Customer Relationship Management

A Case Study on AGA GAS AB

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**Abstract**

Customer Relationship Management is a relatively new concept in the area of management. CRM is not an easy process; it is a strategic approach that is concerned to create shareholder value through developing long-term relationships with key customers and customer segments. CRM is an integrated cross-functional approach that needs to combine various parts/components inside the company in order for the CRM to function properly.

**Background**

The purpose of this thesis is to contribute towards a better understanding of CRM implementation. With the research question: “How can the key components (people, process and technology) measure Customer Relationship Management?”

**Methodology**

This is a qualitative study, with a deductive approach. Case study was conducted inside the organization AGA GAS AB.

**Conclusion**

As the aim of this study was to contribute towards a better understanding of CRM implementation, therefore, it requires CRM to be evaluated. The CRM components should be investigated inside an organization and recognize if they have a good integration and cooperation amongst one another. This can be viewed by taking use of an interview guide that also incorporates the topics of Balance Scorecard.
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1. Introduction

This chapter starts with a brief introduction of the historical aspect of marketing, followed by the presentation of Customer Relationship Management. In addition the background of CRM will be described followed by an overview of the problem at hand. Lastly, the purpose of this thesis is introduced.

Price, product, place and promotion also known as the “Four P’s” and also referred to the “Marketing Mix” had for several years been by practitioners followed and unchallenged until around -90’s when a newer approach towards marketing started to emerge. During this decade companies started to realize the importance of customer retention and a shift from marketing mix towards relationship marketing was now occurring (Grönroos, 1994). Organizations were becoming more aware of the benefits which relationship marketing was providing and management of customers was becoming a more interesting area to explore. Eventually companies realized that retaining current customers and satisfying their needs became more beneficial in the long run rather than attracting new ones, as it generally involves high investments in marketing campaigns (Eagle and Brennan, 2007). In today’s society, organizations are attempting to nurture their relationships with existing and potential customers and improve customer loyalty towards the organization for the aim of gaining long-term commitments. Therefore, Customer Relationship Management (CRM) becomes a strategy for an organization to maximize relationships, customer satisfaction and it requires attention from the whole corporation (Goldenberg, 2000; Chen and Popovich, 2003).
1.1 Background

Customer Relationship Management is a relatively new concept in the area of management (Payne and Frow, 2006). According to Boulding et al. (2005), CRM is the result of the continuous evolution of marketing ideas, advanced technology and organizational forms. It has its origins from relationship marketing, which is thought to be the key development area in modern marketing and generated huge research interest. It can be said that, CRM is the result of an integration of marketing ideas, improvements in technology, availability in data and fresh organizational approaches (Boulding et al. 2005).

It was observed that practitioners and literature had hard time to form a common definition of CRM, and the large number of definitions only resulted in confusion on what CRM actually is (Gummeson. 2002; Zablah et al. 2003; Kale 2004). Numerous failures in CRM efforts are related to the fact that it is seen as mere technological solution, instead of a more profound strategic vision (Payne and Frow, 2006). Therefore a suitable definition was important that covers all aspects.

In recent years there is an improved clarity in the definitions. Payne and Frow (2006) list various definitions and categorise them into three broad perspectives, from which they conclude that CRM should be viewed from a strategic perspective and be customer centric. Boulding et al. (2005, pp. 6), reason that a common definition of CRM is: “...CRM relates to strategy, managing the dual-creation or value, the intelligent use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with specific customers and/or customer groups, and the integration of processes cross the many areas of the firm and across the network of firms that collaborate to generate customer value”. Several authors, including Payne and Frow adopt this definition, however it is stated that further exploration of CRM is needed (Morgan and Hunt, 1994; Ebner et al. 2002; Zablah et al. 2003, Payne and Frow, 2006).

Customer Relationship Management is not an easy process; it is strategic approach that is concerned to create shareholder value (Payne and Frow, 2005) through developing long-term relationship with key customers and customer segments (Chen and Popovich, 2003).
connects relationship marketing with IT, in order to generate relations with customers. In addition, it offers opportunity to use information in order to understand customers and create value for them.

It is strongly argued, when it comes to a company’s CRM management, the organization will in an early stage have to formulate a strategy (Pan and Lee, 2003; Payne and Frow, 2005; Nguyen, Sherif and Newby, 2007). Strategy could be viewed as the organization’s vision of what they want to achieve with their Customer Relationship Management and how they plan to do so (Payne and Frow, 2005). If a clear strategy is not formulated then it could lead towards the company’s employees being unaware of what they are working towards in terms of CRM (Pan and Lee, 2003). Furthermore, in order for the CRM to function properly, it requires the integration of people, processes, that is supported by the technology, application and information (Chen and Popovich, 2003; Payne and Frow, 2005). These three above stated factors (People, Processes and Technology) is considered to be the key components of CRM (Chen and Popovich, 2003; Pan and Lee, 2003; Buttle, 2004; Finnegan and Currie, 2010).

People are related to the employees inside the organization, who are the main characters when it comes to building valuable relationships with customers (Chen and Popovich, 2003). Viewing the process aspect, it refers to organizations’ capability to understand customer needs, creating value and retaining customers as well as attracting new ones (Chen and Popovich, 2003). Lastly, the technology component is considered about managing information from customers inside the organization and linking the company to them (Chen and Popovich, 2003). Companies practicing CRM should acknowledge that CRM is a core business strategy and cannot be simply viewed as IT and technology; it must combine various processes within the organizations. Furthermore, the IT and technology should be considered as a resource for companies to enhance the quality of information flow related to various organizational processes including CRM (Buttle, 2004; Payne and Frow, 2005; Saini, Grewal and Johnson, 2009; Finnegan and Currie, 2010).

Even though there have been a large amount of useful effort made in the field of CRM and improving issues associated with implementation (Winer 2001; Ebner et al. 2002; Zablah et al. 2003; Gummeson, 2004, Payne and Frow 2005), Zablah et al. (2003), argue that further exploration in the field of CRM is “desperately” needed, as many organizations today still fail
to understand what CRM involves, consequently resulting in high rate of failures (Chen and Popovich, 2003).

1.2 Problem Discussion

In a study conducted by Kale (2004), investments has reached up to 100 billion dollars on CRM solutions, however, failure rates from CRM implementation varies from 60-80 percent, which excludes many organizations to reap benefits from having a well-functioning CRM. When for example considering business-to-business context, a transaction deal with customers is considered to be of high value (in form of capital) compared to selling to a consumer, nevertheless, companies most often do not comprehend the relationship amongst the two parties due to various reasons such as poorly functioning CRM process, or fail to set aside the time to analyze and ask what the buyers considers of them (Jayachandra, Sharma, Kaufman and Raman, 2005; Stewart, 2005). Therefore, reasons for failure in CRM implementation could be due to that many organizations does not acknowledge that CRM is an integrated cross-functional approach which needs to combine various parts/components inside the company in order for the CRM to function properly (Chen and Popovich, 2003; Payne and Frow, 2005; Cooper, Gwin and Wakefield, 2007; Foss, Stone and Ekinci, 2008).

In a broad perspective Customer Relationship Management includes three key components that play an essential role to acknowledge the achievement of CRM. It is a combination of people, process and technology, these determine the success of organizations’ Customer Relationship Management (Xu, Yen, Lin and Chou, 2002; Chen and Popovich, 2003; Bürca, Fynes and Marshall, 2005; Payne and Frow, 2005; Eid, 2007). If there is a performance lack in any of these components then it could affect the quality of an organization’s management of customers (Bürca, Fynes and Marshall, 2005). In addition to latter mentioned components, the aspect of strategy- in a form of vision- should also be considered to play a significant role in an organization’s CRM. This due to the fact that every corporation exercising CRM should have an underlying vision of what they want to achieve with the process, in this way the employees can become aware of what they should be striving for in relation to managing customers (Pan and Lee, 2003).
Due to the high failure rate connected to CRM implementation, it would be appropriate to have some form of analysis method or instrument that evaluates organizations’ Customer Relationship Management. However, there are not many literatures addressing this issue of how to analyze CRM. Much of the review conducted on the literature in relation to CRM involves financial aspects such as return on investments of technology applied for CRM (e.g. Ang and Buttle, 2006; Hendriks, Singhal and Stratman, 2007). Other researches provide frameworks of how to implement a new Customer Relationship Management process (e.g. Payne and Frow, 2005). Many organizations are instead developing their own measurement tools and matrices to examine their CRM; however, these measurements tend to have a biased agenda for the particular department which has constructed the tool (Payne and Frow, 2006). It is however, important that literature addresses the key components of CRM separately and viewing them in a cross-functional manner, in order to gain an understanding of a CRM process.

Due to the fact that there is little literature addressing the notion of examining Customer Relationship Management, it is believed that there is lack in this field. The high investments in CRM processes followed by significant implementation failures calls for a study which takes into consideration of evaluating CRM, therefore, in order to evaluate CRM, it is necessary to deeply investigate its components individually and then evaluate them in a cross-functional manner, this due to that CRM requires a well functioning cooperation with its key components.

The key components (people, process and technology) of CRM will be deeply examined in this paper with the perspective offered by the Balance Scorecard (BSC). By applying BSC, it will provide this paper to gain a complete view of CRM process. The BSC is one of the few methods which are available in the literature that in fact take into consideration processes of organizations in a holistic view, and is in general accepted by many researchers and companies (Leung, Lam and Cau, 2006; Mehmet and David, 2007). It was first presented by Kaplan and Norton (1992) as a strategic management system. The BSC includes four key components customer-, internal-, innovation and learning-, and financial perspective. By applying this method into the organization, managers can gain an overview of their current situation and process, while also realizing critical areas in which they need to address. In
particular how Balance Scorecard is used will be explained in detail in the oncoming chapter of Methodology.

Taking into consideration the high level of implementation failures and lack in literature of evaluating CRM, the purpose of this paper is to:

The purpose of this thesis is to contribute towards a better understanding of Customer Relationship Management implementation.
2. Literature Review

This chapter introduces the origin of Customer Relationship Management and explains the connection to relationship marketing. Thereafter, the key components of CRM and CRM strategy are presented and discussed in detail. Lastly, the conceptual model and research question is introduced.

2.1 Relationship Marketing and CRM

The origins of CRM are based on the ideologies of relationship marketing (Payne and Frow, 2006). Relationship marketing in a broad sense comprises markets, internal organization, society, where interaction is presented as a network of relationships (Gummeson, 2004). It has emerged from efforts of the '80s, from studies related to industrial marketing, interaction, relationship and service marketing (Payne and Frow, 2006). In 1990s the interest towards relationship marketing had increased, especially in the area of one-to-one marketing. This has resulted in shift from mass marketing to a more individualized one, where organization and customer work together towards a better beneficial relationship (Payne and Frow, 2006). Relationship oriented approach has raised great interest and it is encouraged in todays marketing efforts (Grönroos 1994; Gummeson 2004; Payne and Frow, 2006). Customer Relationship Management emerged, as a “buzzword” in the business area around year 2000 (Gummeson, 2004). According to Gummeson (2004) CRM is identical with one-to-one marketing. With this in mind, many definitions of CRM follow from relationship marketing, including the importance of emphasis on customers, customer interaction, segments, customize offerings and so forth. Customer Relationship Management however, complements the relationship marketing perspective as it highlights the importance of combination and integration of process, technology, and people with aim of understanding customers (Ryals and Knox, 2001; Payne and Frow, 2006). In principle, CRM provides the opportunity for firms to implement relationship marketing in the whole organizations, however, in order for CRM to be effective it requires integration inside an organization (Ryals and Knox, 2001; Boulding et al. 2005; Payne and Frow, 2006). Furthermore, the CRM should be integrated in the corporation alongside with a clear strategy of what is aimed to be accomplished (Pan and Lee, 2003).
2.2 CRM Strategy

Several organizations view CRM merely as technological application that once implemented then it will yield significant results, however authors such as Saini, Grewal and Johnson (2009) mention that viewing CRM simply as technology can lead to high failures. The authors further argue that organizations should develop strategic planning and goals in relation to CRM. Payne and Frow (2005) argue that the corporation first will have to decide what strategy they want. A strategy can be seen as the company’s vision for future (Payne and Frow, 2005). According to Lucas (1998, pp.24) “The fact is, every company does need a vision if it wants to go somewhere and be able to know when it has arrived”. Porter (1988) explains that a company’s strategy should not be solely contained at upper management level; instead it is important that communication of corporate vision is distributed in every business unit. In this way it provides an organization to view their process and efforts in relation to their vision. According to Chen and Popovich (2003) a well developed strategy assists various departments inside the organization to work towards a cross-functional and improved relationship building aspect of CRM. Companies should also differentiate between having a vision statement and a mission statement, where vision includes how the organization will look like and how outsiders should perceive the corporation (Lord, 2011). In relation to Customer Relationship Management, business strategy is vital, organizations’ will have to consider what they want to achieve by such management process and set up clear goals, in order to acknowledge whether they have accomplished their vision.
2.3 **Key Components of CRM**

The relationship among key components (people, process, technology) of CRM is explained in detail in this section, furthermore an illustration of their relationship is provided in figure 1. The figure 1, illustrates that there are three key components of CRM, which requires a cross-functional integration inside an organization. Furthermore, the organization should also have customer-centric business processes, a CRM strategy-in form of vision-, which are supported by technology-driven processes (Chen and Popovich, 2003).

