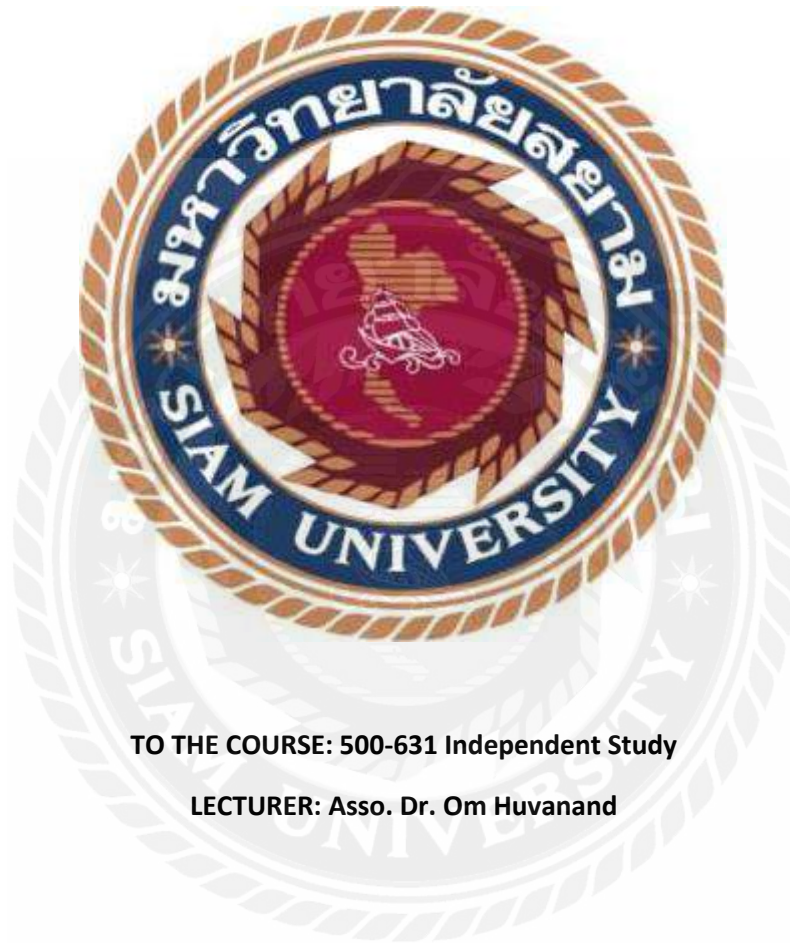


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**Customer-Relationship-Management (CRM):  
Key success factor for International Business Management**

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Customer-Relationship-Management (CRM):  
Key success factor for International Business Management

Thematic Certificate


To

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This Independent Study has been approved as a Partial Fulfillment of the Requirement of International  
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# Customer-Relationship-Management (CRM): Key success factor for International Business Management

## Abstract

Title: Customer-Relationship-Management (CRM): Key success factor for International Business Management

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Degree: Master of Business Administration

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Companies are in general economically independent organizational units which through its activities pursue its corporate purposes and corporate objectives. This is achieved by producing and offering products (goods or services) to the market. As companies need customers for their products, the customer plays a key role in the environment and in the interests of a company. Nowadays, the most of the companies worldwide are direct or indirect acting and integrated in an international environment. In order to remain competitive in the national and international competition, companies need to understand their customers very well and intensify the relationships with them so that they can pursue and achieve their short-term and long-term corporate goals. Many companies today use for that so-called Customer-Relationship-Management (CRM) systems with the aim to achieve this as effectively and efficiently as possible and thus to increase their economic success. As the Customer-Relationship-Management related history already several times showed, it can easily happen that customer relationship related concepts or systems fail to meet their objectives if they are insufficient understood, managed, developed, designed, implemented, operated and maintained. The same risk exists also with Customer-Relationship-Management systems.

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Further, I want to express my very profound gratitude to my parents for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of writing this Independent Study. This accomplishment would not have been possible without them. I am very thankful for that.

For my mother **Maria Louise Carlesso (-Steiner)**

For the memory of my father **Sergio Francesco Antonio Carlesso**

Author

Alessandro Paolo Giovanni Carlesso

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## 1. Introduction

A company is in general an economically independent organizational unit which through its activities pursues its corporate purposes and corporate objectives. This is achieved by producing and offering products (goods or services) to the market. The most of the companies worldwide are direct or indirect acting and integrated in an international environment. Companies can there significantly differ regarding terms of legal form, capitalization, liquidity, profitability, strategy, environment, development modes, management style, competitiveness, personnel, company structure, organization, culture, sector structure, customer type, existence conditions, market integration, orientation, internationalization, corporate purposes, corporate goals, IT-structure, product portfolio etc.. As companies need customers for their products, the customer plays a key role in the environment and in the interests of a company. Thus, according to BusinessDictionary (n.d.) the customer represents a party who receives or consumes the products (goods or services) and has the opportunity to choose between different products and suppliers. Therefore, according to Kotler and Keller (2012) companies must be customer driven as customers are telling them what types of goods or services they want and when, where and how they want them delivered. The customer has thereby an extensive influence to a company and its economic success. Based on this fact, the kind of relationship between customer and a company is of essential interest for a company to assert itself on the market.

