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The perception of customer relationship management by customers versus managers as a critical success factor.

Thesis Booklet
Compendium of the Dissertation

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Structured Abstract:

INTRODUCTION: Considerable changes in the past, ongoing developments in the present and uncertain future prospects pose considerable challenges to companies as well as customers. Companies need to be particularly responsive to changes that occur in the markets, changes coming from developments in technology and changes in the status and behaviour of customers. In this changing environment, companies value the importance of long-term customer relationships and consider it a great opportunity to achieve stability and predictability. Customer relationship management (CRM) promises support. In this context, CRM must not be understood only as a software installation. CRM is a strategic instrument that aligns a company with its customers. This endeavour requires the willingness of companies to undergo profound changes. Although CRM has been developed since the 1990s and implementations are widespread in companies across all sectors, the fail rate is still very high at up to 75%.

OBJECTIVES & RESEARCH QUESTIONS:
Researchers and academics have investigated success factors to mitigate the risk of failed CRM projects, but the failure rates have not drop considerably. Most CRM studies have mainly focused on internal company processes, neglecting customer interests. The aim of this study is to investigate CRM issues with a focus on the customer´s perspective to find out whether there are misunderstandings between company and customer perceptions. Results should provide practical added value for the customer and subsequently for the health of the company.
Research Questions:
- Are the focal points of the investigation with customer, people (management and
  employees) and technology recognised as important topics from customers and
  managers?
- Is there agreement or discrepancy between customer and management perception?
- How can potential differences be explained using subgroup analyses?
- What immediate measures can be derived from the study?

METHOD:
The first part of the study involved literary research investigating the current status of CRMand its success and failure factors. The present study employed a quantitative research design to investigate perceptions from management and customers of the same company. A survey was administered to car dealerships of five different brands. The survey included a set of questions split into four topics – process, people, technology and customer. The purpose of this approach is to determine deviations between answers from management and customers.

RESULTS: There is no one-size-fits-all and straight forward explanation as to why so many projects fail. A holistic approach (overall median) does not reveal a significant difference, but statistical tendencies are recognised. Additional analysis of subgroups indicate that age and gender effects could have an impact on customer relationships, alongside a differentiation between business customers and private customers. Findings from the survey as well as from conversations and observations during the survey were listed in a structured way and can serve as suggestions for management.

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1. Introduction

The marketing mix was an important guideline in the marketing literature of companies for a long period. The realization that neither the past nor the future of a customer relationship was being considered led away from transaction marketing towards long-term relationships. Above all, the thesis that long-term customer relationships are more promising, motivates companies to investigate intensively on the theme of Customer Relationship Management (CRM). Literature doesn´t provide a clear and uniform definition for the term CRM. Explanations range from a simple one-to-one customer relationship to targeted customer segmentation for the purpose of optimized support. It is considered to be anything from a technological development to a strategic tool, similar to established systems like Supply Chain Management (SCM) or Enterprise Resource Planning (ERP) (Reijonen, Laukkanen, 2010 p.116). However, the basic description, that CRM has the focus on the customer, is not new; it already existed in the old grocer´s shops where owners knew their customers and their behaviours very well (Elbeltagi et al., 2014, pp. 129–130).

All the different formulations by researchers and academics only cause uncertainty. Accordingly, practical implementation also fails. Despite extensive research on the topic of CRM, there is insufficient research on customer perceptions of CRM. The question is whether customers want CRM activities at all. Moreover, it is questionable if customers really notice the advantage for themselves, or whether they notice an advantage at all. In the worst case, customers may even feel annoyed by CRM initiatives (Kim et al., 2012, p.86).

The main goal of CRM is value creation for both the customer and the vendor. Striving only to achieve profit for the company and ignoring the benefits for the customer will not contribute to a successful CRM initiative (Boulding et al., 2005, p.157). A long-term customer relationship requires the commitment from sellers to share advantages of the relationship with customers. Advantages can be measured with analyses according the customer lifetime value (CLV). The CLV covers all profits a company plans to achieve with a customer within the expected time a relationship with the customer may last. Customers are still not getting the attention they are promised through CRM. The "C" in CRM makes an explicit appeal (Kale, 2004, p.44).