![Figure 1: CRM implementation model and Components of CRM (Chen and Popovich, 2003, pp. 676)](image)

2.4 **People**

According to Chen and Popovich (2003), a highly important component for organizations working with CRM is people, in form of employees. They are vital for the success of CRM. Due to that if a company is aiming for a well-functioning CRM process then it involves commitment from all personal. The staff should acknowledge the corporation’s vision of Customer Relationship Management and therefore work towards that stated vision. As people within the organization working with Customer Relationship Management is one of the key components, it is therefore important to acknowledge various characteristic they should possess.
2.4.1 *Training*

According to Kaplan and Norton (1992) training of employees is an important aspect when it comes to building relationships with customers. As the staff is an organization’s face towards the market, it is therefore essential that they comprehend the importance of relationships with customers (Chen and Popovich, 2006). Nguyen (2011) signifies that successful relationships with customers includes that organizations are able to provide solutions to their needs and issues. It can be seen that if a company wants their staff to increase service contact with customers then the company will have to increase their attention towards their employees in form of educational programs and customer service (Yoon, Beatty and Suh, 2001). Dibb and Meadows (2004) further argue that training of staff towards better relationship management with customers should be conducted in the organization within every department who encounters customer contact. Due to the fact that many customers do not merely initiate contact with an organizations customer service department, rather they attempt to get in touch with several people inside the corporation, therefore it should be viewed that training of customer relationship is necessary for all employees facing customer.

2.4.2 *Employee knowledge and customer service*

When it comes to Customer Relationship Management it is important to view employee knowledge, for the reason of benefits that it could provide. Liao, Chang, Cheng and Kuo (2004) argue that staff knowledge is a resource that could assist them in for example, solving issues. In relation to CRM, the ability to solve customer issues could lead to loyal customers. In a study conducted by Buttle and Burton (2002) it is explained that employees ability to solve customer problems effectively leads to 80 percent of them will continue with transaction business with the organization. In addition, by addressing customer related issues quick and effectively leads to 95 percent of customers conducting continuous transaction with the organization (Buttle and Burton, 2002). It is known that most organizations do in fact have customer service departments who addresses issues which customers may have, however as mentioned previously customers do not always initiate contact through these departments, therefore, it can be seen that employee knowledge, especially in those divisions where customer contact occur, is vital for the organization in relation to CRM and continuous educational programs with employees should be carried out.
2.5 Process

Processes inside an organization can be explained as activities carried out in relation to management of customers (Rababah, Mohd and Ibrahim, 2011). It provides a starting point for organizations to direct the value creation process towards the market. It can be explained that CRM processes involves several activities directed towards and from customers in order to control an efficient management of customers (Rababah, Mohd and Ibrahim, 2011).

2.5.1 Customer-facing CRM Processes

The fundamental principal of this process is that it builds on having a single view of customers throughout various communication channels (Reinartz, Krafft and Hoyer, 2004; Rababah, Mohd and Ibrahim, 2011). The point to be taken into consideration in this process is that customers of a company may not always interact with the organization by one communication channel; therefore the organization managing relations with customers should be able to coordinate information related to the particular customer in time to various departments, in order to gain a systematical management (Reinartz, Krafft and Hoyer, 2004). An example of this could be within business-to-business context where a company initiates contact with a suppliers sales department where historical purchases has been made, then the same client is transferred to the logistic department. Within the logistic department there should be information regarding the company and previous purchases, in this way organization can have a single view of the customer.

Furthermore, Rababah, Mohd and Ibrahim (2011) explain that within the customer-facing level there are three general procedures that an organization should manage, firstly, identifying potential customers and managing buyer-seller relationship with them. Secondly, discontinuing relationships with customers that yield the least value towards the organization and lastly, maintaining the company’s customers by creating value and satisfying them. Rababah, Mohd and Ibrahim (2011), highlights the importance of managing customer-facing CRM processes, where it is mentioned that knowledge plays a significant role. The authors argue that an organization should have a management process related to customer complaints in order to gain knowledge of areas for improvements which in turn could contribute towards value creation, customer retention and satisfaction.
2.5.1.1 Customer Strategy and Relationship

The customer strategy consists of acknowledging current and potential customers and selecting the appropriate form of segmentation method (Payne and Frow, 2005). A common procedure within CRM is also to find profitable potential customers and attempt to capture their attention. This has also resulted into that many corporations have shifted their focus away from mass marketing towards more one-on-one marketing methods, by taking use of customer segmentation, in order to reach customers on a personal level and make them more loyal to the firm (Bailey, Baines, Wilson and Clark, 2009; Nguyen, 2011). However, this one-to-one approach does not always provide advantages for the organization; according to Nguyen (2011) more customers are becoming conscious to this treatment of one-to-one management, due to the development of various social network websites. By using such social networks, former consumers can share their perceptions of an organization’s management towards them. Therefore, it is important that a company working with CRM acknowledges how they are currently segmenting their customers, and managing relationships involving termination of low-valued relationships.

2.5.1.2 Value creation and Customer Maintenance

The value creation process contains benefits the customer receives in addition to the customer offer. It is considered by many researchers that customer satisfaction is linked with customer loyalty. Hence increase in customer satisfaction results into higher level of loyalty towards the company (Anderson, Fornell and Rust, 1997). According to Kaplan and Norton (1992), factors which customers mostly concern about fall into four categories: time, quality, performance and service and cost. The affect of time on customers can for example be related to lead-time for a product/service and the shorter it becomes the more satisfied customer a company receives (Andy and Yeung, 2007). A similar condition is linked towards quality, performance and of products which have been proven to result towards customer satisfaction. Kaplan and Norton (1992) further argue that companies should also consider service as a big part in creating additional customer value. On the other hand, researchers such as Reinartz and Kumar (2002) believe that customer loyalty is very much dependent on which relationship strategy a company uses towards customer segments. By creating value for customers can eventually lead the organization to favor one segment of customers, which the
business considers to gain most value from the offerings. This could lead to a dilemma that according to Nguyen (2011) means that organizations have the opportunity to select customers which they would like to serve, therefore many companies only address those buyers who they consider to be the most profitable and tend to neglect servicing others that do not provide much benefit. This could leave the firm in a state where they lose many of their current customers. For this reason it is vital for an organization currently exercising CRM to understand how they are creating value for their buyers apart from the offering due to the fact that value creation process to customers is not a one way procedure; rather it includes customer identification and understanding of their requirements (Nguyen, 2011). Furthermore, companies should also recognize if they are presently favoring one group of segment more than other.

2.6 Technology

According to Chen and Popovich (2003) technology plays an essential role in CRM as it allows organizations to gather, analyze and distribute customer data within the corporation. Jayachandran, Sharma, Kaufman and Raman (2005) explain that due to the fast advancement in technological area, several organizations are investing in CRM technological solutions in order to gain enhanced customer relationships. However it is important to note that CRM technology should be integrated to assists various departments of the organization, therefore the company must work towards managing the technology efficiently (Croteau and Li, 2003).

2.6.1 Multichannel

In today’s society companies have various ways to communicate with their current and potential customers. Payne and Frow (2005) categorize communication channels into six categories, which include for example: telephony, direct mail, 3G mobile services and so forth. According to Rangaswami and Bruggen (2005) firms using multichannel to reach customers, have the ability to build long lasting relationships by offering current- or existing customers products, services and support. Furthermore, in a research conducted by Neslin and Shankar (2009) it is suggested that organizations with several multichannels towards their customers tend to have higher sales volume than organizations with a single channel, therefore companies should consider having more than one communication approach. Choosing various
channels to communicate to buyers is important, however, it is also vital that a company can manage these channels according to the professional standard that they want their customer to perceive. Payne and Frow (2005) also mention that companies are striving for giving their customers perfect customer experience and this can only be accomplished by managing the communication channels exceptionally. There are also applications an organization can take use of when communicating with customers, Payne and Frow (2005) refer to this as front office applications which is technological aspect that a company can use to assists interactions with buyers. Furthermore, it is explained that when customer interactions is high, it is important to also involve the employees of the organization, and not solely rely on customers interacting with the company in form of example, online transaction. (Safizadeh, Field and Ritzman, 2003). Companies exercising CRM should view their current channels and applications towards customers and consider whether the chosen ones are appropriate.

2.6.2 Information Management Process and IT

This process is about receiving customer insight through collection of customer data (Payne and Frow 2005). Companies are investing vast amount of capital on development of data warehousing because if it is implemented successfully into the organization then it can provide foundation for gaining competitive advantage (Chenoweth, Corral and Demirkan, 2006). However, the matter of assembling customer data is a delicate procedure as Nguyen (2011) explains that if customers consider that organizations are taking false advantage of their data, then they will keep it for themselves or distort it. Companies working with collecting and storing customer data should ask themselves whether their current procedure is correct.

Information Technology system refers to the hardware and software inside an organization which if implemented properly can have an impact on performance and economic growth (Han, Chang and Hahn, 2011). According to Montoya, Massey and Khatri (2010, pp.66) “Many industries have undergone dramatic changes through the application of IT which have enabled the delivery of high-quality and secure services while lowering costs”. However, the main issue for companies is to manage an integrated implementation, due to the need for a change in processes in almost every level and department in the corporation (Montoya, Massey and Khatri, 2010). Furthermore, Payne and Frow (2005) explain that if a new IT
system is to be implemented then it should be carried out without disturbing the current business process. Nevertheless, one of the benefits an organization can reap from an IT system is the ability to distribute data to various departments. Chen and Popovich (2003) argue that various departments inside an organization tend to believe that only they possess ownership of customer data or that customer information should be within marketing and sales department. However, the authors further argue that CRM requires an organization to be customer-centric and that customer information should be distributed throughout the corporation. In several situations organizations are taking use of applications to assist in information distribution referred to as back office handling. Back office applications main purpose is to assist the organizations internal flow of information and operation in various departments such as supplier relationships and logistics (Payne and Frow, 2005). These above mentioned divisions of applications play an important role for organizations; therefore, the corporation should consider how the current applications are functioning. Furthermore, it is also important to understand the current IT structure inside the organization and acknowledge whether information related to CRM is distributed throughout the business.

2.7 Mixture of CRM Key Components

A successful Customer Relationship Management requires a cross-functional integration inside an organization alongside with efficient management of key components people, process and technology (Chen and Popovich, 2003). Limayem (2004) explains that in order to gain a successful CRM, an organization should turn place their attention towards the key components accordingly to Figure 2.
Due to the fact that people, employees of an organization are the cornerstone of creating customer relationships (Chen and Popovich, 2003) it is considered that a corporation’s resource allocation in people in relation to CRM should be around 70 percent (Limayem, 2004). As the process component is a company’s activities towards management of customers (Rababah, Mohd and Ibrahim, 2011) an organization’s resources should concentrated on 20 percent in processes (Limayem, 2004). Lastly, as mentioned previously, in order for the CRM to function properly it requires the integration of people, processes, that is supported by the technology component (Chen and Popovich, 2003; Payne and Frow, 2005). Limayem (2004) suggests that 10 percent of a corporation’s resources should be allocated towards technological aspect of CRM.