### 1.1 Research Background

Since people trade, merchants are aware that it is advantageous for their business to have a good relationship with their customers (Jobber & Chadwick, 2013). They knew that a good relationship between their business and customers will increase the possibility that the customers will come back as soon as they have once more a demand for a certain product. The advantage at that time regarding customer relations was that the companies were usually very manageable. The two trading parties or trading partners mostly met directly on a personal level, which made maintaining customer relationships very easy. Through personal contact, the provider of a product could gain easily a good understanding of the behavior of its new potential and/or existing customer. However, when companies grew, whether organically or inorganically, the customer base grew also. Disadvantageously, this increased the risk that individual customer specific information got lost within the company. In order to counteract this problem, companies started to put their individual customers into customer or marketing groups. By using this method of classification the individual customer gets divided into a customer group which fits the customer's desire and expectations the best, but not completely. This means that if companies align their products based on the output of this approach, then these products are tailored to the customer group but not to the individual customer (Bose, 2002). To get around this problem the term "Relationship-Management" started surfacing around 1980. The idea behind the

concept of relationship management was to increase the direct customer relationships for getting a better qualitative learning and understanding of a company's individual customers. Companies realized that this will allow them to tailor their activities and products better to the customers and thus to create added value for both sides of the parties which supports the relationship building process (Berfenfeldt, 2010). According to Grönroos (2015), the building of good relationships between companies and their customers is important as it offers more security for both parties, gives the company a feeling of control, increases the trust of the customer, minimizes risks for both parties and reduces the costs for being a customer. However, after the introduction of the relationship management concept in 1983 by Levitt which was in the beginning rapidly and widely accepted among companies, the concept lost soon acceptance. The reason for that was that companies were still strongly focusing at product and segment marketing and thus didn't get the information required for working with the relationship management concept (Peelen & Beltman, 2013). In the 1990's companies realized that customers interact through different levels, ways and departments with a company and not only through the marketing department. Derived from this fact, companies understood that it is required to please the customer on each business level instead of focusing only on the marketing level. The relationship management got thereby again an upswing. Unfortunately, also this upswing didn't last for a long time as it was seen soon that it is difficult to achieve good short term results with this concept (Berfenfeldt, 2010). Besides that, the cost were very high for implementing and maintaining this concept as well as these systems (Xu, Yen, Lin, & Chou, 2002). With the increasing technological headway and degree of information technology used in companies over the following years, the term "Relationship-Management" changed to the term "Customer-Relationship-Management (CRM)" (Peelen & Beltman, 2013). The new advanced IT-systems allow companies to build up detailed customer information data bases and further to make the customer specific information available at any desired location within a company. This possibility guarantees within a company an uniform view about an individual specific customer. To be globally competitive nowadays, companies need to be it in each of their divisions and not just in one. Customers' expectations of their suppliers are becoming increasingly demanding at various levels. Along with this, the pressure on companies as well as the importance of relations between the two parties is increasing. As a result, maintaining customer relationships for companies has become a central task of their business activities. Furthermore, a disadvantage for companies is the fact that customers are increasingly able to compare products from different suppliers due to the increasing technical possibilities. Taking this into consideration, product-specific features such as price, design, quality and service are becoming progressively important for companies to prevail against their competitors. In order to implement the Customer-Relationship-Management concept satisfactorily, it requires good and close customer relationships as well as a profound customer understanding. The increasing significance of this topic is visible inter alia in the CRM Software Market Research Report by



MARKET RESEARCH FUTURE® (2019), with a forecast up to the year 2023. According to MARKET RESEARCH FUTURE® (2019), the market for global Customer-Relationship-Management software is expected to grow at a compound annual growth rate (CAGR) of approximately 6 % during the (forecast) period 2017-2023 and is expected to reach a global market size of approximately 35 billion USD by the year 2023, compare figure 1.

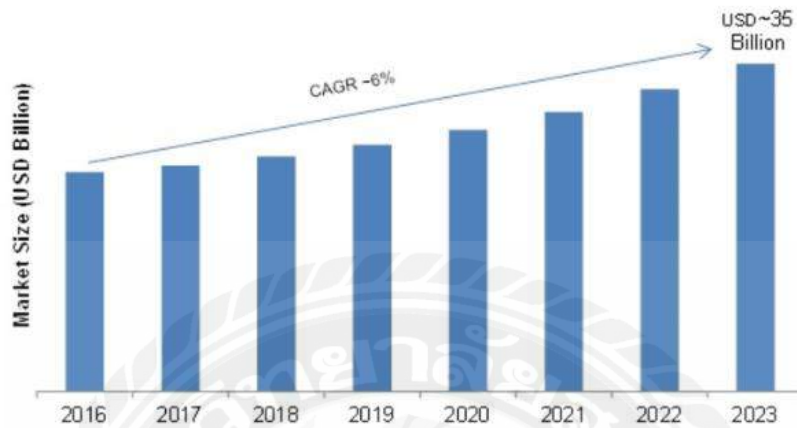


Figure 1: Global CRM software market for the (forecast) period 2017-2023 (MARKET RESEARCH FUTURE®, 2019)

## 1.2 The problem to be investigated

As the Customer-Relationship-Management related history already several times showed, it can easily happen that customer related concepts or systems fail to meet their objectives if they are wrong understood, managed, developed, designed, implemented, operated and maintained within a company. The same risk exists also with Customer-Relationship-Management systems. This risk related problem is for example according to Karpus-Romain (2019) reflected in multiple industry studies which show that companies which implemented new Customer-Relationship-Management systems claimed failure rates between 47 % and 63 %.