A CRM implementation confronts companies with great and varied challenges. Failure rates at a consistently high level of up to 75% prove that the implementation of CRM requires appropriate efforts. Projects can be classified as failed projects, if goals defined at the beginning could not be achieved. Competitive markets demand a lot from companies. Winning and keeping loyal customers is becoming increasingly difficult.

Technological developments are further complicating the situation for companies, because it is easier to compare offers on a global market. Furthermore, customers are well informed on product descriptions and available services. In such unsettled times, CRM offers a concept that

promises to stabilize customer relationships. The assumption is related to a consistent orientation in the company towards the customer. Extensive data collection and the analyses derived from IT help to proactively identify customer trends and behaviour and offer tailored products and services. However, the promising positive effects of a CRM initiative cannot hide the fact that many CRM projects still fail. Considerable, sometimes unexpected, costs as well as a lack of positive effects have a substantial impact on companies that already face difficult times because of highly competitive markets. The fact that it has not yet been possible to significantly reduce the proportion of failed CRM projects appeals particularly to researchers in the field. Success factors are identified and analysed (Farhan et al. 2018, pp. 398–399).

One possible explanation for these observations could be that CRM is still considered a young discipline and researchers and practitioners try to explain CRM from different perspectives. Indisputably there is a wish for a uniform, clear and accepted definition. (Elbeltagi et al., 2014, pp. 129–130; Wolf, 2002, p.68).

Above all, activities and processes must not be viewed in isolation. Rather, a cross-functional approach is important for a successful CRM project. The coordinated approach mainly concerns three essential areas, namely processes, people and technology. (Chen, Popovich, 2003, p. 672; Mendoza et al., 2006, p. 915; Iriana, Buttle, Ang, 2013, p.467).

2. Overview of the Research Problem

A differentiated analysis on the simple and at the same time complex topic of CRM is the primary intention of this study. An increased interest in CRM has emerged in recent years. Huge monetary as well as other resources have been invested in CRM projects, but supposed and expected success is still often missing. The majority of CRM projects still fail. In the field of CRM, there is a multitude of components that generate positive or negative effects on the overall project on the way to a sustainable and successful customer relationship. The "one" solution to success does not yet exist, otherwise a different picture could be shown.

Limits in literature research regarding success criteria become apparent. Although there are certain success factors that are mentioned more often than others, there is not one aligned concept from researchers available. A breakthrough has not yet been achieved. The missing uniform definition of the term CRM itself is already creating manifold interpretations. An academic problem exists, because researchers define the term differently. The situation appears even more complicated as soon as CRM projects are implemented in practice. Thus, there is no single view or approach, neither in theory nor in practice.

In addition to the challenges of CRM, companies find themselves in an extremely fragile environment that is subject to ongoing change. The pressure is increased by transparent markets and rising competition in a global marketplace.

In this conflict situation, companies are looking for stability and solutions. Software companies offer quick and simple solutions for complex challenges. The annual amount of investment costs in the CRM environment are enormous and continue to grow, because companies strive for stability with CRM in the volatile market. This study questions whether clients and companies agree on how business relationships should be conducted. It is a proven fact that the rate of failed projects is still 75%. This value is far too high, which indicates that something is fundamentally wrong.

Due to the many different influential factors involved in a CRM project, the approach to be followed is not to review individual success factors in isolation, which has often been done in the literature so far. Instead, this research approach attempts to identify a combination of factors that need and influence each other. A designation and focus on a few areas should be created as a foundation for continuous improvement in the future. For this purpose, it is necessary to illuminate the areas from the customer's and the company's point of view. This defines the starting point of my research, the definition of factors that are often identified as critical to success from the literature research.

Four main themes have been identified. CRM is first and foremost about people. This derivation seems coherent due to the name CRM (Customer Relationship Management). In order to keep the circle of people involved in this study as small as possible, the focus has been placed primarily on people from the group of customers, which defines the first block of the four themes. However, people are also involved as counterparts to the customer, namely employees, workers, staff, and managers who are supposed to communicate and collaborate across departments. Since this group should also communicate with customers in a frictionless, transparent way they represent the second block of themes: the employees. As briefly mentioned earlier, people need to collaborate interdisciplinarily. The processes involved should consist of as few interfaces as possible and be set up in a targeted manner, so that the tasks set can be fulfilled as easily as possible. If this succeeds, the customer will also benefit. The third block of themes is thus fixed with the processes. Finally, service and support are required through technological tools so that the necessary tasks can be fulfilled. Technology offers many possibilities to support personalised customer service. The fourth and final point of consideration is thus occupied by technology.