2.8 Conceptual model and Research question

Since the purpose of this paper is to contribute towards a better understanding of Customer Relationship Management implementation, it will be necessary for this paper to focus on the CRM key components described in the literature review: people, processes, technology. The literature review highlights the importance of the relationship and integration between these components.
In the model it is illustrated, which parts of the key components the literature focuses on. When it comes to the people component, the emphasis is on training of the employees within the organization, as well as their knowledge and customer service. When it comes to processes, the attention will be on the customer facing process, and within this factor the customer strategy/relationship, together with value creation and customer maintenance. Finally the technology aspect includes multichannel, information technology and IT.

In addition the conceptual model also demonstrates the fact that the key components, people, processes and technology are underlying factors that are important parts of CRM. Furthermore, when implementing CRM, these three components play important part, which have to be integrated and be cross-functional. An illustration of the conceptual model is presented below.

**Conceptual Model**

- **People**
  - Training
  - Employee knowledge & Customer service

- **Processes**
  - Customer facing CRM processes:
    - Customer Strategy & Relationship
    - Value Creation & Customer Maintenance

- **Technology**
  - Multichannel
  - Information Management Process & IT

Customer Relationship Management
Based on the purpose and developed through the literature review and conceptualized model above, a research question is formulated. As the purpose of this study is to contribute towards a better understanding of CRM implementation, the literature review presents the importance of the key components and their cross-functional operation in Customer Relationship Management process. Therefore, the following research question is proposed:

How can the key components (people, process and technology) measure Customer Relationship Management?
3. Methodology

This chapter will present the methods chosen by authors in order to achieve the objective of the study. First, the different research methods are presented and explained, followed by motivation why the specific methods were chosen. Secondly, the case study of this paper, AGA GAS AB will be presented and the concept of Balance Scorecard is introduced. Finally methods of analysing data are discussed, together with the validity and reliability of the results.

3.1 Research Approach

3.1.1. Inductive Vs. Deductive

Depending on which approach the research is taking; the purpose of the literature reading will vary. Some research projects use literature in order to identify theories and ideas that will be tested by using data. This is referred to as deductive approach. In case of other researches, when the aim is to explore data and develop theories from them, is known as inductive approach (Saunders et al. 2009).

The purpose of the inductive reasoning is to build a new theory from the data gathered. It starts with observing cases and aims to generalize the phenomenon that is investigated (Hyde K., 2000). The researcher in this case starts with empirical observations, concludes findings and then constructs the theory (Graziano, 2010).

On the other hand, deductive approach starts from the more general to the more specific (Saunders et al. 2009). The research begins with examining existing theories, narrowing them down, from which they form research questions or hypotheses that will be tested. Then through several research methods, the findings will be generalized (Saunders et al. 2009).

This paper will use deductive reasoning approach, as the research is based on existing theories, with the intention to construct a deeper knowledge about the subject matter at hand. In
addition existing theories are deeply examined and research questions derived from these theories, showing a tendency towards a deductive approach.

### 3.1.2. Qualitative Vs. Quantitative

There are two major research methods: qualitative and quantitative. Both methods are widely used when conducting business research; however they differ in the way data is collected and analysed (Saunders et al. 2009).

Qualitative research is often used when the aim is to define research problem, support quantitative, descriptive or causal research (Malhotra and Birks, 2003). This method often has the emphasis on words, rather than quantitative calculations when collecting data. The importance is this research is to test and generate theories; therefore it can have both inductive and deductive approach between theory and research. Qualitative techniques such as interviews and observations can be used (Bryman and Bell, 2007).

On the other hand, quantitative research, as the name suggests has a more quantitative approach, when it comes to data collection and analysis. The emphasis is more on number rather than words. Researchers can develop hypotheses, test them, normally using statistics and larger sample sizes, and then finally interpret their data (Bryman and Bell, 2007).

Because of the fact that this paper will focus on a research problem rather than measurements, the qualitative research approach is the most appropriate. This will offer the possibility to get a greater, in-depth understanding of the subject and research questions, where numeric quantification would be difficult to make, therefore excluding the quantitative approach.

### 3.2 Research Design

A research design is a detailed plan with practical approach, from which researchers are going to obtain necessary information for the purpose of a study (Malhotra and Birks, 2003; Aaker et al. 2011). In a broad perspective, research design can be classified as exploratory (to give deep knowledge to comprehend the characteristic of a phenomenon – to explore) and conclusive (to put into action a well-defined proposition and investigate connections – to test) (Malhotra and Birks, 2003). Research design can have three categories: exploratory-, descriptive- and casual research.
The exploratory research is conducted when there is little information about a certain topic or issue. It could also be that the research questions may be complex to understand due to that the subject of study is relatively new. This involves a deep understanding about what the subject of study may involve and where quantitative measurements cannot fully reflect particular quality (Malhotra and Birks, 2003; Saunders, Lewis and Thornhill, 2009; Aaker et al. 2011). An example of an exploratory study may be where an interviewer is on a quest to seek personal believes of a respondent then little information is known in previous stages, therefore an exploratory research has to be conducted (Malhotra and Birks, 2003).

A descriptive research, as the name reflects, involves observing and portraying current situation of the subject matter at hand (Malhotra and Birks, 2003; Babbie, 2007). It could include showing an accurate picture of example, occasions, market situations and consumer profiles (Malhotra and Birks, 2003; Saunders, Lewis and Thornhill, 2009; Aaker et al, 2011). The main distinction between exploratory and descriptive research is that in descriptive research there is specific research questions and assumptions. Therefore, to gather information is more narrow and consist (Malhotra and Birks, 2003).

Causal research is known to explain relationships between variables in a study or problem (Saunders, Lewis and Thornhill, 2009). This research design is useful when it is significant to display that one variable affects the quality of other variables (Aaker et al. 2011). In this case it is important to acknowledge that descriptive approach is not sufficient as it can only portray and answer the questions of what, where, when and how two factors have correlation, it can however not examine the relationships and answer why questions, which the causal research can (Malhotra and Birks, 2003;Babbie, 2007; Aaker et al. 2011). The casual approach aims to answer why one occurrence leads to a change in another.

Due to the fact that the aim of this research is to contribute towards a better understanding of CRM implementation, it is necessary to describe and observe the current situation of a certain organization. Because of the aim of the study, both exploratory and causal research design were excluded. The descriptive research design will be used in this paper as the most appropriate approach.
3.3 Data Sources

When researchers want to study a specific subject or address a problem, then data will have to be collected. The data researchers’ collects for the aim of their study can be categorized as: primary and secondary data (Malhotra and Birks, 2003).

The primary data collection is referred to gathering information, where the researcher is conducting a study or addressing a specific problem at hand (Malhotra and Birks, 2003; Ribianski, 2003). It is important to note that there are two approaches for assembling primary data; these are through direct observation and/or through explicit questioning of people (Bernard et al. 1986; Rabiniski, 2003). The drawback with collecting primary data is that it generally involves high cost and resources in form of time, due to the fact that the information gathered has to be analyzed (Malhotra and Birks, 2003).

There is a common understanding that secondary data refers to the notion of gathering information that have been collected previously for other purposes and applying it to the use of investigation at hand (e.g. SøRENSEN, Sabroe and Olsen, 1996; Malhotra and Birks, 2003; Rabiniski, 2003). Secondary data can be classified into two categories as either internal- or external data. The internal secondary data relates towards information, which is developed by the organization and can be found inside the corporation. This could be information regarding their daily operations, sales invoices and much more (Malhotra and Birks, 2003; Aaker et al. 2011). The external secondary data can refer to organizational information that has been published by a company and/or institutions in form of example, reports (Malhotra and Birks, 2003; Aaker et al. 2011). Secondary data collection has many advantages such as, short amount of time and resources spent for gathering data, since the data is already available (SøRENSEN, Sabroe and Olsen, 1996; Rabinovich and Cheon, 2011).

For the reason that this paper has a qualitative approach, based on the arguments presented above, this paper will take use of both primary- and secondary data. The primary data collection will be useful for direct observations when collecting data from the interviews conducted with people within the organization. In addition, the aim of this paper is to contribute towards a better understanding of the subject at hand, in depth analysis within the organization will be conducted. Therefore both internal- and external secondary data
collection method will support the research when assessing information from the company’s publications, intranet, about their daily operation and so forth.

3.4 Research Strategy

The aim of the research strategy is to assist investigators to address the study question and therefore meet the objectives of the study. Types of research strategies include: experiment, case study, history, survey, and archival analysis (Saunders et al. 2009). All these strategies can be used for descriptive, exploratory and causal (explanatory) researches (Yin, 2003). Characteristics and types of research strategies are shown in Figure 4 (Yin, 2008).

<table>
<thead>
<tr>
<th>Research Strategy</th>
<th>Form of research question</th>
<th>Requires control over behavioural events</th>
<th>Focuses on contemporary events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, Why</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>Who, What, Where, How many, How much</td>
<td>No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>History</td>
<td>How, Why</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>How, Why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Figure 4: Relevant Situations for Different Research Methods (Yin 2008, pp. 9)

When conducting an experiment, investigators are able to study causal relations and changes in variables. Simple experiments investigate whether there is a relationship between two variables. More complex experiments however are concerned with the size of the change and importance of two or more variables (Saunders et al. 2009). The types of researches using experiment is exploratory and explanatory researches, with the purpose of answering “How” and “Why” questions (Saunders et al., 2009). Surveys are most commonly used in deductive research approach, mainly when conducting business and management research. It is generally used for causal and descriptive research, answering to questions: “Who”, “What”,


“Where”, “How many”, “How much”. Using surveys, gives the researchers the opportunity to collect large amount of data from a sample (Saunders et al., 2009). Archival analysis refers to researches that are using administrative registers and documents as their source of data. The data include both historical- and recent documents (Saunders et al. 2009). Research questions in this case are more focused on the past and current changes. The research can be exploratory, descriptive and explanatory. Data collection can be difficult, because of the limitations by the nature of administrative records and documents (Saunders et al. 2009). Historical research is often cited together with comparative research (Babbie, 2007), and according to Mahoney and Rueschemeyer (2003), it can be defined as a study that focuses on a wide range of topics, providing a large amount of historically grounded explanations, with important outcomes. Historical research is mainly used in qualitative approaches (Babbie, 2007). Case study research is used, when the aim of the study is to conduct an in-depth examination about a single, or several cases. The in-depth understanding about in a real-world context offers the possibility to get new learning/understanding about the case and topics under investigation (Yin, 2003). It generates answers to questions such as: “Why”, “What”- when the study is descriptive and “How” in causal studies.

From the table and explanation above, it is possible to determine which of the research strategies is the most optimal for this paper. Considering the purpose of this paper and the research question, there is no need for control over behavior but it was necessary to focus on contemporary events. Therefore survey, history or experiment according to the criteria shown on the table was neglected. Archival analysis was also neglected, since research questions do not focus on the past, which leaves case study as the most optimal research strategy to conduct.
3.4.1 Case Study

According to Yin (2003) a case study can be defined as an empirical investigation about a contemporary phenomenon, in a real-world context. Case study research is used, when the aim of the study is to conduct an in-depth examination about a single, or several cases. The in-depth understanding about a real-world context offers the possibility to get new learning/understanding about the case and topics under investigation (Yin, 2003). It generates answers to questions such as: “Why”, “What”- when the study is descriptive and “How”- causal studies. The techniques of data analysis method include: interviews, questionnaires, and observations and analysis of documents. According Yin, (2003) it is possible to have single- or multiple case studies, holistic- or embedded sub cases. Single case study represents a critical or unique case, with the opportunity to make in-depth observation, or a case, which few have observed. Multiple case studies observe different cases with the intention to compare them. The holistic approach refers to the fact that if only one case study is used, then that will be observed in a holistic view. If sub-cases, for example various departments inside an organization and work groups are also observed then it will be an embedded case study (Yin 2003; Saunders et al. 2009). Saunders et al. (2009) further argue that using case study can be a valuable way of testing existing theories.