The failure of a Customer-Relationship-Management concept or system can result direct or indirect in a significant economic damage due to decreased customer understanding followed by a diminution of the customer base and thus decreased sales, decreased quality of communication between the company & its customers, loss of company's reputation, more difficulties for customer acquisition, increased company internal barriers, less popular or unsatisfactory products and reduced operational performance. In order to minimize or ideally even prevent the risk of a possible company-damaging failure due to a Customer-Relationship-Management concept or system, it is absolutely necessary that Customer-Relationship-Management concepts and systems, as well as their effects on companies are well understood.

### 1.3 Objective of the study

This study intends to answer the question if Customer-Relationship-Management is a key for an international company to become economically more successful. Therefore, this study aims to identify influence factors between customers and international companies in terms of economic success. By analyzing various Customer-Relationship-Management concepts, findings should be elaborated and recommendations formulated. Further, the study aims to provide a deeper understanding for managers operating in international companies regarding customer-relationships inclusive its management and thus to provide information and recommendations about how international operating companies can improve their economic success by a proper use of Customer-Relationship-Management concepts and systems.

### 1.4 Scope of the study

In order to be able to elaborate this study properly a solid theoretical knowledge of international companies, customers and their bilateral relationships is needed. For this, firstly a detailed literature review should be conducted. Afterwards, the objectives, scope, relevance and approach for the study should be defined. Finally, the study should be completed by findings, a conclusion, appropriate recommendations and an oral presentation.

### 1.5 Significance of the study

International companies are nowadays widely distributed and have an infinite number of different types of customers and therefore an infinite number of different customer relationships. This study shows how complex relationships between companies and customers can be. Customer-Relationship-Management concepts and systems should help companies to better understand, maintain and intensify their relationships with customers. This should help companies to better align their business strategies with their customers, and thus to positively influence the company's economic success.

However, many other Customer-Relationship-Management themed scientific papers are too detailed and very complex written and thus do not allow the reader to give a reasonable and easy-to-understand overview of the topic in a relatively short time. Furthermore, many other scientific papers do not address the direct relationship between Customer-Relationship-Management concepts/systems and corporate success. This study therefore aims to give managers in internationally operating companies an easy-to-understand and valuable overview of how they can positively influence their customer relationships and thus positively influence the economic success of the company for which they are working for.

## 1.6 Definition of terms

This subchapter explains definitions of relevant terms which are used in this independent study. The definitions refer therefore to the context that is related to this scientific work and its topic. Since there are different definitions depending on the corresponding literature source, several definitions are elucidated.

### 1.6.1 International business

- According to BusinessDictionary (n.d.), international business can be defined as “the exchange of goods and services among individuals and businesses in multiple countries”. Further, it can be defined as “a specific entity, such as a multinational corporation or international business company that engages in business among multiple countries”.

- According to Cambridge Dictionary (n.d.), it is as “a large company that sells goods or services in different countries”.

- According to Oxford Dictionaries (n.d.), it is “an existing, occurring or carried on commercial activity between nations”.

### 1.6.2 Company

- According to BusinessDictionary (n.d.), a company is defined as “a voluntary association formed and organized to carry on a business”. Types of companies include sole proprietorship, partnership, limited liability, corporation and public limited company.

- According to Cambridge Dictionary (n.d.), a company is “an organization that sells goods or services in order to make money”.

- According to Oxford Dictionaries (n.d.), a company is “a commercial business”.

### 1.6.3 Commerce

- According to BusinessDictionary (n.d.), commerce is defined as “exchange of goods or services for money or in kind, usually on a scale large enough to require transportation from place to place or across city, state, or national boundaries”.

- According to Cambridge Dictionary (n.d.), commerce is defined as “the activities involved in buying and selling things”.

- According to Oxford Dictionaries (n.d.), it is “the activity of buying and selling, especially on a large scale”.

#### 1.6.4 Customer

- According to BusinessDictionary (n.d.), a customer is “a party that receives or consumes products (goods or services) and has the ability to choose between products and suppliers”.
- According to Cambridge Dictionary (n.d.), it is “a person who buys goods or a service”.
- According to Oxford Dictionaries (n.d.), it is “a person who buys goods or services from a shop or business”. Further, a customer can be defined as “a person of a specified kind with whom one has to deal”.

#### 1.6.5 Market

- According to BusinessDictionary (n.d.), a market is defined as “an actual or nominal place where forces of demand and supply operate, and where buyers and sellers interact (directly or through intermediaries) to trade goods, services, or contracts or instruments, for money or barter”.
- According to Cambridge Dictionary (n.d.), it is “a place or event at which people meet in order to buy or sell things”.
- According to Oxford Dictionaries (n.d.), it is “an area or arena in which commercial dealings are conducted”.

#### 1.6.6 Seller

- According to BusinessDictionary (n.d.), a seller is “a party that makes, offers or contracts to make a sale to an actual or potential buyer”. A seller can also be called vendor.
- According to Cambridge Dictionary (n.d.), it is “a person who is selling something”.
- According to Oxford Dictionaries (n.d.), it is “a person who sells something”.

#### 1.6.7 Buyer

- According to BusinessDictionary (n.d.), a buyer is “a party which acquires or agrees to acquire, ownership (in case of goods), or benefit or usage (in case of services), in exchange for money or other consideration under a contract of sale”. A buyer can also be called purchaser.
- According to Cambridge Dictionary (n.d.), it is “a person who pays money for something, or a person whose job is to decide what goods will be brought into a store for sale”.
- According to Oxford Dictionaries (n.d.), it is “a person who makes a purchase”.

#### 1.6.8 Trade

- According to BusinessDictionary (n.d.), trade is “a commercial transaction involving the sale and purchase of a good, service, or information”.