The four groups of influencing factors represent the four pillars on which the study is based. They represent a considerable potential of dependencies and risks, but also a considerable potential for success. The chance for success exists if a setup can be defined in which the necessary extent of support is brought in from each quadrant so that a dynamic can develop. Too much focus in one quadrant can lead to a lack of resources that are limited in another quadrant. It is just as detrimental if too little input is provided from one quadrant. The goal is therefore to achieve success with a balanced setup of the four factors.

3. Research Questions

After intensive literature research and a thorough reduction of topics – customer, people, technology and processes – the empirical review provides additional input to answer the research questions.

The research questions should reflect opinions from survey participants on the literary research (research question 1). Agreement or disagreement with the combination of people, process, technology and customer would be recognisable from the response behaviour. In addition, the respondents have the chance to raise their own issues in the open question.

The first question is designed to help determine whether the four areas are relevant in relation to customer relationships.

1. **Are the focal points of the investigation with customer, people (management and employees) and technology recognised as important topics from customers and managers?**

Companies often make marketing and customer service decisions unilaterally, without taking customer perceptions into account. Customers often feel misunderstood and are irritated (Kotler et al., 2017, p. 48). The second research question aims to examine whether a comparison of the responses of the two cohorts reveals different evaluation results.

2. **Is there agreement or discrepancy between customer perception and management perception?**

Are there discernible, measurable differences when evaluating the ratings with regard to certain groups such as age, gender, or private and business customers? This content will be analysed with the third research question.

3. **How can potential differences be explained using subgroup analyses?**

The fourth research question aims to include deliverables from the survey that can subsequently serve as recommendations for immediate action.

4. **What immediate measures can be derived from the study?**

4. Methodology & Structure

The thesis is divided into six thematic blocks. Factors influencing the economic activities of companies are manifold. In addition, there are increasingly permanent changes that require a high

degree of willingness to adapt on the part of companies. Change flows have an impact on customer relationships and are described in chapter two. CRM raises expectations of companies to achieve sustainable success in times of change and increasing competitive pressure. The development of CRM is described in chapter three. Strengths, weaknesses and fundamental challenges are discussed.

In the next step, four main topics are derived from the abundance of success factors for a successful CRM introduction. These main topics are described in chapters four to six, because they provide the framework for the empirical study. The influence of people, processes and technology on successful CRM implementations is elaborated upon. The customer occupies an exceptional position in this regard. Therefore, customers are nominated as the fourth element in the research. People, processes, technology and customer subsequently form the basic areas for questions, which are addressed to the target persons in the empirical part of this study.

The empirical part of the study describes the sample, the development, implementation and analysis of the survey. The findings from the analysis are documented, research questions are answered and recommendations for the management are presented. Finally, the essential points of the thesis are captured in the conclusion chapter and important findings for further research are mentioned.

The present study employed a quantitative approach to investigate at different levels. The first objective was to critically examine the derived success criteria (process, people, technology). In order to compare customer perceptions with the views of management, both cohorts were interviewed on the same topics. Two variants of questionnaires were prepared and the questions were appropriately formulated to the cohorts. For the sample description, the appropriate measures of location and dispersion were selected depending on the scale level of the specific variables. For ordinally scaled variables, the median and the interquartile range have been calculated. Line charts were used for plotting the median for all questions, and boxplots have been used for pairwise comparisons. Nominal scaled variables have been analysed with crosstabulations, absolute and relative frequencies and are visually represented by grouped bar charts

For inferential statistical analysis, regarding the differences between management and customers, nominally scaled variable crosstabulations were calculated and checked for statistical significance using the CHI2 test. For ordinal-scaled variables, the Mann-Whitney U-test for two independent samples was applied, and for testing the differences within the four quadrants, the Friedman test was applied. All comparisons were based on the conventional significance level of alpha set to 5%.

Sample and chronological sequences of the empirical data collection

The car dealerships were selected at random from the eastern provinces of Vienna, Lower Austria and Burgenland. The only requirement is that the brands available for selection should be positioned in the same price segment, so that similar conditions and customer segments were available.