This thesis has a qualitative approach, with the aim of conducting analysis within an organization; therefore the research strategy to be used will be embedded case study. The case study will be made on the firm AGA GAS AB. The case company will be presented in detail later in this chapter. Using case study will give the opportunity for the research to get an in-depth analysis of the case in question and gather deep knowledge of the organization. The reason for this paper to take use of a single-, embedded case study is to gain in-depth observation of the organization, while observing the various departments.
3.5 **Data Collection**

It is acknowledged that there are two versions of data that can be collected, primary and secondary. However, the methods involved gathering such data can vary, depending on which approach researchers is taking. Qualitative research involves exploratory design, which is founded on samples to demonstrate in-depth understanding of the research subject (Malhotra and Birks, 2003).

Due to the fact that this paper is conducting a qualitative research on a case study, the method, which will be used, for gathering relevant data is in form of in-depth interviews.

3.5.1 **In-depth interview**

By using in-depth interviews, a researcher can gain more quality, depth and value from their data (Aaker et al. 2011). The method in general is a two-way, face-to-face communication between the interviewer and respondent, which lasts between 30 minutes to over an hour (Malhotra and Birks, 2003). The aim of the in-depth interview is to explore the respondent’s beliefs, motivations, attitudes and feelings on a subject matter (Malhotra and Birks, 2003; Aaker et al, 2011). It is important to note that the interviewee should be in a state where he/she feels comfortable and relaxed enough to provide the interviewer with qualitative information (Malhotra and Birks, 2003). Therefore, it is also vital that the researcher carrying out the interview should contribute towards a relaxed atmosphere and not push the respondent towards an answer. The interviewer should also guide the respondent to stay on one topic throughout the interview (Malhotra and Birks, 2003; Aaker et al, 2011). A tool, that interviewers can take advantage to thoroughly explore underlying opinions from the respondents is called probing. It can be explained, that probing is follow-up questions that interviewer asks to gain better understanding and which are of importance to the subject matter (Saunders, Levis and Thornhill, 2009).

In-depth interviews can be divided into two categories depending on the procedure and structure: unstructured-, semi- structured interviews. Unstructured interview is when there is a two-way communication between interrogator and respondent in an informal manner (Saunders, Levis and Thornhill, 2009). In this situation there is no list or catalogue with questions to be asked, however, it is important that the researcher has a notion about the
topics that he/she would like to receive data about (Malhotra and Birks, 2003; Saunders, Levis and Thornhill, 2009). After stating the initial question, which is in general in form of open-ended, the participant is encouraged to speak freely about the topic in relation to opinions, behavior, motivations, attitudes and so forth (Malhotra and Birks, 2003; Saunders, Levis and Thornhill, 2009). In comparison to the unstructured interview, the form of semi-structured interview requires that the interrogator takes use of a list with questions and themes that he/she would like to ask the participant about (Malhotra and Birks, 2003; Saunders, Levis and Thornhill, 2009). It is also more common that audio and note-taking is used during a semi-structured interview (Saunders, Levis and Thornhill, 2009).

There are several advantages and challenges by conducting in-depth interviews. Advantages include: the ability get insight of the respondents beliefs, opinions, attitudes and feelings; sensitive topics can be easily discussed because of the two-way communication and the ability to arrange interviews including two people, compared to group sessions. Challenges of in-depth interview can be that it is costly to conduct. Furthermore, the construction of questions for interview may not be a complex procedure; however, to analyze the data obtained can be difficult (Malhotra and Birks, 2003).

In this thesis both semi- and unstructured questions were formulated, due to the reason that respondent’ opinions, beliefs, motivation, attitudes and feelings were needed about the subject matter. A list of questions was constructed according to the subject of this thesis; in addition the construction of interviews also left room for the interviewees to ask follow-up questions. By this way, it gives the possibility to gain an in-depth view on the subject of CRM.
3.6 Data Collection Instrument

3.6.1 Interview Design

As this research is going to take use of in-depth interviews in order to collect information, viewpoints, beliefs and motivation of respondents, it is essential that the interview questions thoroughly cover the subject at hand. Since the purpose of this paper is to contribute towards a better understanding of CRM implementation, it is necessary that the interview questions are categorized and based in relation to CRM key components: people, process and technology.

In order to deeply evaluate these key components, this paper will take use of the framework offered by the Balance Scorecard. Therefore, interview questions addresses topics related to the Balance Scorecard: vision, customer-, internal business-, financial- and learning/ growth perspective. This interview design will offer the possibility to gain a complete view of the case company’s CRM. Furthermore, by taking use of the Balance Scorecard perspective, it offers the possibility to view an organizations activities and how they have an impact on the organization’s CRM. This will allow achieving an in-depth analysis on how the key components: people, process and technology function inside an organization, and to gain a holistic view over the organization’s CRM implementation.

The framework of Balance Scorecard was developed by Kaplan and Norton in 1992, and incorporates aspects of: customer-, internal business-, financial-, learning and growth. By adopting Balance Scorecard (BSC) as tool for evaluating organization’s CRM, gives opportunity for this study to collect and analyse findings. This in turn assists in simplifying the process of gaining an overview on organization’s CRM implementation. The Balance Scorecard support organizations to bring together common goals such as: customer focus, quality improvement, importance of teamwork, long term efforts and places strategy and vision in the center (Kaplan and Norton, 1992). An illustration of the Balance Scorecard is presented in Figure 5.
As can be seen on Figure 5, BSC focuses on four major areas and addresses the following questions (Kaplan and Norton, 1992):

1. **Customer perspective**: It is of great importance for managers and employees to understand how customers perceive the organization. Components of customer perspective include: customer satisfaction, customer-value and loyalty. Therefore, in this paper questions related to relationship management, value creation and customer segmentation will be formulated. This will assist the research to analyze how the organization considers that they contribute towards customer retention.

2. **Internal business processes perspective**: it is necessary to acknowledge how the company’s internal processes and divisions are currently functioning in relation to creating the value that they want to deliver (Kaplan and Norton, 1992). The internal perspective takes into consideration customer acquisition and making sure that the relationship is managed in the best possible way, so that they build a long lasting
relationship. Furthermore, for the sake of this paper questions in relation to organizational activities in managing customers and potential consumers will be formulated. In addition, questions in the subject of complaint management activities will also be proposed to the chosen respondents.

3. Learning and growth perspective: High competition in today market is forcing organizations to continuously improve existing products/processes and at the same time introduce new products on the market (Kaplan, 1992). According to Kim and Kim (2009), essential factors that contribute to CRM success, includes factors such us: IT, strategic alignment, the organizations culture and human capital. When an organization functioning well internally and training/ rewarding systems are addressed towards CRM activities, contributes to a faster adaption when it comes to changes, which in turn results in an overall profitability (Miller, 1996; Reinartz et al., 2004). With this in mind, questions in relation to training programmes, IT and information management and the organization’s ability to adapt towards potential opportunities will be formulated.

4. Financial perspective: Financial perspective refers to the organization’s strategy, implementation, performance efforts, and if these efforts contribute to an overall improvement. Since the overall goal of financial perspective is to determine customer financial contribution, customer profitability could be considered in this aspect. However, due to the fact that this is a qualitative paper, measurements from financial perspective will not be taken into consideration. On the other hand, this paper will formulate questions in relation to general knowledge regarding organization’s profit from customers.
3.6.2 Operationalization

Operationalization refers to the formulation of measures of the concepts that the researcher is interested in (Bryman and Bell, 2007). The concepts derive from the theories, around which the business research is conducted and is relevant for the purpose and research question of this paper.

The main concepts from the literature review, CRM strategy, people, process, technology and the mixture of CRM key components will serve as an outline for the structure of the operationalization. Additionally, in order to form questions around the concepts, these were further operationalized into simple comprehendible topics. Lastly, the connection between the interview questions and their relation to framework of Balance Scorecard is also illustrated. The table below presents the structure of operationalization and a complete list of interview questions are included in the Appendix 1.
### Key Components of Customer Relationship Management

<table>
<thead>
<tr>
<th>People</th>
<th>Management</th>
<th>Technology</th>
<th>Question Related to BSC</th>
<th>Question number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff training (Dibb and Meadows, 2004)</td>
<td></td>
<td></td>
<td>Learning and growth</td>
<td>4 5 6 7 8</td>
</tr>
<tr>
<td>Employee knowledge (Liao, Chang, Cheng and Kuo, 2004)</td>
<td></td>
<td></td>
<td>Internal Business Process</td>
<td></td>
</tr>
<tr>
<td>Management of value creation towards customers (Anderson, Fornell and Rust, 1997)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer data storage ability (Chenoweth, Corral and Demirkan, 2006)</td>
<td></td>
<td></td>
<td>Learning and growth perspective</td>
<td>14 15 16 17</td>
</tr>
<tr>
<td>Technological aspect of customer data and distribution inside the corporation (Payne and Frow, 2005)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technological aspect for consumers to interact with the company (Safizadeh, Field and Ritzman, 2003)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization’s multichannel usage (Rangaswami and Bruggen, 2005)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Mixture of CRM key components

- People
- Processes
- Technology (Limayem, 2004)
3.6.3 Pre-testing

Before conducting the actual interviews, it was necessary to conduct a pre-testing of the questions, to make sure that these are relevant and clear. According to Burke and Miller (2001), when it comes to high quality studies, researchers should pre-test their interview questions, before collecting the data for the main study. The interview questions have been pre-tested on a group of students (4 people) in the same area of studies and by our supervisor. Pre-testing the questions also helped to identify wording issues in the questions. These were addressed and that clarified. Lastly, it will also show the approximate time the questions will take, which as an important factor that will be presented before the interview starts for the respondents (Burke and Miller, 2001).

In addition, because all the interview conversations had to be recorded, it was necessary to take some preparations beforehand. There several equipment available for taping, therefore it was necessary to make sure that these are working and the quality of the recordings will be decent. In this study all the interviews were documented with the use of two phones that have recording options. These were tested several times, however throughout the interviews notes were also made to rule out the possibility of data loss. The respondents were also informed that the conversations are being recorded.

Lastly, before conducting the interviews, it was necessary to introduce the research group to the respondents together with the topic and the aim of the study. Therefore, before carrying the interview, an introduction was held where the researchers presented themselves, together with the aim of their study. It was also found useful to present an approximate time that the interview will take. In addition, confidentiality of their responses was discussed and also how the information will be used. Lastly, the possibility of sharing the results of the study with them when this thesis is completed was mentioned.
3.7 Sampling

In some researches it may be necessary to use sampling. The sampling technique, depending on the research objectives and research question assists the research to reduce the data amount that would be necessary to collect. If the data is collected and analysed from whole population, it is referred to as census (Saunders et al. 2009). In case the group of interest is too large and difficult to investigate, sub-group (sample) is created and investigated as being representatives of the population, which is referred to as the sample (Saunders et al. 2009). An illustration of population and sample is shown below:

Population and sample

In this research sampling will be conducted. A large organization is selected as a case study strategy; the data collection method is using in-depth interviews. Therefore, the chosen organization will represent one sample and the people inside the organization such as employees, managers that will be interviewed another sample. The organization will be investigated and people in the organization interviewed.
3.7.1 Sampling frame

As defined by Babbie (2007), the sampling frame is a list of parts composing a population, from which the sample is selected. In case the sample is representative of the population, the sampling frame will include all (or almost all) the members of the population. It is necessary to make sure that the sampling frame is complete, accurate and up-to-date (Saunders et al. 2009).

After searching through several organizations, where CRM systems are practiced, the decision was made to choose AGA GAS AB, for the reason that the organization is willing to provide access, when it comes to data collection and interviews with personnel. It will be key, to get access to people with high amount of knowledge and specially knowledge in the specific area of interest.