- According to Cambridge Dictionary (n.d.), it is “the activity of buying and selling, or exchanging, goods and/or services between people or countries”.

- According to Oxford Dictionaries (n.d.), it is “the action of buying and selling goods and services”.

#### 1.6.9 Product

- According to BusinessDictionary (n.d.), a product is “a good, idea, method, information, object or service created as a result of a process and serves a need or satisfies a want”. It has a combination of tangible and intangible attributes (benefits, features, functions, uses) that a seller offers a buyer for purchase. Further, a product can be defined as “a good or service that most closely meets the requirements of a particular market and yields enough profit to justify its continued existence”.

- According to Cambridge Dictionary (n.d.), it is “something that is made to be sold, usually something that is produced by an industrial process, [...]”.

- According to Oxford Dictionaries (n.d.), it is “an article or substance that is manufactured or refined for sale”. The substance is there produced during a natural, chemical, or manufacturing process.

#### 1.6.10 Profit

- According to BusinessDictionary (n.d.), profit is defined as “the surplus remaining after total costs are deducted from total revenue, and the basis on which tax is computed and dividend is paid”. It is the best known measure of success in an enterprise.

- According to Cambridge Dictionary (n.d.), it is “the money that is earned in trade or business after paying the costs of producing and selling goods and services”.

- According to Oxford Dictionaries (n.d.), it is “a financial gain, especially the difference between the amount earned and the amount spent in buying, operating, or producing something”.

#### 1.6.11 Economic success

According to ICAEW (n.d.) economic success can be defined and understood in different ways. One type of definition is “the positive markedness of key figures such as for example the business profit”. Another type of definition is “the achieving of the long-term survival of a company”, which is the main objective of most companies.

#### 1.6.12 Business-to-business (B2B)

- According to BusinessDictionary (n.d.), B2B is “the trading between firms (and not between businesses and consumers), characterized by relatively large volumes, competitive and stable prices, fast delivery times and, often, on deferred payment basis”. In general, B2B is wholesaling.

- According to Cambridge Dictionary (n.d.), B2B is “describing or involving business arrangements or trade between different businesses, rather than between businesses and the general public”.

- According to Oxford Dictionaries (n.d.), B2B is “denoting the trade conducted via the internet between businesses”.

#### 1.6.13 Business-to-consumer (B2C)

- According to BusinessDictionary (n.d.), B2C is defined as “the selling of individual products to individual buyers, usually on cash payment basis; retailing”.

- According to Cambridge Dictionary (n.d.), B2C is “describing or involving the sale of goods or services directly to customers for their own use, rather than to businesses”.

- According to Oxford Dictionaries (n.d.), B2C is “denoting trade conducted via the Internet between businesses and consumers”.

#### 1.6.14 Information technology (IT)

- According to BusinessDictionary (n.d.), IT is defined as “a set of tools, processes, and methodologies (such as coding/programming, data communications, data conversion, storage and retrieval, systems analysis and design, systems control) and associated equipment employed to collect, process, and present information”. In broad terms, IT also includes office automation, multimedia, and telecommunications.

- According to Cambridge Dictionary (n.d.), it is “the science and activity of using computers and software to store and send information”.

- According to Oxford Dictionaries (n.d.), it is defined as “the study or use of systems (especially computers and telecommunications) for storing, retrieving, and sending information”.

#### 1.6.15 Relationship-management

- According to Oxford Dictionaries (n.d.), relationship-management is defined as “the supervision and maintenance of relationships between a company and its external partners, especially its clients”.

#### 1.6.16 Customer-Relationship-Management (CRM)

- According to BusinessDictionary (n.d.), CRM is defined as “a management philosophy according to which a company's goals can be best achieved through identification and satisfaction of the customers' stated and unstated needs and wants”. Further, it can be defined as “a computerized system for identifying, targeting, acquiring, and retaining the best mix of customers”.

- According to Cambridge Dictionary (n.d.), it is defined as “the plan and system that a business has for dealing with customers over a period of time”. Further, it can be defined as “ways that a company can

encourage customers to like it and buy from it, for example by using software to look at information it has about its customers and by using social media”.

- According to Kumar and Reinartz (2018), CRM is defined as “the strategic process of selecting customers that a firm can most profitably serve and shaping interactions between a company and these customers”. The ultimate goal is to optimize the current and future value of customers for the company.



## 2. Literature Reviews

### 2.1 International Business Management

According to BusinessDictionary (n.d.), international business can be defined as “the exchange of goods and services among businesses and individuals in multiple countries”. Further, it can be defined as “a specific entity, such as an international business company or multinational corporation that engages in business among multiple countries”. But why do companies go international and what are their intentions? According to Kokemuller (2018), they go in general international due to grow or expansion reasons. More specific motives are the generation of additional revenue, competition for new markets, better market access, being closer to customers, diversification, investment opportunities, cost reduction, risk minimization and acquisition of resources. However, it has to be considered that according to Hill (2015), doing international business is much more complicated as doing domestic business. This is caused due to the fact, that countries differ in many aspects like for example in their political, economic, educational and legal systems. Besides that, countries can significantly vary regarding their level of development and future economic growth trajectory. Additionally, also countries population can vary dramatically regarding their culture, education level, skills, spoken languages and mentality. All these distinguishing features can and do have major implications for the practice of doing international business. They have a profound impact regarding benefits, costs, risk and ease associated with doing international business, as they strongly influence the way how international operating companies should define their strategies and how they need to be managed. Companies which are going international have therefore according to Schmid (2018) to conduct in advance a strategic analysis in context of the company for avoiding any losing of competitive advantages. The strategic analysis needs to consider besides the strengths and weaknesses etc. of the companies also the macro- and micro environment on both sides of a crossing border. The macro environment includes for example natural, ecological, political, legal, governmental, demographic, educational, linguistical, technological, religious, cultural, socio-psychological and macroeconomic conditions whereas the micro environment includes for example industrial, market, customer and competitor conditions. Based on the information of the strategic analysis of the home, host and world market the company’s internationalization strategy should be formulated. In particular, the internationalization strategy has to include sub-strategies regarding target market, market entry, timing, allocation, coordination and operation. The goal of an internationalization strategy is thereby to help a company to achieve their international business objectives by creating, keeping, maintaining, cultivating, developing and utilizing its competitive advantages within international markets (Tüselmann, 2016).