For each car dealership, one day in the month of July 2020 was then selected, also at random, following prior agreement with the companies that any day in the month of July could be used for the survey. The interest shown from management was already an indicator that there is a great need to understand customer behaviour. If this were not the case, they would not have agreed to disrupt their most important source of income – the customers.

The automotive industry has been investigated in this study, because customers not only have a lot of consultation meetings and contact before the purchase, but also subsequent service or aftercare requirements. Long-term customer relationships are of significant importance in this industry. Furthermore, it is also reported that in this area there is a wish from customers to be more understood (Marketagent, 2016).

Preparation of the questionnaire

The preparation for the questionnaire was done in a structured way:

- Brainstorming – find relevant questions (17.05.2020)

- Define the multidimensional structure for identified questions, based on the literature review. (22.06.2020)

- Sorting of prepared questions according four topics. (02.07.2020 – 05.07.2020)

- Reducing questions per quadrant to an acceptable level.

- A pre-test was sent to different groups of people to determine approaches to the topic of CRM (colleagues at work, former fellow students, family members and friends). (13.07.2020)

- Adjustments resulting from the feedback were made.

- The questionnaire was finalised.

Content of the questionnaire:

The brief introduction provides an explanation of the content of the survey (customer relationships), the expected duration, and is accompanied by a note on the anonymous recording of responses.

The questionnaire starts with sociodemographic questions (age, gender) and customers were asked to provide additional information, whether they have a business relationship with the respective company or whether it is a private business.

The main part consists of a total of 22 questions, which have been designed according to a 6-point Likert scale. The respondents were given the option to abstain from answering the questions ("I can't say") and to choose a neutral position.

All the questions asked are closed questions, except for the final question. The last question (number 22) is an open question and asks: What can the company do to make customer service even better? This question gives the participants the opportunity to mention focal points that are considered important for the customer relationship but were not addressed in the questionnaire.

Empirical data collection

In the car dealers, the customers were asked to take part in the survey. The survey was printed out and given to the respondents. The respondents filled out the questionnaire anonymously on their own, undisturbed and uninfluenced, directly in the salesroom of the respective car dealership. A whole working day has been reserved for each brand for the on-site survey.

In order to compare the two groups in the analysis afterwards, each topical question was formulated once for customers and once for the management. This separate formulation was necessary because clients use different terminology for the same topics as management

5. Answering the Research Questions

A total of 116 people took part in the survey. The subjects of this study consisted of 98 customers and 18 management participants. The relatively low proportion of participants from the management sector was deliberately considered in this study. Management was selected because they are decision-makers who, based on their convictions, set guidelines for employees. For this reason, this group of people was specifically asked about customer relationship issues. In order to be prepared for necessary analyses, customers were asked whether they are private or business customers. The distinction according to gender is intended to allow for analyses regarding differences in assessment behaviour between men and women.

The data analysis of gathered data has been carried out as follows:

1. Analysis of sociodemographic factors and sample description.

2. Testing deviations in the overall median and the quadrants.

3. Identifying deviations in analysis of the two cohorts in descriptive statistics of the ratings.

4. In-depth analysis of sociodemographic subgroups

1. Analysis of socio-demographic factors and sample description

Table 1 describes the composition of the sample. The customer side is split into private and business customers with regard to the transaction base.

Table 1. Distribution of private and business participants.

Source: Own table.