3.7.2 Sample selection

AGA GAS AB

AGA GAS AB is northern Europe’s leading industrial gas company, with operations in the Nordic and Baltic countries. The brand AGA is founded in 1904 and is currently operating in eight countries including Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden (AGA, 2012). These latter mentioned operating countries are led by one management team where Jan Bäckvall is the head. However, there is no local director with total responsibility for every country where AGA operates and in total there are approximately 1,700 employees (AGA, 2012). AGA manufactures and markets industrial and medical gases. The company develops total solutions, including gases and process knowledge for customers, gas equipment and services. With advanced technology, helps customers enhancing their profitability, quality and safety. When working with gases, safety becomes a primary concern; therefore AGA prioritizes looking after health and the environment, in both business and the way of thinking. The organization is part of the Linde Group, a world leading gas and engineering company, operating in over 100 countries. The Linde Group’s vision is the following: “We will be the leading global gases and engineering group, admired for our people who provide innovative solutions that make a difference to the world” (The Linde Group, 2012). The main products includes: oxygen, nitrogen, argon, carbon, hydrogen and
helium, however the core competencies also extend to a range of special gases. There are several distribution networks, which helps the supply of cylinders, tanks and on-site solutions to the customers. The operations are organized in regional units, where AGA Sweden belongs to the Region Europe North (REN) (The Linde Group, 2012).

Being such a large organization, Customer Relationship Management (CRM) is considered to be very important part of the organization, when it comes to dealing with customer on a daily bases. AGA Gas AB may be faced with challenges that middle size companies’ encounter, as well as the complexity with larger companies can come across other unforeseen issues which smaller organizations may not face.

Furthermore, it will be necessary to collect data from the organization, in order to deeply understand and investigate their CRM efforts and understand the overall business strategy. In addition, as mentioned before, in-depth interviews will also be conducted with people within the firm, which will also contribute to a better understanding of the management of the corporation. Individuals interviewed that are more suitable for this study purposes, include: managers, sales personnel and employees who have day-to-day interaction with customers.

Interviews were conducted with various people working within the certain departments, with those who have some sort of customer contact on a daily bases. The departments where interviews were conducted include: sales-, finance-, customer service and logistics department. The respondents were chosen based on whether they have customer contact and were willing to take their time to participate in the research.

### 3.8 Data Analysis Method

The data in qualitative researches is derived generally from interviews and observations; therefore there is a large amount of unstructured material, which has to be analysed (Bryman and Bell 2007). Therefore the main difficulty in qualitative research is that it generates great amount data. Unlike in quantitative researches, it is very few, well-established rules on how to analyse qualitative data (Bryman and Bell, 2007). When it comes to analysing the data from case study researches, as in this paper, the researchers must define the codes to be used and processes in order to match the findings into themes (Yin 2009). The analyses begin with
organizing the data into order, word tables or other displays, where by using different analytic techniques the data can be analysed. Techniques include: pattern matching, explanation building, and time series analysis and replication logic. This paper will use the pattern-matching logic, as Yin (2009) explains that this procedure is one of the appropriate analytical strategies for analyzing case studies. The pattern matching will assist this research by taking use of the theoretical aspect and comparing similarities and differences between the literature and empirical findings.

### 3.9 Quality criteria

When it comes to evaluating research methods, the two most important criteria are: reliability and validity. Validity refers to whether the data obtained is really about what it appears to be about. Reliability refers to the consistency of the research (Saunders, 2009). The measurement of validity, when it comes to qualitative research can take three forms: content-, construct- and external validity (Bryman and Bell, 2007).

#### 3.9.1 Content validity

It refers to whether the measurements used in the research, covers adequately the investigative questions. Adequately meaning that the research is defined and explained thoroughly in the literature review and questions used for investigation are appropriate and essential (Bryman and Bell, 2007).

In order to increase content validity of this paper, multiple sources will be used. For the reason that in-depth interviews are used as the main sources of information, it is necessary to use as many sources as possible, when doing case studies (Yin, 2009). Information therefore is gathered throughout the interviews and in addition from documentation provided by the organization. In addition, the framework of operationalization and interview questions are sent out and reviewed by experts and the feedback helped to raise the quality of this research.
3.9.2 **Construct validity**

It raises the question whether a measure of a certain concept represents what it is supposed to measure. The findings of the study can be of doubt if the right measurements are not used. Construct validity is related to reliability in a way that if a concept is unstable or unreliable, it will not provide valid measurement of the concept investigated. This means that if the measures are valid, the study is reliable (Bryman and Bell, 2007).

A conceptual model was constructed in this paper, which in turn, leads to increase of the validity in this research. The model was constructed based on the literature review; therefore the concepts from the model were tested. This way it was possible to see the connection between theory and empirical findings and as a result, the collected data is in line with the aim of this research.

3.9.3 **External validity**

This refers to if the research can be generalized beyond only the specific research. This means whether the actual research may be applicable to other research settings, for example in various organizations. However, when it comes to a single case study- as in this paper- the theory, conclusion and results cannot be generalized to all the population. It will be more of an explanation on what is going on in the certain situation (Saunders et al. 2009).

The purpose of this study was not to generalize the results, rather to conduct an in depth analysis of a certain situation. By conducting in-depth analysis within a single-case study, offers a great deal of detail on the subject at hand, offering the possibility for other researchers to examine the findings and decide if they are applicable in their cases.

3.9.4 **Reliability**

When it comes to reliability in qualitative researches, the issues of bias must be raised; both related interviewer/interviewee and nature of the organizational participants that agree to be interviewed (Saunders et al. 2009). Furthermore, according to Saunders et al. (2009) reliability of a research can be enhanced by answering the following three questions:

- Will the measures yield the same results on other occasions?
- Will similar observations be reached by other observers?
- Is there transparency in how sense was made from the raw data?

In order to avoid the issue of bias, in the process of conducting all the interviews, the interviewees tried to avoid any positive or negative comments during the interviews. Furthermore, when interpreting the collected data, the researchers strove to take a neutral stance in order to avoid bias, which in turn leads to increasing the reliability of this paper.

- If a similar research is conducted in other organizations, it is believed that the measures used in this research would provide data relating to the measurements; however the data may differ depending on the organizational structure.
- It is believed that if other researchers conducted the same study with the same organization, then similar findings would be gathered. On the other hand, depending on their choice of organization, observations and interpretations, the data gathered could differ.
- When interpreting the raw data recordings of the interview transcripts are recorded and saved, which in turn, assures the evidence of the findings. In addition, to avoid misinterpretation when it comes to the empirical findings, a written form of the interviews has been sent back to the respondents for approval.
4. Empirical Findings

The following chapter will present results from the empirical findings, which is divided into two parts. It will start with presenting secondary data that was collected from the organization AGA GAS AB. Furthermore, the primary data collected from the interviews within the company will also be displayed. The empirical findings are portrayed and structured under headings of vision & goals, followed by the key components of CRM: people, process and technology.

4.1 Case company – AGA GAS AB

In order to deeply understand the organizations CRM efforts, this section will present information that is connected to AGA Gas AB’s strategy, people and technology. A brief introduction of the organization can be found in Chapter 3 (3.7.2.). The information was gathered from the company’s website, as well as the organization’s intranet (AGA, 2012; The Linde Group, 2012).

4.1.1 Vision & Goals

AGA Gas AB’s goal is to be the leading global gases and engineering group, to be respected and admired as a developer of innovative solutions. The organization wants to be the leader in terms of growth, productivity, safety, customer service, and quality of the operations, corporate responsibility, stakeholder value and so forth. The objective is to have a strong impact through innovation on certain fields, for example: environmentally kind energy, energy efficiency, safer and healthier food production and distribution, environmental protection and more. To achieve this, the organization needs talented and committed people in all fields of operations. Investments are made when recruiting people and in training programs, as well as creating a working environment in order for them to be able to realize their full potential (The Linde Group, 2012).

The organization also has a customer focus vision, which is: “Our customer perceive the value AGA brings to them and are willing to pay for it”. AGA invests in customer
understanding to deliver the right Product Service Offer in the most convenient way. The customer focus goal is to satisfy customers with the performance and the value they gain for what they paid. That way they will promote and recommend the company. The employees should actively handle all the claims, request that come from the customers. The goal is that the lead-time for these actions (from intake to feedback to customers), reaches an average of 14 days by end of 2012 (The Linde Group, 2012).

In order to achieve the goals, the organization is continuously developing objectives to accomplish (The Linde Group, 2012):

- The vision is to be the leading global gases and engineering group
- Evolve into an efficient and effective organization
- Strive for excellence in everything they do
- Continuously develop the entire organization, all of the processes and operations
- Continuously seek opportunities to learn from customers, competitors and other industries
- Develop and coach employees in such a way that they can excel. Recognize and reward high-performance individual and teams.

### 4.1.2 People

When it comes to competition for customers, service and customer attention is becoming more important. The competitors are also constantly improving; therefore in order to be better than them, customer focus and market position and loyal customers are essential for AGA Gas AB. All the employees within the organization have to be aware of this, so that the best solution for customers’ needs can be offered. All the people working for AGA are committed to principles such as (The Linde Group, 2012):

- AGA only accepts safe business operations
- AGA only accepts business activities, deals and communicates with internal and external customers who are ethical and honest
- AGA only accepts business practices, which are acceptable in regard with the entire company, employees, customers and environment.
In order to accomplish successful changes, people within the organization must have customer perspective and focus central in all their activities. This involves listening to the customers, understand their needs, and deliver products with the highest convenience at lowest possible cost. In addition the organization formulates some important policies in relation their employees (The Linde Group, 2012):

- Agree on clear goals, for which the people are accountable
- Define boundaries, but give people space for taking the initiative, learning and personal fulfilment
- Encourage entrepreneurship
- Support the development of people and coach them for success
- Each person follows the foundational principles of safety, integrity, sustainability and respect
- Believe that capable and responsible people can make a difference
- Trust people and believe in empowering individuals and teams to do the right thing

AGA believes that, the diversity of the employees and their capabilities is a source of competitive advantage, together with the company’s business activities. It is believed that business benefits stem from developing diversity of genders and by respecting different cultures. Working environment is created in such way that people can use their full potential and true power. The company continuously encourages the contributions and participations from the various individuals and teams, trying to learn from different points of views and whenever problems arise, turn them into solutions (The Linde Group, 2012).

4.1.3 Processes

AGA Gas AB’s business processes are sustained by support organizations such as purchasing, development, sales, finances, human resources, safety, health, environment & quality, communications and information systems (AGA, 2012). Quality and safety drive the operations, where quality includes fulfilment of requirements and expectations (from quality of products to timely deliveries) in all areas of operations. To ensure that all requirements are met, the organization has developed a management system, which not only covers all
processes but also provides for constant development of personnel and products (The Linde Group, 2012).

In order for customers to be able to exploit all the possibilities of gas in the best possible way, AGA continuously develops new, innovative processes and methods. They work closely together with customers, in order to fulfil current needs and anticipate their future requirements. AGA offers creative solutions, reliable deliveries, consistent quality and training for customers. With the aim to ensure that customers have the right gas at the right time, this way, they can lower their costs, improve their productivity and strengthen competitiveness (The Linde Group, 2012).

AGA Gas AB has adopted the “Lean Six Sigma” method, in order to develop activities. It helps to meet the requirements of customers and the objectives; which includes the following statements (AGA, 2012; The Linde Group, 2012):

- External customers are the reason the organization exists, therefore they are essential for current and future success
- Need to innovate in every area of the business, in order to retain existing customers and gain place in new markets and customer segments
- The aim to deliver as promised
- Provide value-adding solutions to customers
- Anticipate customer and market needs by spending time with customers, order to understand their needs
- Create climate that supports innovation

### 4.1.4 Technology

AGA Gas AB is part of the worldwide Linde Group, which makes internal communication particularly important in order to coordination activities and share information. The organization takes advantage of newest Internet and intranet technologies, in order to ensure consistent and timely communication of information (The Linde Group, 2012).