According to Fatehi & Choi, (2019), the concept of the International Business Management is concerned with managing the specificities of cross-border (international) business activities. In a



functional perspective, it simply refers to the leadership of international companies. It covers all problem areas and design fields resulting from cross-border business activities. The tasks of international business management arise from the need for conscious international management with regard to the heterogenization of the environments that are relevant for the entrepreneurial decision makers. This is reflected in increased leadership complexity, whose integrative approach is to be considered a core task of international business management. The main task is to coordinate and balance the socio-economic data of all regions processed by the international company. Here it has large intersections with the intercultural management and the strategic management.

## 2.2 Customer

According to BusinessDictionary (n.d.), a customer is “a party that has the ability to choose between products (goods or services) and suppliers and then receives or consumes these products”. A customer is thereby a natural or juristic person which is a demander who makes a deal with a counterparty. Examples for a juristic person can be companies, organizations, institutions or countries. A deal can be for example a purchase, rent, lease or service. In return for the receiving products (goods or services) the customer pays mostly money (Vindicia Inc., 2014). However, the deal can also be done free of charge or through a barter. Thus, a closed deal is the premise for describing a person as a customer. Has no deal been conducted yet between the two parties, instead of the term “customer” the term “potential customer” is used. According to Accion International (2014), customers can similar as companies differ in various aspects. The major distinction is the distinction between natural and juristic person. Natural customers can differ for example in regards to age, gender, nationality, language, educational status, marital status, attitude, financial status, needs, communication, decision making, buying behavior and loyalty. Juristic customers can differ for example in regards of legal status, age of business, size, origin, way of communication, liquidity, requirements, expectations, market relevance, decision making, purchase power, buying behavior and loyalty. Thus according to Tossavainen & Turta (2013), arises a deal with a natural person, then the business relationship is called “Business-to-Consumer” or abbreviated “B2C”. If the deal arises with a juristic person, then the business relationship is called “Business-to-Business” or abbreviated “B2B”. According to Lemon & Verhoef (2016), customer expectations, experiences and satisfactions play a major role in international business with an increasing importance, for both parties involved in a deal. According to Smith (2018), customer satisfaction reflects the experience and expectations a customer has with a product (good or service). The consumer expectations reflect the past and current product evaluation, as well as the user experiences. Thus, for achieving a high quality customer experience and high customer satisfaction, the customer’s expectations to a company have to be well understood.

According to Smith (2018), there are seven types of customer expectations:

1. **Explicit expectations**, which are mental targets for the performance of a product.
2. **Implicit expectations**, which reflect norms of performance established by companies, industries or cultures.
3. **Static performance expectations**, which address for a specific application the definition of the performance and quality.
4. **Dynamic performance expectations**, which are about how the good or service is expected to develop over the time.
5. **Technological expectations**, which focus on the developing process of a specific product category.
6. **Interpersonal expectations**, which reflect the relationship between a customer and a product. These interpersonal expectations include for example the interpersonal sharing of knowledge, the ability of fast problem-solving, the ability of communication, patience, helpfulness, perceptions regarding professionalism, assurance etc..
7. **Situational expectations**, which are related for example to pre-purchase or post-purchase situations.

In addition according to Ranabath (2018), customer expectation, experience and satisfaction are important influence factors in relation to customer loyalty.

## 2.3 Customer-Relationship-Management (CRM)

### 2.3.1 Customer-Relationship-Management conceptual foundation

Kumar & Reinartz (2018) stated, that the increasing availability of information technology enables companies to collect and analyze customer based data and to interact with customers simultaneously. However, nowadays rapid changes are taking place in the environments in which companies operate. These changes affect to customers, market places and marketing strategies. This fact makes the development of new market strategies, as well as a shift from the product toward a customer-centric offer necessary. On the side of the customer, increasing diversity reflects changing demographic composition of market populations. As a result of this, customers are becoming more and more demanding and products (goods or services) cannot longer sufficiently satisfy them. Customers nowadays are under more time pressure, show themselves more technology affine, demand more convenience and use more often social media. In addition, the character of the marketplace has changed by a more intense competition, increased fragmentation and increased difficulties in regard to differentiation. These changes have forced the marketplace to become more relationship-based and customer-centric. Individual customer interactions and relationships gained in importance, whereas traditional advertising became less effective due to increased digital advertising possibilities. Concluding for companies this