	Private Customers	Business Customers	Management
male	53	12	17
female	29	4	1

The age distribution shown in Figure 1. reveals a balanced median spread of the three groups, from which one could conclude that both the target group and management have a similar mind set. This might have an impact on relationships with customers.
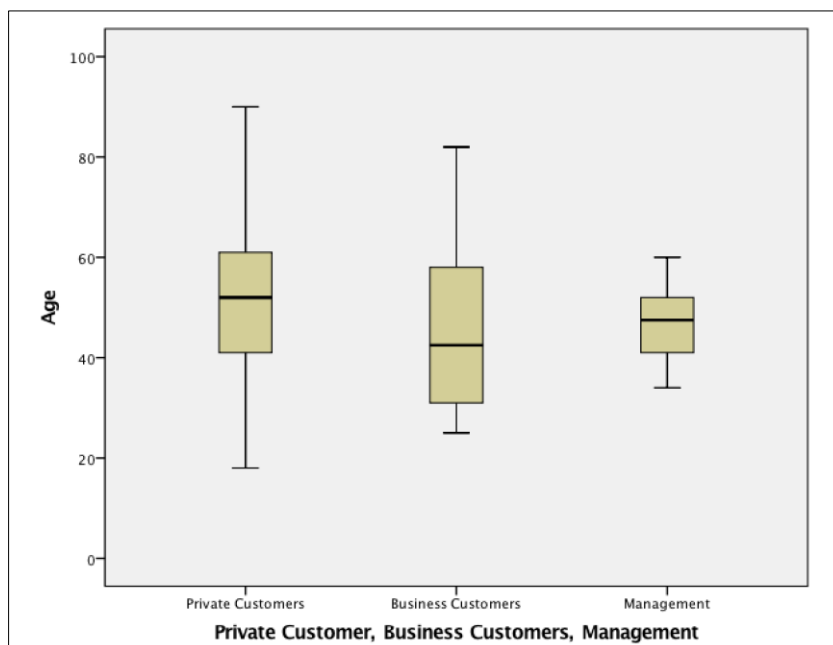

Figure 1. Age deviations.

Source: Own figure.

2. Testing deviation in the overall median and the quadrants.

Table 2. Quadrant significance.

Source: Own table.

		Customer (n =98)	Management (n = 18)	p-value
Q1	Customer	57.51	63.89	0.407
Q2	People	58.03	61.06	0.681
Q3	Technology	57.70	62.86	0.521
Q4	Processes	56.14	71.33	0.039
Overa-all		56.98	66.78	0.191

From the descriptive statistics shown in Table 2, it can be concluded that customers display a stronger level of approval than managers. However, the overall and quadrant-specific median analyses of the four quadrants show no significant difference except for the quadrant number four where questions regarding processes are asked. The p-value of 0.039 shows that this difference is of statistically significant meaning.

Identifying deviations in descriptive statistics of the ratings

Based on the deviations identified in the descriptive analysis, pairwise (management & customer) comparisons have been carried out at item level. The approach has been to first analyse the positions with the largest deviations and then gradually approach the others.

After the general testing of the quadrants, the data was screened for further statistical deviations on item-level shown in figure 2. Due to the fact that the group of managers is exclusive and rather small the differences were initially sorted by size of the median deviations and consequently statistically tested. The median values are displayed in the following chart– on the left-hand side the strongest distinctions with customers showing higher levels of approvals are arranged. On the right-hand side the strongest differences for managers reporting higher approvals are grouped.
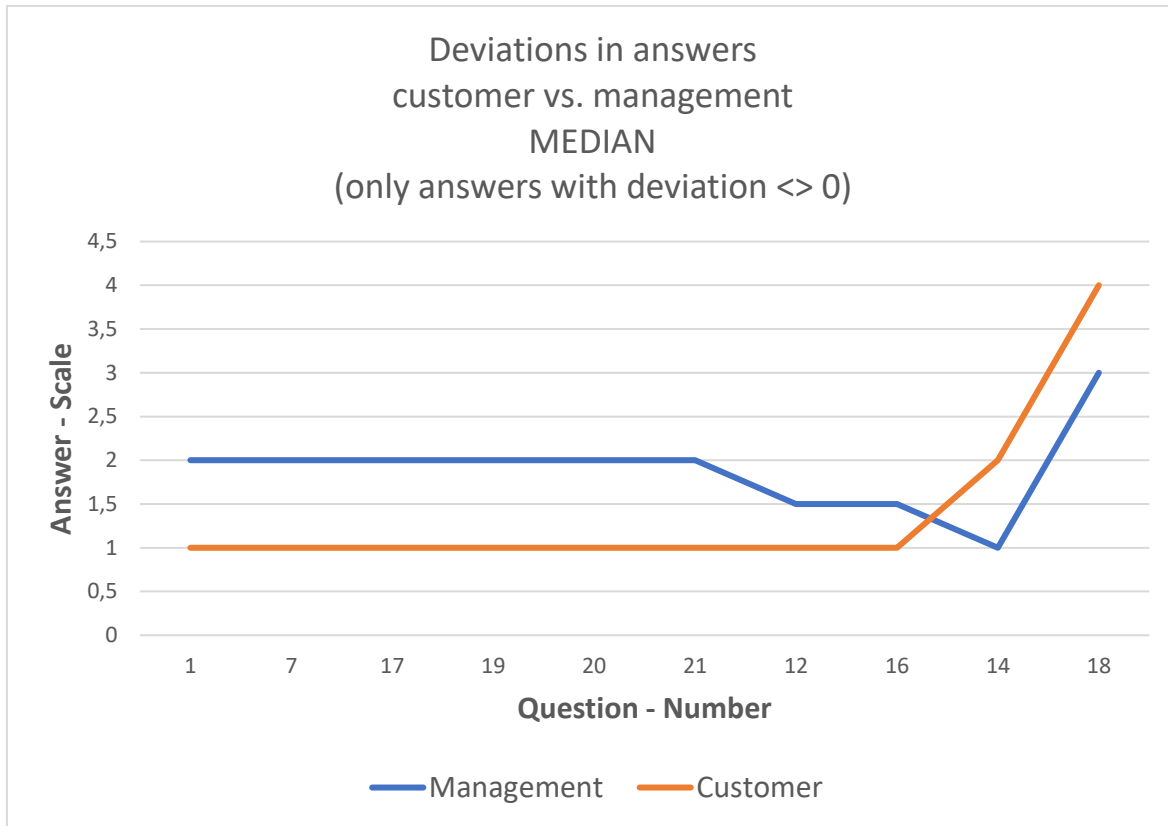
Figure 2. The comparison of all responses.

