relationships and second, studying the impact of implementing an AI chatbot for a firm. This was undertaken by interviewing both chatbot providers and companies utilising this technology to highlight the extent of use of chatbots. Based on the findings, this section describes the conclusions and contributions made. This section is divided into three sub-sections - 5.1. elaborates the theoretical contributions made, 5.2. describes the managerial implications. Conclusively, in sub section 5.3 the research is evaluated, and limitations are explored with suggestions for further research given.

5.1 Theoretical contributions

With more than 60 percent of the world's population moving to digital mediums to make purchase decisions (Kemp, 2021), it is imperative for organizations to have a digital presence thus enabling cost-effective communication with customers on their preferred channels. One such medium of communication is using AI-enabled chatbots on company websites and social media platforms. Previous research on chatbots has focused on the customer perspective – factors motivating higher usage of chatbots such as a need for productivity, a sense of entertainment and to some extent, curiosity to try out a new technology (Brandtzaeg & Følstad, 2018). Powered by artificial intelligence and the need for companies to have an omnichannel presence, more companies are adopting chatbots.

The qualitative research method is employed with interviews of representatives from the chatbot providers and the companies utilizing chatbots across two countries – Finland and India. Two research questions highlighted at the beginning of thesis are reviewed. Existing literature was studied alongside the empirical results to form conclusions which aimed to answer the following research questions:

RQ1: What role do AI chatbots play in creating engagement and further building customer relationships?

Customer relationships are fostered through the use of CRM systems. CRM is a multi-dimensional concept which can be defined at the strategic, operational, and analytical level (Payne & Frow, 2005). Across the sample, all organizations were using CRM systems to acquire, foster and retain relationships with customers, though the intensity varied. Additionally, the scope of CRM was limited to the interviewee's role in using the system. Consequently, as company A and E were

large companies, the interviewees emphasized on strategic CRM which is an organization-wide strategy to be customer-centric (Frow & Payne, 2009).

Additionally, the functionality of operational CRM – to provide a holistic view of the customer and of analytical CRM – to aid in supplying the customer information that would enable personalized communication and aid in the segmentation analysis of customers and hence provide value (Payne & Frow, 2006; Knox et al., 2003) was also discussed. CRM systems were seen as a tool that aided in keeping updated customer information which enabled customer communications and uniform servicing, irrespective of the type of business. It was also seen as a cost-effective way to mitigate the workload for the salespeople caused by the manual entry of information in the system (Buttle & Maklan, 2015, p.8). Additionally, a disadvantage mentioned was the delayed adoption of CRM systems by salespeople. This was due to the customer knowledge that salespeople had which was difficult to quantify in CRM systems and hence hindered the adoption of such systems (Gebert et al., 2003; Tanner et al., 2005). Lastly, collecting customer data was important to ensure targeted communications, personalized offers and loyalty schemes and data that could be used for marketing and sales campaigns to further retain profitable customers and acquire newer ones (Herschel, 2002).

In terms of operational CRM, automated software such as marketing automation and chatbots as a part of service automation were utilized the most across the sample. Most companies were still using chatbots as part of their customer service (Buttle & Maklan, 2015, pp. 10-12) while chatbot providers mentioned the ability of chatbots to be used for lead generation and personalizing messages. Irrespective of the function chatbots were used for, it was imperative to integrate them to CRM systems as stated by interviewees from chatbot-provider companies.

Additionally, conversational marketing is seen equivalent to social CRM strategy of firms. This is due to the collaborative and engaging nature of social CRM (Greenberg, 2010, p. 412). As mentioned in section 2.5, customer engagement is a central concept of social CRM. Customer engagement goes beyond evaluating a customer's purchase intention or mere likes and comments and focuses more on the positive and negative associations a customer might have with certain brands. Social media has enabled active participation of customers and due to its interactive nature, organizations can harness it to satisfy customer needs and keep customers engaged while building trust and commitment in the process (Sashi, 2012, p.261).

In the empirical part of this study, no company seemed to use social CRM as a strategy of reaching their customers except company A. Since the company had integrated the chatbot on a social channel, WhatsApp and was able to reach customers on their preferred channel, it can be concluded that companies willing to utilize social media channels for CRM activities could utilize chatbots better by integrating their chatbots with their social media channels. As mentioned before, all companies were mostly using chatbots on their landing pages. This

implicates future research to investigate the link between social platforms and AI tools and their role in CRM activities. Furthermore, in terms of chatbots driving customer engagement the first three steps of the cycle (see figure 4) could be identified.