means that they should extensively collect information about their customers, the customer needs and the customer preferences. This will set for companies the stage for a successful CRM implementation and help them to deliver easier value to their customers. Delivering value to customers is a key for companies for staying relevant in an increasing competitive marketplace environment with more and more demanding customers. According to Kumar & Reinartz (2018), a customer's value perception of a product offering is a consequence of the offering's product attributes. The customer's perception of costs and benefits and, hence, the perceived value is heterogeneous and passing, across and within individual customers. Furthermore, product attributes are not individually perceived but the customers form a composite perception based on the offered attributes. In addition, product attributes are may be objective or perceived, their effect on the customer's value perception is may direct or indirect and is maybe immediate or delayed. However, it has also to be considered that companies need to generate revenue and therefore it is essential that they don't only deliver value to their customer – they need also to derive value from them. Thus, strategic CRM plays a key role in successfully managing this balancing act as its proper application can reconcile both sides; the company and the customer. So, marketers who are using a customer-value based approach to CRM are able to increase the long-term satisfaction of customers and thus to generate more profit for the company. This leads to the term "satisfaction-profit-chain" or short "SPC". According to Suchánek & Králová (2015), the structure of the satisfaction-profit-chain consists out of the fragments: satisfaction → share of wallet → revenue → profit. The key relevance of the satisfaction-profit-chain is the shifting of the focus towards measuring profitability on a customer level in order to make long-term orientated and sensible marketing decisions. According to Kumar & Reinartz (2018), the links between the fragments of the satisfaction-profit-change are almost always non-linear, asymmetric and certainly segment & industry specific. Thus, taking customer satisfaction or loyalty as a simple proxy measure for customer profits is not sufficient. But, this doesn't mean that knowledge about the status of customer satisfaction or loyalty is no longer important. Important is to evaluate the various links in the satisfaction-profit-chain in correct manners and making any required effort to measure customer-level profitability. Nevertheless, since companies cannot influence their profits per se, but do so through product and service quality, the impact of customer satisfaction and loyalty as key mediators cannot be neglected. Managers have to keep in mind that the individual value a customer can provide may go beyond immediate one off monetary transactions. Customers can over their lifetime for example influence peers, share knowledge or supply referrals and thus create additional revenues or cost reductions for companies. Consequently, creating and sustaining value for customers is the core of business in general and specifically in Customer-Relationship-Management so that a company can deliver value to its customers.

### 2.3.2 Strategic CRM

According to Kumar & Reinartz (2018) stating that “Customer-Relationship-Management is the strategic process of electing customers that a company can most profitably serve and shape interactions between a company and its customers”, the goal of strategic Customer-Relationship-Management is to actively deepen the knowledge about customers. This knowledge should then be used to shape the interaction ways between a company and its customer for maximizing the current and future value of customers for the company. For achieving this goal it is essential to understand that strategic Customer-Relationship-Management consists of multiple dimensions and perspectives.

In the course of this, the various perspectives can be categorized into three CRM types/levels, compare figure 2:

- **The functional CRM level**, refers to the set of processes which must be in place to execute tasks related to customers, such as for example sales force automation or online marketing management. The functional level perspective is often combined with a strong technology orientation which arises especially when companies need to position their particular product.
- **The customer-facing front-end level**, refers to a set of activities that provide a single view of the customer across all contact channels. This type of Customer-Relationship-Management manages different channels consistently in order to focus on the total customer experience with the goal behind to build a single view of a customer across all contact channels. This should distribute customer intelligence to all customer-facing functions like for example marketing, sales, service etc.. The single view of this CRM-type stresses the importance of coordinating information across time and contact channels to manage the entire customer-relationship systematically.
- **The company-wide level**, primary aims to unlock the term “CRM” from any technology underpinnings and specific customer management techniques. Instead, it aims to a strategic orientation to implement customer centricity within the entire company and create shareholder value. As a result, the knowledge about customers and their preferences have implications for all parts of a company.

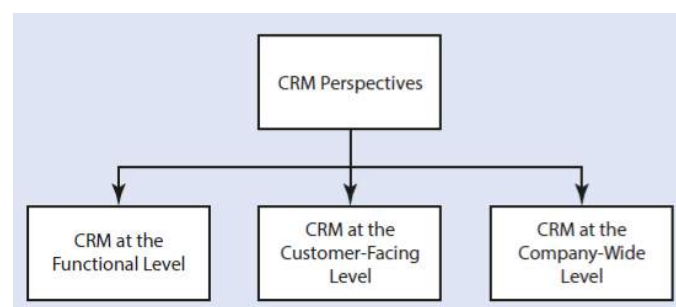


Figure 2: The three CRM perspective types (Kumar & Reinartz, 2018)

### 2.3.2.1 Elements of a CRM strategy

According to Kumar & Reinartz (2018), a CRM strategy consists out of five elements. The CRM vision, the culture of customer orientation, the alignment of organizational processes, the data & technology support and the CRM implementation, compare figure 3. Taking these five elements together in an integrative form constitutes the complete CRM strategy. The elements interact and reinforce one another, and each element plays an essential role, with none being sufficient in and of itself. For being competitive, a company should at least match its competitors on all elements and ensure positive interactions among them. The effects of these positive interaction help companies to increase their competitiveness.