The organization has developed a customer portal solution, called “Aga Online: the customers personal business tool” (the REN Customers Portal), where customers are able to place orders
and access their account information (“My Account”). It offers them customised, single point of information, so by logging on their account they can get both information and support, without having to contact customer service (The Linde Group, 2012; AGA, 2011). Through Aga online customers can access information for example regarding delivery, rental agreements and invoices and so forth (The Linde Group, 2012).

Aga online includes functions such as the ability to access a new function called “Cylinders and Rent”-where they can find information about their cylinder balance and Rent Certificates-, “Order History”, “My Delivery days” and so forth. According to Eva Sundell, Manager Administrative Services REN: “AGA online is a simple and handy way for customers to handle their daily interaction with AGA. It is truly a personal business tool for our customers” (The Linde Group, 2012).

4.2 Interviews

Being a large organization, AGA GAS AB is divided into many business areas within Sweden, for example sales & marketing, logistics, customer service, and more. The area of focus for this thesis is the south, east and west region, which includes departments of logistics, sales & marketing.

The people interviewed at AGA GAS AB Sweden were the following as shown below:
The researchers conducted both one-to-one and telephone interviews, lasting for approximately 30-60 minutes. All the interviews were conducted in Swedish and later translated into English and transcribed in order to increase the validity of the answers. During the interviews, the interview guideline was followed; also follow-up questions were formulated. Recordings and transcription of the data are saved and available on request.
4.2.1 Vision & Goals

When the interviewees were asked if they knew when the organization started to work with Customer Relationship Management, the majority of people answered that since AGA existed, always had some kind of customer relationship. Also that, since the company has been there, customers always been in the focus.

When asked about the goals and vision, most respondents did not know clearly what it was, stating that it has not been directly communicated, as it should have been. Respondents from the logistic department refer to documents, where it is possible to find how employees should interact with customers or referring to the founder, Gustav Dalén, who stated that the customer is always in focus. Customer Service point out how they want to be seen by customers, however, there is no vision communicated for the various departments. According to some respondents, the reason for the goal & vision not being communicated can be that AGA has existed for a long time and communicating the vision might not be very significant. It was also added that, for example the logistic department does not have much information related to vision, which is considered to be needed. However they should not have much customer interaction in comparison to several other departments inside the company. The supply manager HC Sweden stated that: “The vision is that we want to be seen as the largest and most professional distributor of gases in Sweden”. He also added that this has been accomplished to a certain point, because the organization has great focus on security, safety, quality and high delivery precision. In addition, respondent from Customer Service added that the vision is to: “Have happy, satisfied customers and helping them towards better profitability and simplifying their daily work through selling the products and services. If the customer can make money and feels secure by having AGA as their gas distributor, then the organization can build long-term customer relationships”.

4.2.2 People

When it comes to educational programs offered to employees in relation to Customer Relationship Management, respondents stated, that depending on which department they are working in, there are several educational programs everybody has to go through. For example, respondents from the Sales department stated that for new sales people, the first thing they go through is an introduction program, where they learn about general principles on how to conduct their work as a sales personal. In addition, through other educational forms and materials, they get know the other departments within the organization. There is training programs offered, for example, within law, how to write agreements for customers, sales techniques and how to sell. Furthermore, there is something called the “Linde pro-program”, for the marketing and sales department, on how to work with sales, initiate contacts and come to agreement with customers. These introductory programs are available inside the company, but it is up to the manager of the certain departments to give the education for the employees. As stated, there are also educational programs available for the retailers, regarding product and administration education, in order to be able to assist customers well. This is available on the organizations intranet, for those who want to participate on it (e-Education). According to respondents inside the logistic department, there are not many training programs on how to interact with customers. Customer service department get their education through workshops and information meetings, in addition there is information available on the intranet of AGA.

When asked about which departments have customer interactions, the majority of the respondents mentioned that, large part of the organization has customer interaction, however, mostly Sales and Customer service department. However, the department of logistics also has frequent contact with customers. Customer Service has the most contact, as they deal with invoices, order handling, indoor sales, back office and so forth. In order to solve customer related issues, they co-operate tightly in order to give quick response to customer requests and give their best possible service. It was also stated by the majority of respondents that, in general the organization is doing well in solving customer related issues and complaints, however there is some lack. For example, as respondents from the logistic department stated that it is hard for them to see what actions were taken related to customer issue handling. It is hard to see what offers are agreed on with specific customers. They further mention that, it
would be valuable for them to know such information as well, in order to work more flexible; sales personnel and supply should work together. It is considered that documents on customer management should be available, in order to give out similar message to the customer throughout the organization.

4.2.3 Processes

When the interviewees were asked about if the organization has any form of customer segmentation, the responses show that AGA does have customer segmentation. As stated by AGA’s Business Developer: “Customers are divided into categories of A B C D E, depending on their profitability. As stated, D and E customers are the ones that buy gases from the retailers and give up to 30,000Kr/year. The next category, C and B, these are large companies that bring in up to 30,000-80,000 Kr/year. The A type of customers are really large companies, they buy for several million Kr/year”. For the Sales department, there are several software available, where the customer segmentation is already divided, depending how much turnover they give. This is only available for the sales & marketing department and the system is updated regularly. Respondents from the logistic department stated that, there is not much information for them on viewing customers differently; the segmentation of them does not reach their department. They only have a general knowledge on which are the big customers, for example Volvo AB. Employees in many cases learn from experience on which are sensitive customers by talking to them. When it comes to customer service department, it was stated that, there is no distinction made either because they want to offer the same service level for everybody, regardless on their size. The service level should be high for whoever phones, private person or large corporation.

According AGA GAS’s Business Developer: “When it comes to finding new and potential customers, there are concrete procedures, referred to as frog hunt. It is possible to take out a list (terror report), where one can see the competitor’s possibility to take the customers from them; and other way round, where they have a list to see which companies they could take from competitors”. Sales people in many cases also go out and visit potential clients. They do this through visiting newly started companies, read newspapers, and go to events and through their contacts. This is an on-going process, where all depends on contacts that they have: the wider the contact net, the more relationships will start. In addition, respondents stated, that
AGA is very active in the market. Through events, relationships and keeping track on the growth areas or new areas that are developing; they are able to build new relationships.

When the question was formed related to the benefits the organization creates for the customers, various responses were received. Some stated that, because AGA is such a big company, with over 215 retailers all over Sweden, which leads to quick deliveries, with a delivery precision of 98%. They are good and flexible when it comes to fixing customer related issues. In addition, they offer safety, security and technical service for the customers. The company not only delivers gas to place, but they can install it as well. Moreover educational programs are available for the companies. Additional differentiation is AGA’s unique products, for example Mison and Odorox. In their internal system might not be clear instructions on how to solve issues, but they constantly communicate internally when problems are arising in order to solve them quickly. However, it was added that when it comes to long-term issues the organization is a bit slow and inflexible. A transport planner stated that: “The price is not a benefit, because there are competitors whose prices are better and hard to meet. For the reason that the organization has existed for a long time, they are doing things in their own term in relation to for example delivery and price, which resulted in competitors taking some of the customers”.

Interviewees were additionally asked about the most frequent complaints they receive from their clients. Answers included issues related to price, delivery, and invoices. It is considered that problems related to price come mainly from small customers, according to an investigation made within the company. According to the logistic department, they receive complaints regarding delivery issues, which should instead go through customer service. Other complaint, according to respondent is related to replacements, which is considered to be the biggest issue. The company is not that flexible when it comes to solving issues in general, which can be because it is a big company and making changes would take a lot of time. Invoice management was pointed out to be another issue, including delays of invoices. However now a new invoice system is installed, which should function better.
4.2.4 Technology

Related to the technological aspect, several respondents answered that technology in connection to CRM are mainly localized at Sales & Marketing departments. There are not many systems that allow distribution of information about customers throughout the organization. For the sales & marketing department, there are many other systems available with lots of databases, which are very complex. A sales employee stated that “because of the complexity and variety of databases it becomes very hard to co-operate, the same information must be added several times into the different databases”. For somebody who is new in the organization takes a long time to learn the functioning of the different systems. However, one main system that most divisions inside AGA takes use of is referred to as SAP, which assists the employees in their daily operations.

From the interviewees it was possible to find out that the main means of communication to communicate with customers include: phone, mails, visits, events, website and fax.

4.2.5 Mixture of CRM Key Components

When employees were asked about the key components of CRM, they all agreed that people, processes and technology are essential in order for organization to function well. It was added that these three things should be working together and complement each other to have a good CRM. But this is challenge for the organization. When respondents were asked to give an approximation on what they consider AGA Gas AB mixture of the key components (in terms of percentage) are, the answers were fairly different. Most of them stated that people working within organization is key, therefore in many cases it received the highest percentage. In almost all cases technology and process was considered to be of same importance. The answer of the respondents is shown below:
**Answers of the respondents on mixture of CRM key components**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>People (%)</th>
<th>Processes (%)</th>
<th>Technology (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>50</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>2.</td>
<td>20</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>3.</td>
<td>60</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>4.</td>
<td>60</td>
<td>20</td>
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</tr>
<tr>
<td>5.</td>
<td>20</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>6.</td>
<td>40</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>7.</td>
<td>40</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>42</strong></td>
<td><strong>32</strong></td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>

Lastly, respondents were asked to give their opinion in the area that AGA should improve. The responses varied depending on which department the people were working in. One thing that sales personnel thought that could be improved by the company is if they could have more time to take care of the relationship with their customers. This would allow customers to have better support. Within the logistics department, better information flow was considered something the company should work at. It would benefit AGA of having better processes between the various departments. In addition as stated by some respondents there are many projects inside the organization, where every department is concerned with their own actions, but they should also see how it influences others. Furthermore, the company’s intranet was also mentioned as being somewhat weak, in a sense of not being sufficient. It was stated that many employees do not know how it functions properly and information is not distributed properly. Much of the data can be found in the intranet; however people cannot locate it properly. An interviewee from the customer service department considered that technology should also be improved to simplify for customers to use the company services. For example, the ability to place order could be made more convenient if customers could do it by for example, sending text message or through an application.
5. Data Analysis

In this chapter the data analysis is presented. The collected data will be analysed based on the literature review defined in Chapter 2. The findings from the previous chapter were divided into two parts (secondary- and primary data) these are analyzed jointly in this chapter, based on the literature review, in order to gain a complete view of the organization’s CRM. In addition, a summary of the analysis in relation to the conceptual model is also presented. Lastly, in this chapter the Balanced Scorecard is also taken use of in order to give opportunity for this study to analyse findings and simplifying the process of gaining an overview on organization’s CRM.

The overall goal of this thesis is to contribute towards a better understanding of CRM implementation. The literature review provided an overview of Customer Relationship Management and CRM-key components according to the existing literature. Therefore, at the end of the literature review, a conceptual framework was proposed. It was possible to see the importance of cross-functioning of the key components of CRM: people process and technology, and that integration of these are necessary inside an organization, in order for the CRM process to operate well. By taking use of the conceptual framework and based on the empirical findings from the case company, this chapter will analyze the case company’s CRM, while presenting both similarities and differences between the company’s process and the literature.
5.1 **CRM Strategy**

Several authors (e.g. Porter, 1988; Lucas, 1998; Payne and Frow, 2005; Saini, Grewal and Johnson, 2009) argue that an organization should develop strategic planning and formulate a clear vision of what they want to achieve with their CRM. This should also be distributed throughout an organization; in this way it provides various departments to view their process and efforts in relation to the stated vision. As from the empirical data gathered from secondary data at AGA GAS AB, it is possible to recognize that the organization’s corporate vision is to become the leader in global gases and engineering and to be respected as a developer of innovative solutions. In relation to their customer focus vision the organization states: “Our customer perceive the value AGA brings to them and are willing to pay for it”. In order to accomplish their vision AGA aims to deliver products in the most convenient way, satisfy customers with high performance and optimize lead-times for deliveries of their products and services. However, from the information gathered from various interviews inside the organization, it can be seen that the majority of respondents were unaware of the stated customer centric goals and vision of AGA GAS AB. Few respondents who answered what they consider is AGA’s goal and vision in relation to CRM mentioned a general corporate vision that AGA wants to be seen as a leader in gas industry. Therefore, it can be seen that most respondents were unable to clearly state the organization’s vision in relation to their CRM. On the other hand, a few respondents had knowledge of certain documents in the company’s intranet where one could find goals and visions.