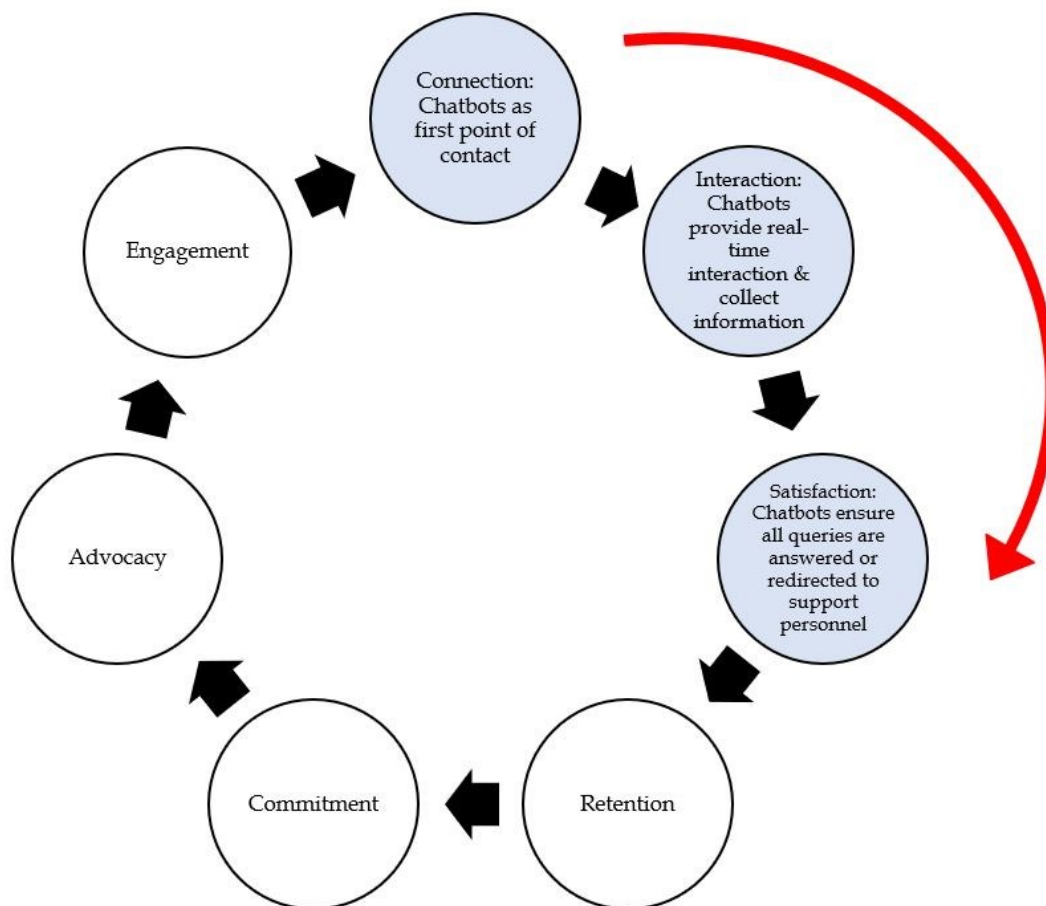


Figure 3 Modified customer engagement cycle using chatbots (Adapted from Sashi, 2012, p.261)

Chatbots could help establish a connection between customer and organization by acting as a first point of contact on the suitable platform. Next, by handling customer inquiries and providing real-time availability around the clock, companies can provide a medium for customers to interact on. In order to maintain the customer interaction, the customer must be satisfied with the interaction (Sashi, 2012, p.262). Satisfying the customer, leads to retaining the customer in the long term by ensuring a positive customer experience. Chatbots can help at this step by either being present at the pre-purchase or post-purchase step and ensuring all customer queries are answered. If a question asked by customer is not programmed into the chatbot, it can be redirected to a human representative.