Source: Own figure.

3. In-depth analysis of sociodemographic subgroups

Age effects, gender effects, and behaviour of business customers vs. private customers were tested.

Age effects: There is no significant difference in the overall median, although it has just closely missed the significant trend (χ^2 (3) = 6,23, p = 0.101).

Interestingly, when descriptively looking at the age groups, there is a difference between the age groups (management and clients – across all age groups).

Gender-effects: Based on the pairwise comparisons, it is recognised that the evaluation of management differs from both the male and female evaluation (all ps<0.001). Nevertheless, male responses tend to be closer to management responses.

B2B / B2C / Management: The result of the analyses show that three significant differences exist:

- in the overall median (χ^2 (2) = 6.02, p = 0,049),

- **in Q2** (χ^2 (2) = 6.87, p = 0,032),
- **and in Q4** (χ^2 (2) = 7.18, $p < 0.028$).

The differences regarding the overall median and the second quadrant are between business and private customers (p=0.038, respectively p=0.010, both showing statistical significance). Business customers have the lowest approval rating, private customers the highest. Management voting is positioned between the two groups. The values of the management do not differ statistically from those of private customers or business customers. Regarding the fourth quadrant, the statistical differences between private customers and management exist (p=0.020). The latter is showing lower level of approval; business customers are closer to the values of the management, but not statistically significant from the private customers.

Based on the analysis of the data, the research questions have been answered as follows:

1. **Are the focal points of the investigation with customer, people (management and employees) and technology recognised as important topics from customers and managers?**
   There is a basic agreement recognised among the participants on the identified questions on the four thematic areas. Survey participants had the option of taking an "undecided" position or the option "I can't say". Nevertheless, the median evaluation shows that the option "agrees" or "rather likely" was chosen most often. This can be seen as an indicator of agreement with the issues. A total of 15 people used the opportunity of the open question (What can the company do to improve customer service?). There have been eight statements from management and seven from customers; Customer (3), Process (1), People (6) , Technology (2). Only three statements have been posted on other topics: Price (1), Product (2). Since neither the response behaviour with the given answer options nor the suggestions for improvement made in the open question show a deviation from the four quadrants, it can be concluded that the four quadrants, customer, people, process and technology, are relevant for dealing with client issues.