To a great extent the organization vision correspond with what is stated in theory related to vision and goals. This can be seen as the company has stated clear vision and goals, however, as mentioned in the literature review it is important that communication of these are distributed throughout an organization, where it can be seen that AGA GAS currently has issues with.
5.2 People

People in form of employees are one of the most important components of CRM (Chen and Popovich, 2003). As the authors also describe, commitment from the employees towards customers is vital in order to have a well-functioning CRM process. In addition, it is also explained that the staff is an organization’s face towards the market; therefore, managing relationship with customers becomes an important aspect (Chen and Popovich, 2003). AGA GAS AB has formulated several principles that employees should follow when it comes to managing customers. This includes listening to customers at all times, understanding their needs and deliver products with the highest convenience at the lowest possible cost. When it comes to customer interactions, all departments within the organization have some sort of customer contact. However, most interactions with customers are occurred at the customer service department, where they manage invoices, orders, back-office and more. In general various departments at AGA GAS AB cooperate well to solve customer related issues; however, respondents from the logistic department argue that they cannot view the actions taken by other departments in relation to solving customer related issues.

Considering the employee commitment towards customers, it can be seen that the organization places great importance on their efforts to maintain their customers’ relationships and solving customer related issues.

Kaplan and Norton (1992) outline the importance of employee training in order to build relationship with customers. In addition, training programs should be carried out in all departments especially those which has customer interactions (Dibb and Meadows, 2004). Respondents stated that all employees have to go through educational programs in the department they are working within, in order to conduct their daily work. The sales department have educational programs, which includes for instance sales techniques, how to sell products and how to write agreements with customers. On the other hand, respondents from the logistic department stated that there are not many training programs for them on how to interact with customers, although customer interactions do take place in their department.

AGA GAS AB does offer various training programs for their employees, to be able to proceed with their daily work. It could be however recognized, that there is a lack, when it comes to
offering education in customer handling inside the department of logistics. In relation to Dibb and Meadows (2004), it can be viewed that AGA GAS AB does not place much effort in training their staff on how to interact with customers, throughout the organization. However, there are other departments excluding sales and marketing department where customer interaction do take place.

Furthermore, it is important to view employee knowledge as a resource an organization can have as the staff knowledge contributes towards their ability to serve customers (Liao, Chang, Cheng and Kuo, 2004). AGA considers that employee knowledge and capabilities are means for gaining competitive advantage. Therefore, AGA attempts to contribute towards a working environment that provides opportunities for employees to explore their potentials. The organization encourages individuals and groups inside the company to share their views and opinions.

5.3 Processes

Processes as explained in the chapter of literature review can be seen as all the organization’s activities that are carried out towards management of customers (Rababah, Mohd and Ibrahim, 2011). In AGA GAS AB the business processes consists of purchasing, development, sales, environment & quality, information system and so forth. AGA considers that safety and quality for them and customers are of high importance in all their activities. Working together with customers is considered to be essential, while offering the possibility to fulfil their needs and future customer requirements. In addition, the company offers reliable deliveries, consistent quality and training for customers. These activities managed by AGA GAS AB in collaboration with their customers, shows that they place a lot of focus on maintaining a long-lasting relationship.

On the other hand, some respondents stated that, because AGA GAS AB is a large organization, the company is not very flexible when it comes to addressing long-term internal issues. This can be due to that noticeable changes would take a significant amount of time. Furthermore, several respondents mentioned that they would like to have more interactions with other departments in order to learn and share their views more efficiently.
Payne and Frow, (2005), recognize that customer segmentation and finding new and potential customers is an important part of Customer Relationship Management. When it comes to segmenting customers in AGA Gas AB, they get divided into categories of: A, B, C, D, E, depending on their profitability. The information related to customer segmentation is mostly contained in the sales & marketing department. On the other hand, respondents from the logistic department mention, that there is not much information related to the segmentation of customers. Instead they learn from experience and general knowledge whether the customer is a private person or large corporation. The customer-service department has a principle, where it is considered that no distinction should be made between any customers, due to the fact that they want to provide the same service level to private persons or large corporations. This view that AGA GAS AB has relating to customers is not shared by Rababah, Mohd and Ibrahim (2011), who consider that an organization with customer-facing CRM process should discontinue relationships with customers who yield the least profit to the organization. On the other hand, AGA GAS AB has different forms of segmentation where they categorize customers based on their profitability. Furthermore, the organization’s customer service department makes no distinction to small or large customers, due to that they want to provide same service level to everyone.

When it comes to finding new and potential customers, the sales department carries out this process. These activities of finding potential customers are done through for example, personal contacts, events, newspapers, which becomes an on-going process.

The value the organization offers represents the extra benefit that the customer will receive by purchasing products. Nguyen (2011) explains that organization should consider how they are creating value to the customers as part of their offerings, due to the fact that it includes understanding the customer identification and requirements. The majority of the respondents stated that, because AGA GAS AB is a large corporation and its name is well established in the market, they attempt to differentiate themselves by offering several unique products, high delivery precision, safety, the possibility of instalment of the products, training for customers and so forth. A respondent stated that the organization cannot merely compete with the prices on their products, for the reason that there are competitors who have more compatible prices. As it was mentioned by Kaplan and Norton (1992) that factors which customers mostly
concern about are: product quality, performance, cost and organization’s services. This can be viewed by AGA GAS AB to a certain extent; however, they focus greatly on safety and training for customers. This is believed by AGA GAS AB to be valuable to their customers to gain a personal relationship with the company and that the organization shows that they nurture their relationships. The cost of products cannot be seen as a tool for the organization to create extra value, they believe that by providing other benefits such as training and safety, the price does not become a major issue for their customers.

5.4 Technology

Technology plays an important role in CRM, allowing organizations to analyze gather and distribute data throughout the company (Chen and Popovich, 2003). It is essential that CRM technology is integrated inside the organization, in order to assist various departments in their daily operations (Croteau and Li, 2003).

AGA GAS AB takes use of the latest Internet and Intranet technologies, which assists various departments inside the organization with consistent and timely distribution of information. On the other hand, the latest technology also allows customers of AGA to easily get in contact with the organization. This can be seen through for example, the application “AGA Online”, where customers are able to place orders and access their account information. Furthermore, this application enables buyers to get information, support, placing orders and more. According to the manager of Administrative Services REN (The Linde Group, 2012): “AGA online is a simple and handy way for customers to handle their daily interactions with AGA. It is truly a personal business tool for our customers”. From the information gathered by various respondents, it was possible to find out that CRM technology is mainly situated in the department of Sales and Marketing. In the logistic department, there are not any extra back-office applications in relation to CRM. All information in connected to customers can be distributed with the help of one main system; this in turn allows the employees in logistic department to manage their daily work on one system rather than several. In relation to Payne and Frow (2005) who mention that it is important to have back-office applications in order to have a well-functioning CRM. AGA GAS AB’s view is to have one system that can manage back-office tasks and allow their employees to focus on one system than many. The majority of respondents stated that there are not many systems that allow distribution of customer
related information throughout the company. It was considered by the Logistic department, that customer related data is not properly distributed, especially in their department, which would be needed in order for them to work more efficiently. In addition, they also consider that customer data is mostly stored in the Sales and Marketing department and the organization should work towards distributing such information better. However, one central system which assists employees with their daily operations is named SAP. On the other hand, within the Sales and Marketing department, there are several systems available which includes various data bases. The sales personnel considered that these systems were complex to manage and as stated: “There are too much databases to manage and they are not cooperating together, same thing must be done several times inside different data bases software”. For newly employed sales people, the process of learning about all data bases and software takes significantly long time.

According to Chen and Popovich (2003), it is a common misunderstanding within departments inside an organization that they believe that customer data should only be localized at Sales and Marketing department. However, when it comes to CRM, organizations should be customer-centric and the customer related information should be shared among the various departments. It can be seen that AGA GAS AB is also storing most of their customer data inside the Sales and Marketing departments which leads to for example, logistic department inside the organization to have inadequate customer related information. In addition, as sales personnel consider that their CRM technology is difficult to manage due to the complexity of various databases, it can be considered that AGA GAS AB has implemented the systems; however, they are not working in full potential in terms of flexibility and cooperation.

Rangaswami and Bruggen (2005) argue that organizations can take use of several multichannels in order to reach customers, which in turn assists them in building long-term relationships. By using various channels to communicate with customers is of high importance, however an organization has to make efforts to manage these channels well which in turn the customers could perceive the company as professional (Neslin and Shankar, 2009). When communicating with customers, AGA GAS AB takes use of several communication channels such as, telephone, mail, events, website and fax. AGA GAS AB
considers that communication with customers is important, as the customer service department stated: “We should always be available over the phone, email or Internet based platforms, where for example, customers can place orders, see invoices and so forth”.

5.5 Mixture of CRM Key Components

As Chen and Popovich (2003) argues that in order for a CRM to work successfully, it requires a cross-functional integration of key components: people, process and technology. Limayem (2004) provides in specific how much attention organization should place on these above mentioned key components, as shown in Figure 6.

![Mixture of Key Components](image)

**Figure 6: Mixture of Key Components (Limayem, M., 2004).**

In the case of AGA GAS AB, the majority of the respondents consider that people working inside the company play the most important part, when dealing with customers, resulting in an average percentage of 42%. Secondly come processes of 32% and lastly technology with 26%. From the results, it becomes possible to view that the organization places more attention on technology than they should, which according to Limayem (2004) should only be approximately 10%. However, considering the fact that technology was considered to be lower than the other two components, results into a positive approach. Furthermore, both
process and people component obtained less attention from the company in relation to Limayem (2004) right mix of components. An illustration of this is presented below:

**Mixture of CRM Key Components**

- People 42%
- Process 32%
- Technology 26%

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### 5.6 Summary of the analysis

By taking use of the conceptual model to summarize the findings, it can be seen that there are several factors in particular for well-functioning CRM. Communication and cooperation among departments becomes vital when working with CRM. Therefore, it requires that the key components of CRM are properly integrated and working cross-functional inside an organization, this in turn, provides various departments to receive the necessary customer information, in order for them to work more efficiently.

It is noteworthy to mention that AGA GAS AB takes use of the latest technology, for example, “AGA Online”. However, as the company has several complex databases for sales and marketing department, it can be seen that employees have to go through time consuming procedures whenever changes are to be made. By having several applications for organizations in relation to CRM can result into an overwhelming situation for employees where they have to focus on several systems. On the other hand, departments such as logistics, mainly have to focus on one system where various information apart from customers can be
found and distributed, however, as can be noted on the analysis the company does not put much attention towards communicating customer information properly throughout the organization. Therefore, the integration and cross-functional aspect between technology- and people component is lacking. This is due to the fact that people component involves employee knowledge and because the organization is not properly distributing customer information, the employees cannot expand their knowledge in this area. In addition, it can be seen that customer-facing CRM process involves for example, discontinuing relationships with customers who yield the least profit. On the other hand, this may not be an optimal solution, instead a better solution which for example, AGA GAS AB takes use of, is by having a customer strategy where they divide the customers into different categories based on their profitability and make no distinction in the service level towards such customers. Therefore, AGA GAS AB’s customer service department has the principle of serving all customers’ equally, regardless of their profitability towards the company. Furthermore, as the process component also involves value creation, relationship and customer maintenance, it could be seen viewed that, customers do not merely consider product quality, performance and cost to be the most important factors in the value creation process. They should not be disregarded, however, other factors which are considered to be more important is service in form of training and safety for customers. By this way AGA GAS AB builds and maintains relationships on a more personal level with their buyers. Furthermore, as AGA GAS AB is relatively working well in solving customer related issues, it was also noted that the majority of the employees does not receive information in relation to actions taken by the organization to solve such issues. By viewing this, it can also be considered that the relationship between the process and people component is lacking in terms of communication. As the people component involves employee knowledge and the process involves for example, customer maintenance, therefore, the employees cannot view the actions taken by the organization in order for them to acknowledge how similar customer issues can be resolved in the future.
5.6  **Analysis with Balance Scorecard**

By using Balance Scorecard as a tool for measuring CRM, it gives opportunity for this study to analyze findings and also to simplify the process of obtaining a holistic view on the organization’s CRM. The method of Balance Scorecard places Strategy and Vision in centre and assists the organization to bring together views of Financial-, Customer-, Internal Business Processes-, Learning and Growth perspective. A detailed description of Balance Scorecard and its perspectives are explained in detail in Chapter 3.6.2. With the help of the data gathered from the analysis, it is possible to conduct a Balance Scorecard analysis on AGA GAS AB’s CRM. The findings are displayed in accordance to the framework of Balance Scorecard, as shown below, where vision and strategy of the company’s CRM is presented in the centre, together with the four perspectives.