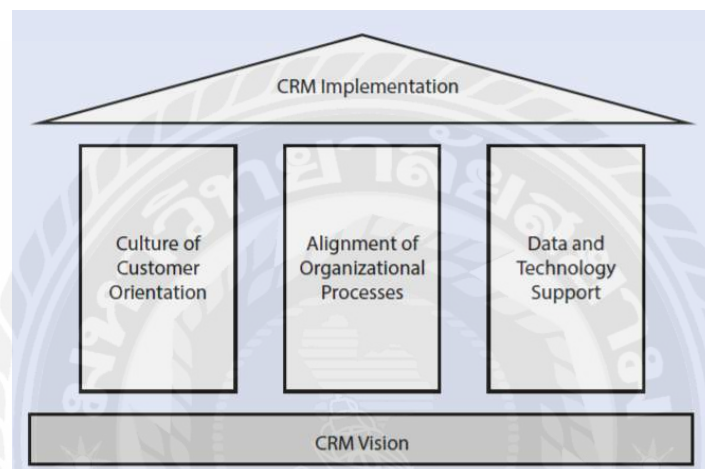


Figure 3: The five elements of a CRM strategy (Kumar & Reinartz, 2018)

- **CRM vision:** Any initiative done around Customer-Relationship-Management should be based on a clear vision which states what the company aims to achieve with their Customer-Relationship-Management related efforts. Therefore, the major component of the CRM vision should have a strong focus to the customer value. In conclude, building on the concept of customer value, the CRM vision should be build in a company in a manner that all actions are geared towards maximizing the current and future value of every single individual customer. This involves the acquisition and keeping of strategically important customers as well as the development, communication and value proposition delivery for meeting or exceeding the customer expectations. With such a vision, a company can focus on developing the key asset of the company that matters in the long-term and progressively deeper relationships with valuable customers.
- **The culture of customer orientation:** Customer orientation is the set of strategic actions, beliefs and organizational values. That enables the implementation of Customer-Relationship-Management principles. A successful CRM strategy starts at the top, thus the set is characterized by a top management belief and commitment where the customer is in the

center of all company related activities. If there is a lack of commitment from the top management, the company faces an increased risk that the CRM strategy fails. To avoid this, the top management needs to establish a clear customer orientated culture, an appropriate organizational structure and reward system. Customer orientation recognizes that customers are in their needs and value heterogeneous. With this recognition the company is able to treat individual customers individually. Further, customer orientation recognizes that no single organizational function can be equated with Customer-Relationship-Management. Rather, it is required that all relevant organizational functions are aligned with the CRM strategy. This demands a longer-term view of customer value.

- **Integration and alignment of organizational processes:** The integration and alignment of organizational processes involves in the context of strategic Customer-Relationship-Management the organization-wide creation & synchronization of processes and reward systems which enable the implementation of Customer-Relationship-Management principles. Even today, the notion that the CRM affects only activities and processes related to sales and customer services often prevails. But, the customer's experiences while interacting with the company's sales or customer service depend also on internal activities such as product development, IT-support and human resource management. Thus, the most of a company's departments must be involved in a strategic CRM initiative. CRM works best for organizations which adopt cross-functional processes instead of functional isolated departments. These processes are essential as they incorporate the customer needs and the goals of the company together into the delivery of products and services. A process view forces manager to think deeper about the purpose of activities and their expected outcomes. The processes have to cut through company internal barriers which hamper efforts to build effective customer relationships. Further, the integration and alignment of organizational processes require the recognition that the value provided to target customers constitutes the driving force of all processes (Kumar & Reinartz, 2016). The outcomes can be used for defining and designing the organization's processes. Individual processes work in synchronization with the goal of attracting and retaining target customers. Afterwards, incentive-based schemes should reflect and reinforce the relationship approach to the Customer-Relationship-Management processes and outcomes. Differently stated, Customer-Relationship-Management compatible incentives drive the employee and organizational objectives simultaneously. The processes should be designed to make automatic feedbacks which encourages the learning from Customer-Relationship-Management outcomes and thus improve functions and refines the process. This will help the company to evaluate the extent of integration and alignment of customer centricity in its organizational processes.

- **Data and technology support:** Successful CRM involves also the collection and analyzation of complex customer information. Thus, data and technology support plays a central role within Customer-Relationship-Management as an enabler for effectiveness. In order to support CRM activities, companies need to have specialized capabilities for leveraging data and turning it into actionable information. The generation and acting based on intelligence creates competitive advantages for a company. Thus, the recognition that technology has to be built around strategy, processes and people is from significant relevance. But, data and technology can make Customer-Relationship-Management not only more efficient, it can make it also more effective by for example creating new processes and channels based on online and wireless applications.
- **CRM implementation:** As a CRM strategy needs to be implemented after its formulation, it is highly recommended that the CRM implementation aspect should be part of the CRM strategy and thus be considered from the start of any CRM incentive. As the strategic CRM perspective also implies the development, refinement and implementation of CRM principles and processes within a company it has to be considered as an iterative process. Implementing CRM comprises various processes and activities which can be structured into a customer and a management dimension. The customer dimension pertains thereby to the changing phases of the relationship between the customer and the company. These changing phases are the steps: customer acquisition, growth, retention, decline and the exit. The management dimension pertains activities and processes which constitute analytical CRM and operational CRM. The analytical CRM aspects includes for example the achievement of a good understanding regarding the customer needs, behaviors and expectations. The operational CRM aspect includes for example the roll out and management of interactions with customers across all demands. By cross-linking these aspects and phases, specific implementation processes and activities can be designed and conducted.

### 2.3.2.2 Steps in developing a CRM strategy

According to Kumar & Reinartz (2018), the development of a CRM strategy consists out of four steps, compare figure 4: Gaining of company-wide commitment, building of a CRM project team, analyzation of business requirements and definition of the CRM strategy.