2. **Is there agreement or discrepancy between customer perception and management perception?**

   There is no one-size-fits-all and straight forward explanation for why so many projects fail, which would probably have been surprising. A holistic approach (overall median) does not reveal a significant difference, but statistical tendencies are recognised. The small sample of managers in this study could of course have an impact on significance. Therefore, it is important that more detailed research is done. However, in general, customers show higher approval tendencies. Deviations are identified in individual topics. For example, customers are not so convinced that all employees have the necessary customer information and that customer wishes are actively requested. The offer of self-

service also does not seem to be desired by customers to the extent that management believes. The win-win situation between customers and management and the correct handling of customers at eye level is more likely to be perceived by management than by customers. Across all questions, however, a fundamental agreement between customers and management can be stated

3. **How can potential differences be explained using subgroup analyses?**

The subgroup analyses indicate that age groups judge differently in certain areas. This finding could lead to the conclusion that customer care should be tailored to defined age groups. Furthermore, the gender effect must not be neglected. Women achieve a higher approval rate than men. In addition, the different customer groups (business customer, private customer) have been analysed regarding their behaviour. The results reveal that business customers are more critical than private customers.

4. **What immediate measures be derived from the study?**

The study reveals findings from literature research as well as from empirical research. It is not possible to prevent ongoing changes, but it is possible to investigate in customer relationships. Loyal customers are a chance to achieve consistency. CRM as a holistic approach can support companies in building customer relationships by learning to understand and respond effectively to customers. Management is required to ensure the motivation and permanent training of the employees. Technology must support this and be user friendly. Too much technology is not needed. Process review is a starting point for a CRM implementation and must not be ignored. The topics from the four quadrants are also reflected in this regard.

Companies can also benefit from the findings of the empirical research. It is advisable to consider a different segmentation of customers. The customer approach, the sales process and customer service could be more successful with different treatment of age groups and gender groups. It also seems advisable to treat business customers and private customers differently in all tasks. The empirical study shows statistical tendencies in this regard. Thorough resource planning can help to ensure that the more sceptical customer groups receive more attention. The practical relevance of the study for management needs to be emphasised through the elaboration of the findings. For this reason, the findings and recommendations deduced are consequently listed in the four categories (Customer, People, Processes, Technology). The recommendations were partly derived from the responses to the questionnaires and partly from the findings of discussions during the survey.

6. Limitations and future research direction

The study faces potential limitations that can provide suggestions for further research. The concept of this study is to compare the very important customer view with the perception of the company. Since the extent of customer orientation depends on the decision of managers, management has been the target group on the company side. The much lower proportion of management participants is of course explainable, as there are simply no more management staff. Although the opinion of management is very significant because decisions are made on customer care, the number of this cohort is very small for robust statements.

For further research on this topic, the perception, satisfaction and commitment of the employees needs to be investigated in this context. Employees who do not agree with the CRM strategy could also transfer this dissatisfaction to customers, thus jeopardising success at this point.

The pandemic limits the scope for investigation. Without the pandemic, a longer-term survey with more participants would have been preferred. However, due to the unclear development of the coming restrictions, it was necessary to act quickly. The survey took place in the summer of 2020, and it was unclear how long the shops would be allowed to stay open. According to media reports, it was also to be expected that the contagion behaviour would increase in the autumn and winter months, and thus movement restrictions would have to be expected. Under these conditions, five car dealers were chosen at random. These car dealers are positioned in the upmarket segment in terms of business.

Due to the pandemic situation, it was generally difficult to gain access to companies. Companies are very cautious about the risk of infection and want to keep risks low. In addition, every customer visit is advertised and attempts are made to avoid any irritation of the customer on the sales floor. Under these conditions, the possibility of an on-site investigation at the five car dealers was a good opportunity to directly interview customers of a company. The current research was based on the car dealers in a specific segment because here the expectation regarding customer service is higher than the perceived one. Other segments as well as other industries were not explored here, and the results may not be generalisable to other segments or industries.

It is recognised that additional surveys are necessary in order to obtain a solid database of statistical theory. The procedure was chosen in such a way that companies and also the survey days were randomly selected. This study represents basic research that is intended to reveal findings and patterns and to provide starting points for further studies.

7. Overall Conclusion

Many things are changing, in a state of upheaval and further development. This environment creates tensions and challenges for many organisations. Change is multi-faceted and has a lot to do with the fact that technological advancements offer many more possibilities. Political changes also force companies to adapt and respond to change. In addition, the speed of change is very volatile. Furthermore, change is recognised in people's behaviour. The way people work and live is changing and so is their buying behaviour.

Customers are gaining more opportunities to exert influence. Increased transparency about products and prices in a global environment offers customers unprecedented opportunities. Influence is also based on customers using technology to share their buying experiences with each other. Sharing experiences and references have great importance and put companies under pressure.