As can be seen in the empirical evidence, customer satisfaction from using a chatbot can be measured through a customer satisfaction survey while the chatbot providers had metrics such as quick resolution time in mind, when defining

the metrics to measure the effectiveness of chatbots. While chatbots can facilitate the initial steps of the customer engagement cycle, with the development of technology, further research will need to investigate the four remaining steps of the customer engagement cycle in context of chatbots.

RQ2: What is the impact of implementing AI chatbots in a firm?

The empirical findings are in line with the impact of implementing AI chatbots for a firm, that is, there are both advantages and disadvantages of using chatbots as stated by Jang et al., (2021).

Beginning with the advantages, all companies agreed to the operational efficiencies afforded by the chatbots in terms of cost savings, constant availability round the clock and ensuring no question was left unanswered. Additionally, all interviewees stressed on the ability of chatbots to handle simple, repetitive tasks which would subsequently free up the existing support team to solve problems which required human intervention. Furthermore, all interviewees also emphasized on the support chatbots could provide to existing personnel which would require striking a balance between humans and automation in business processes.

Challenges faced due to the implementation and use of chatbots were technical, organizational, and regulatory challenges (Jang et al., 2021). Two opposing views were gathered in terms of technical challenges. While company A had used chatbots for four years and faced no technical challenges, company B implemented chatbots in the middle of the pandemic and was still in the phase of defining FAQs for its customers. To counter organizational resistance, if any, company B planned to include the support team in the working processes of chatbots which would ensure gaining employees' trust. Since the organizations used chatbots for customer service, there was no requirement of adhering to data privacy laws like GDPR. For company A, in the insurance sector, industrial regulations like cybersecurity guidelines aided in collecting and storing customer data safely.

5.2 Managerial implications

This thesis aimed to gain an in-depth understanding of the role of chatbots in ensuring engagement and the development of relationships with customers. Furthermore, this study also aimed to understand the advantages and disadvantages that a firm can leverage from the implementation of such technologies. The findings of this study could aid in the decision-making process for organizations willing to implement chatbots as part of their digital transformation. Additionally, the conclusions could be used by chatbot firms to improve the services.

For most companies, chatbots are viewed solely as an automated customer service tool, however as interviewees from chatbot provider companies stated, chatbots can be used for marketing and sales activities such as lead generation and personalized messaging to increase engagement with the customers.

Additionally, when connected to CRM systems, information collected by chatbots could be used for other CRM activities and vice-versa. Most of the interviewed companies are using chatbots to increase cost efficiencies. Chatbot providers also mention using chatbots on social media platforms and for companies to remain competitive and reach their customers on the channels they are on, companies could implement chatbots on not only their websites, but also integrate it with their social media channels. Only one company in the data sample, Company A seemed to gain benefits from integrating their chatbot with WhatsApp, a messaging platform.

However, as chatbots are still developing and have not reached the peak of technical maturity, currently they aid in answering rudimentary questions. This has been amplified due to the limited business operations by firms during COVID19. Hence, in the future, there will be a possibility to explore the wider scope of chatbots. Most companies in the data sample seem to employ a basic level of chatbots, which implies more investment in digital transformation to enhance organizational and technical capabilities. Consequently, as more firms adopt AI chatbots, it would have an impact on employees in the form of resistance to change. To counter this, managers must ensure proper training of employees who might think they are at a risk of losing their jobs.

As various types of organizations start utilizing advanced chatbots for their business operations, it will be imperative to provide better education and training to ensure smooth onboarding of customers. As pointed out by interviewee from company I, one form of personalized communication is through setting the questions in the knowledge base in line with the general brand image of the company. This would require chatbot providers to help in the form of suggesting best practices to use the chatbots at the optimal level. For organizations working in information-sensitive industries, it will be imperative to implement a technology that is in line with the industrial or government regulations. An instance of this could be a firm wanting to implement chatbots for sales processes. This will imply that the chatbot needs to be in line with the data privacy act in the European Union, that is, the chatbot providers will have to ensure their services are GDPR compliant.

5.3 Limitations of the research

The findings of this study have several limitations.

Firstly, the study employs qualitative interviews as the research method, which is characterized by the subjective experiences of the interviewees. This means, that the results are based on the interviewees' opinions and are not established facts.