**Analysis with Balance Scorecard**

![Diagram of Balance Scorecard](image)
5.6.1 Vision & Strategy
AGA GAS AB does in fact have a customer focused vision which is stated as: “Our customers perceive the value AGA brings to them and are willing to pay for it”. Therefore, it should be placed in central when conducting the Balance Scorecard analysis. It is also mentioned that this vision should be communicated throughout the organization, however, from the analysis it can be seen that several respondents were unaware of the stated customer focused vision.

5.6.2 Customer Perspective
When it comes to the customer perspective of the Balance Scorecard, it is important for the organization to recognize how they want to be perceived by their customers. At the same time be the organization should be able to create value, satisfy and segment customers. AGA GAS AB has set up principles for their employees to always listen to customers, understand their needs and lastly be able to deliver goods conveniently. Furthermore, the company also segments their customers depending on their profitability into categories of A, B, C, D and E. On the other hand, it could be viewed from the responses gathered that information related to customer segmentation is mostly kept at the Sales and Marketing department, while Logistic department has to rely on general knowledge of customers. When it comes to creating value for customers, AGA GAS AB has several procedures, for instance, they produce unique products, have good delivery precision, provide training of safety and management of products for customers and the brand name is strong in the market.

5.6.3 Internal Business Process Perspective
The Internal Business Process aspect of Balance Scorecard can be related to the organization’s activities in relation to management of customers. This would include for instance customer complaint management and cooperation between various departments inside the organization. It can be noted that AGA GAS AB is constantly working towards managing customer related issues and complaints efficiently as they consider their buyers to be very important. The company has got several departments including customer service who states that: “We should always be available over the phone, email or Internet based platforms, where for example, customers can place orders, see invoices and so forth”. However,
according to several respondents, they consider that they do not receive sufficient information related to actions taken by the company towards solving customer related issues or complaints. Furthermore, better cooperation between the Sales and Marketing and Logistic department in relation to customer management was considered to be of high interest.

5.6.4 Learning and Growth Perspective

In accordance to the Learning and Growth Perspective of Balance Scorecard, it is important to view the organizations internal ability to learn and works towards an efficient business environment, at the same time have software in relation to CRM. Therefore, in connection to CRM, AGA GAS AB provides several training programmes for their employees in Sales and Marketing department. However, other departments such as Logistics, considers that they also have interactions with customers, although there are not many educational programs presented in connection to management of customers. On the other hand, the company offers various training programmes in every specific department, in order to manage the daily work. When it comes to the IT, AGA GAS AB works with the latest Internet and Intranet technologies and several databases containing customer information. However, from the information gathered, it could be seen that most CRM software are centralized at the Sales and Marketing department, and they believe that there are several data bases containing customer information and managing these are a complex procedure. On the other hand, the Logistic department argue that they do not receive much information related to customers, which they could benefit from, in order to proceed in the daily work.

5.6.5 Financial Perspective

In relation to Balance Scorecard, the Financial Perspective could be considered as the customers’ financial contribution. Therefore, in connection with AGA GAS AB they segment their customers according to profitability. On the other hand, several respondents considered were unaware of how AGA GAS AB’s customers are segmented in relation to profitability. This information is currently lacking by many employees, on the other hand, the Sales and Marketing department had knowledge about this information.
6. **Conclusion & Recommendations**

In this section the final conclusion based from the analysis are presented, that answers the research question of this study, by which the purpose of this thesis is accomplished. Furthermore, within this chapter, several recommendations are suggested for organizations working with CRM. Lastly, academic recommendations are presented.

### 6.1 Conclusion

Implementation of CRM is not simple; rather it requires a deep understanding of the process. Therefore, the aim of this paper was to contribute towards a better understanding of CRM implementation. However, to be able to provide a better understanding, it requires CRM to be evaluated. A CRM is a combination of three essential components: people, process and technology. The components should have a good cooperation amongst one another and have constant attention from the organization. By acknowledging this, consequently a research question was formulated in this paper: *How can the key components (people, process and technology) measure Customer Relationship Management?* The research question can be answered by deeply analyzing the key components and their contents individually and thereafter examining if they are operating in a cross-functional manner. It is also important to notice whether these key components are well integrated. Furthermore, in order to measure CRM, an interview guide which incorporates questions in relation to the key components and addressing the topics of Balance Scorecard can provide a complete view of the Customer Relationship Management. Therefore, this paper has developed an interview guide that includes questions relating to key components and topics of Balance Scorecard and these have been tested inside a case company to measure their CRM. By taking use of this, it is possible to examine how an organization’s CRM is operating, hence giving possibility to view it from a holistic perspective. Therefore, it can be acknowledged that integration of key components: people, process and technology, and having a CRM vision is key for all organizations working with CRM. As a result, the findings of this paper and the developed interview guide accomplish the stated purpose of contributing towards a better understanding of CRM implementation.
6.2 **Managerial Recommendation**

A case study was used, in order to proceed with this research. An organization’s Customer Relationship Management process was analyzed, with the assistance of the key components and vision in relation to CRM. In addition, with the assistance of Balance Scorecard it was possible to gain a deeper knowledge of how the company is currently working with the process and where areas for improvements can be located.

Therefore, in this chapter several recommendations are presented for all organizations’ working with Customer Relationship Management.

- To start with, it is important that managers consider formulating a vision in relation to their Customer Relationship Management. The vision should be properly communicated throughout the organization to all employees, in order for them to share the vision and manage customers accordingly.

- Secondly, information in connection to customer segmentation should also be distributed inside the company, in order for employees to acknowledge the importance and gain knowledge of how the organization categorizes their customers.

- Various information in relation to customers should not be merely contained in the sales and marketing department. A better flow of customer related information should be distributed throughout the organization, in order for other departments and employees to work towards a better Customer Relationship Management.

- Whenever an organization takes actions to solve customer information, then it is considered to be important that such information reaches all departments internally. This provides employees with the knowledge of what has been conducted and how similar customer related issues are expected to be resolved in future.

- As CRM requires all the key components to be integrated and cross-functional inside the organization, therefore, the management should encourage a better working-atmosphere between various departments. Departments with well-functioning
cooperation allows employees to exchange thoughts, believes, opinions, ideas and more, hence, contributing towards better working processes and Customer Relationship Management.

- Organizations working with CRM should consider endorsing training programmes on how to interact with customers for all their employees. This is important, due to the fact that customer interactions do, in general occur in various divisions inside the organization. By applying such training programmes, the employees become better prepared in managing customer interactions and relationships.

- Lastly, organizations that has several customer databases in relation to CRM should consider whether it is properly integrated inside the company, due to the fact that if a well integration is not conducted then the databases do not cooperate with each other. This, in turn becomes complex and time-consuming for the workers to manage.

6.3 Academic Recommendation

The underlying theme for this research is to contribute towards better understanding of Customer Relationship Management implementation. Previous literature on CRM identifies the importance of its key components: people, process and technology (Chen and Popovich, 2003), however, there is not much literature examining these components thoroughly. Therefore, this paper contributed to the literature by deeply evaluating the components and their contents. In addition, by taking use of the Balance Scorecard this paper adds to the literature by viewing the importance of the cross-functional relationship among the key components. Furthermore, as there are little researches on testing these key components inside an organization, this paper contributes to the literature by investigating them inside a company, in order to evaluate CRM.
7. **Limitations & Future Research**

This chapter will present the limitations of this study, which is useful to get a correct interpretation of the results. This chapter also presents suggestions to take into consideration for further researches.

7.1 **Limitations**

The purpose of this study was to contribute towards a better understanding of CRM implementation. Therefore, this paper took a qualitative approach by conducting an in-depth analysis of a case company’s Customer Relationship Management implementation. However, some limitations throughout this paper have occurred.

For this particular study, an attempt was made to deeply analyze one organization’s Customer Relationship Management implementation by conducting multiple interviews. In this paper, seven interviews were conducted with employees working within logistic-, sales and marketing- and customer service department. In addition, the supply manager and business developer of the case company were also interviewed. However, more interviews with employees in other departments of the particular case company or by conducting several interviews in multiple case companies, would allow this study to strengthen the findings and quality of the results while also providing bases for making generalization.

As for the theoretical limitation, it can be seen that this paper took into consideration the key components of CRM; however, when looking into the technological component, a deeper literature search can be made. In this paper, the technology component and its content is viewed from a broad perspective.
7.2 Future Research

Customer Relationship Management is relatively a new term, much exploration in the field will be needed. With this in mind and taking the limitation of this study into consideration, there are several suggestions for future researches for those who would like to further explore the subject.

By using a quantitative approach in addition to qualitative, it would give possibility to take use of a larger sample. This in turn, results into broader empirical findings of which an extensive analysis of the study can be made, hence providing an opportunity for the findings to be generalized.

In addition by taking use of a larger sample, in form of multiple case studies, a deeper analysis of the subject of CRM implementation could be made and the results would contribute towards understanding similarities and differences of organizations working with CRM.

Another suggestion to be considered is to conduct a similar research by applying triangulation research method when collecting data, for example, face-to-face interviews, focus groups and surveys. In addition also involving more respondents in the research would result in more thorough empirical findings and increase the understanding in the field of CRM implementation.

Furthermore, a suggestion for further researches would be to expand on analysing the key components. In this paper the technology component has been taken into consideration by viewing it in general in relation to CRM. However, a suggestion for further literature would be to elaborate and view the technology component in more depth, in connection to other key components and cross-functional approach within CRM. This would provide a deeper insight of how technology, in cooperation with the other key components would provide advantages for practitioners working with Customer Relationship Management.
8. References

Articles


**Books**


**Internet Sources**


Appendix 1

Interview questions

Opening question

1. Could you please tell us what your role and responsibilities are in the company?

Strategy

2. What do you consider are the goals and vision related to your CRM strategy?
3. How do you consider the goals and vision related to CRM is communicated throughout the organization?

People

4. Within the organization, for whom and how much educational programs are offered in relation to Customer Management? And sales/products?
5. If training programs are offered, what areas do they cover, in the area of CRM?
6. Which departments inside the organization (to your knowledge) have interactions with customers?
7. Does the organization have a customer service department? If yes, could you describe their general activities?
8. (When it comes to customer related issues, how do you work towards solving them?)

Process

9. Does the company have any form of viewing and categorizing customers differently? (Customer segmentation, in terms of profitability)
10. How do you find new and potential customers and initiate contact with them?
11. How do you consider the organization creates benefits to the customers? (In terms of delivery time, price, product and service).
12. Do you have an estimation of the most frequent complaints from your customers?
Technology

13. From your knowledge does the organization have any technology for managing CRM? When was it installed? Vendor? Who was involved? Is it functioning well? Are you satisfied with it?

14. How do you consider customer data is being stored and distributed inside the company?

15. When it comes to interacting with customers, which means of communication does the company take use of? (Example: telephone)

16. Which means of communication can your customers take use of when interacting with the company?

Mixture of CRM Key Components

17. Do you believe that processes, people, and technology are important factors in your organizations CRM?

18. Could you give an approximation of right mixture (in terms of percentage), of these components inside the organization?
On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

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