Companies use technological achievements accordingly in the areas from production to sales and after-sales service. Product life cycles are becoming shorter and products are becoming similar. Digital markets allow easy access for new entrants, creating even more competition and rivalry. Traditional businesses are faced with declining profits, so continuous developments and adaptations are necessary for successful business.

In this field of tension, it is also increasingly difficult for companies to find a unique selling proposition.

Companies hope for consistency and predictability through existing customer loyalty. Due to the aforementioned developments, however, it is becoming increasingly difficult to retain loyal customers. Customer orientation and customer management are therefore becoming more important. CRM has been propagated since the 1990s. Although technical achievements have led to the creation of many more possibilities for customer analysis and customer care, unfortunately CRM projects were largely unable to create any economic improvement for companies.

Introducing CRM into a company requires more preparation and planning than might be suspected at first glance. The high number of failed projects calls for caution. Researchers and academics do not offer a uniform definition of CRM, and there are also different views among practitioners. As a result, CRM can be applied according to interpretations ranging from a software package to a strategic company orientation including the adaptation of all processes.

This study attempts to gain insights into why CRM projects so often fail. The study examines the core question of how well companies understand their customers or whether there are misunderstandings. For this objective, customers and companies were surveyed with separate questionnaires on the same topics. The outcome of the empirical analysis has not provided statistical significance, but shown significant trends. The fact that up to 75% of CRM projects

fail, and this has been the case for decades, justifies research in this field. Unfortunately, the evaluation of this study also shows no clear deviations. A general statement that companies ignore customer needs cannot be confirmed. Nevertheless, detailed analyses at item level or subgroup level show that there are indeed differences between the groups. If the system remained the same and more management participants were involved, then significant trends would also be statistically significant.

It is recognisable that customers tend to show more positive approval, while management tends to be cautiously sceptical. There is no such thing as one-size-fits-all. The challenge for companies is the need to meet customers in their diversity. Gender effects and age effects have been recognised and could be a trigger an investigation into how these insights can be used to generate more customer retention.

Identified potential for improvement has been recorded in the bilateral discussions. The positions were integrated into the four defined thematic blocks and immediate recommendations for the management were documented. Basic tendencies can be identified in these points.

- The time required for professional customer counselling is sometimes not available to staff. This has an impact on the quality of customer services, customer relations and customer loyalty, as well as on the information that is obtained and transferred to the CRM system.

- Employee motivation has an impact on the customer relationship. Employees are the interface to customers. Inadequate training, lack of trust in employees or tensions within the team have an impact on customer relationships. Customers want continuity in service, so frequent staff changes should be urgently questioned by management. Employees have suggestions and ideas for improvement, but get the feeling that there is no interest from management in taking up these ideas.

- Processes should be better coordinated with each other. In daily work, poorly coordinated processes have an impact on teamwork and customer satisfaction, because service quality often decreases as a result.

- Technological developments offer many possibilities that can overwhelm staff. Concentration on the essentials is often desired. Technology should make it easier to serve customers, and complexity should be reduced to a minimum.

As aforesaid, these findings are significantly relevant to management teams and many solutions can be deduced from the facts concluded from this study.

Changes from markets, technology, customer behaviour and others are a challenge for all companies at the same time. Competing companies try to copy successful products and services immediately and offer them cheaper. This behaviour will not change. For this reason, companies need to focus on success factors that are difficult to copy. A stable foundation is provided by long-term customer relationships and a customer-oriented culture with the know-how of

motivated employees. Such a foundation is hard to copy (Zineldin, 2006, p.431; Pitts, Lei, 2003, p. 501).

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Title: Aligned business processes are a critical success factor and prerequiste for successful CRM projects.

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              University of Sopron
              Alexandre Lámfalussy Faculty of Economics
              9400 SOPRON (Hungary) Erzébet Str. 9

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                University of Sopron
                Alexandre Lámfalussy Faculty of Economics
                9400 SOPRON (Hungary) Erzébet Str. 9

9. November 2017, Sopron, Hungary

Prerequisites for a sustainable CRM project

                Sveučilištu Jurja Dobrile u Puli!
                Zagrebačka 30
                52100 Pula, Hrvatska

27. September 2019

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