Secondly, the sample size of the interviewees is small and varied in terms of type and size of organizations. Therefore, these findings cannot be generalized. This is in line with the goal of qualitative research, that is, to contextualize experiences rather than draw broad conclusions. While this research establishes a basic understanding of the role of chatbots in the CRM strategies of the interviewed firms, there are other factors which might affect the adoption rate of such technologies. Organizational factors like incentives to adopting a technology and social factors such as competitive pressure could be two possible factors to investigate further.

Thirdly, the timeframe for this master's thesis study was limited. Additionally, this study was conducted in the middle of the COVID19 pandemic. This caused a difficulty in separating the impact of the pandemic on business processes from the need to digitally transform a business.

5.4 Recommendations for future research

The findings and limitations of the study provide some ideas for future research.

Firstly, since organizations in this study varied in terms of purpose and motivation to use chatbots, a single case study could be conducted to understand the holistic impact of the technology on the various departments of an organization. This study was conducted with one interviewee from each organization, which hindered the comprehensive understanding of the impact of such technologies within an organization.

Secondly, a study investigating the customer experience simultaneously with customer engagement could be conducted to bring together the customer and organization point of view on chatbots. Since the pandemic will necessitate a digital presence for all types of organizations, it would be interesting to understand the points on the customer journey that chatbots enable engagement at and the overall experience a user has with a chatbot. This would enable companies to determine the kind of chatbot their customers approve of. Further, aspects such as defining the tone of voice or designing conversations in the chatbots in a way that ensures engagement, could be an addition to the customer experience dimension.

Thirdly, as AI technologies develop and the pandemic accelerates digital transformation of companies, it would be interesting to conduct a longitudinal study to understand managers' perspective and draw implications from such results.

As seen in the empirical part of this thesis, a study could be conducted to investigate the quality of leads generated through chatbots. Additionally, as the technology develops, qualitative studies must be conducted to understand the metrics used to measure effectiveness of chatbots. Further research could employ a combination of qualitative and quantitative research methods which can help

in determining the impact of chatbots and their various characteristics which define the buying decision of the customers.

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APPENDIX 1

Questionnaire for companies using chatbots

Basic information/introductions

CRM:

1. What does CRM mean to you?
2. Do you use any CRM software/databases? If yes, which one?
3. What are the benefits and disadvantages of using CRM?
4. What is the efficiency of data in your CRM systems?

Social media usage and social CRM:

5. Do you use social media to interact with your customers? If yes, which ones?
6. How does the company manage brand content on social media?
7. Do you use automated technologies for marketing on social media?
8. How do you manage customer data gathered from different online and offline channels?

Chatbots:

9. What is your general perception of chatbots?
10. What motivated your company to use chatbots?
11. Which functions do you use chatbots for?
12. Is the chatbot integrated with your CRM systems?
13. What changes have you seen since the company started using AI chatbots?
 - a. Before and after
 - b. 24*7 service, lead generation, engagement, cost efficiency, customer experience
14. Do you use any metrics to measure chatbots' effectiveness? If yes, what is it?
15. Do you perceive AI chatbots as a threat or opportunity for you or anyone in your company?
16. How has COVID19 affected your usage of chatbots? Has there been any change?
17. How do you think marketing/sales will change in the future due to adoption of AI chatbots?
18. Do you think companies must adopt chatbots or any other AI technology into their marketing and sales processes to remain competitive?

Closing questions:

19. Is there anything you would like to add about chatbots?
20. Is there anyone you know, I can contact regarding chatbots?

APPENDIX 2

Questionnaire for chatbot providers

Basic info: Name/Company/Relevant information

Opening questions:

1. What is your perception of conversational marketing?
2. What is your general perception of chatbots?

Chatbots:

3. What are the criteria of providing an AI bot?
4. According to you, what value do chatbots bring to the company?
5. What are the most common features customers use on your chatbots?
6. What percentage of the marketing/sales processes can chatbots handle?
7. Can chatbots be integrated with CRM?
8. Can chatbots be a perfect replacement for any marketing or sales personnel?
9. What metrics can be used to measure the impact of chatbots?

Future recommendations:

10. What industries would you recommend chatbots for?
11. How much surge was there in sales due to COVID19?
12. What future do you see for chatbots?
13. To what extent do you think chatbots can be used in helping marketing and sales?

Closing questions:

14. Is there anything I have not covered about chatbots?
15. Can you please give me a reference of your end-users whom I can interview?