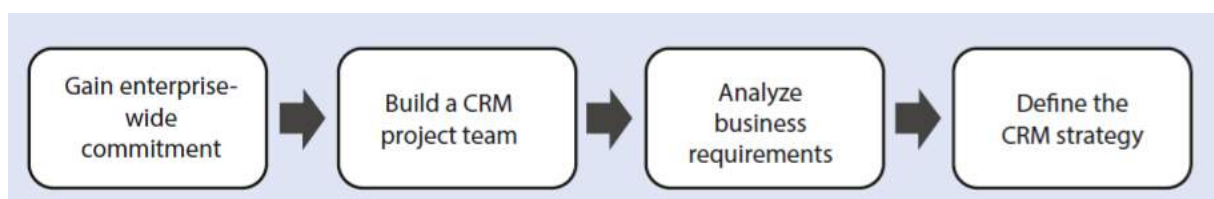


Figure 4: The four steps in developing a CRM strategy (Kumar & Reinartz, 2018)

- **Gain of company-wide commitment:** Strategic CRM involves multiple departments within a company like for example human resources, sales, marketing, finance, production and logistics. Therefore, it is important to obtain support from all these departments for considering their valuable inputs when developing the company's CRM strategy. The involvement of these departments promotes cooperation and a wider acceptance of the new CRM system by all segments of a company. In general, company-wide commitment includes the attributes top-down management commitment, the bottom-up buy-in from system users, a dedicated full-time project team and budget allocation for the total solution. It is essential that the CRM strategy developers keep all relevant departments informed of all progress during the development and implementation phases, and that they emphasize the positive results of the CRM strategy.
- **Build a CRM project team:** When the company-wide commitment once has been secured, the next step should be to select the CRM project team. The members have to take responsibility for making key decisions and recommendations. Further, they have to communicate the details and benefits of the CRM strategy to the entire company. An effective and successful CRM project team should contain active representatives from the following departments: Management, IT, technique, sales, marketing, customer service, finance and from an external CRM consultation.

The management should provide motivation, leadership and supervision of every step of the CRM strategy development. Especially when it entails significant changes related to business processes, organizational structures, roles or responsibilities.

The IT department plays an important role as the development of a CRM strategy requires a comprehensive analysis of the company's current and envisioned information system. The technique department needs to be actively involved as they can provide valuable inputs regarding the automation of CRM processes. Further, they should ensure that the CRM system is compatible with the company's existing software applications.

The departments sale, marketing and customer service are often the final users of the CRM system after the strategy has been developed and implemented. Thus, involving representatives of these departments is crucial as a CRM strategy is only successful if the users are satisfied and comfortable with the final CRM system. The involving of these representatives helps to evaluate the potential system's usability from a user perspective. Potential solutions can be evaluated on the criterias effectiveness, efficiency and satisfaction. As users must be able to complete a task they have to perform, an effective CRM system is paramount because it determines the output quality of the task. The efficiency measures the required input for completing a given task. In regards to the many users of a final CRM system,



small efficiency improvements can have significant effects on the company's overall productivity and efficiency. If the final CRM system is not user friendly, the users will not make full use of the potential benefits. This can put the business case for the new CRM system at risk. Many CRM initiatives have failed because of the users' resistance to new practices.

The financial department representatives members are required for evaluating the CRM strategy from the financial point of view. They can provide to the CRM project team critical analyses of the proposed CRM strategy with respect to increased sales productivity, operating costs, costs of system expansion and Return-On-Investment forecasts.

External CRM consultations can be very helpful for developing a CRM strategy, especially if the company lacks sufficient CRM expertise, experience or technology. A consultant's experience can provide a high valuable source of the objective information and feedback. Further, an external observer can help to analyze the company's real business needs, assist with the formation of the project team and work with the team to review, amend and approve functional specifications. Thus, choosing this external consultant and deciding when and how to integrate this external source is may a critical element of the success or failure of the CRM project.

The CRM project team may contains if necessary members from other internal or external parties to ensure that the CRM strategy addresses relationships will all relevant parties.

- **Analyzation of business requirements:** For being effective, a CRM strategy must be based on the company's business requirements. An analysis of business requirements with the aim of collecting information on a company-wide basis evaluates the current business state and identifies problematic areas of a company. Consequently, this process is absolutely critical for developing a successful CRM strategy. The process should feature a series of meetings and surveys to canvass the top managers of the departments sales, marketing and customer service to gather their expectations. A consensus should be then formed as the result. The company-wide goals should be defined along with objectives for each department and its employees. Special attention should be taken to acknowledge and evaluate all inputs and ideas so that the participators feel that they are involved into the process. Ideas which seem to be unnecessary or unrealistic may be eliminated later during the CRM strategy development. At this crucial moment, information on specific problematic areas must be uniformly gathered to identify particular goals and define objectives for the entire company. After the information gathering process, it should be able to take the following ten steps:
  1. Identification of the services and products being supported
  2. Mapping of current workflows, interfaces and interdependencies
  3. Review of existing technologies, features and capabilities

4. Discussion regarding the vision of the company and the operational plan
5. Definition of business requirements
6. Development of enhanced business workflows and processes
7. Identification of gaps in technology functionality
8. Mapping of functionality to business processes
9. Development of a new technology and functionality framework
10. Development of a conceptual design and prototype plan

From the analyzation of the business requirements, the company can identify the functions which have to be automated, as well as discover the basis for determining which technology features are required.

- **Definition of the CRM strategy:** The in the step before gathered business requirements represent the key ingredients for the drafting of the CRM strategy. It is absolutely essential to tailor the CRM according to the specific business requirements of the company. This is different internal and external circumstances warrant which approaches to CRM and thus makes the CRM strategy unique and company specific. There are five general aspects that should be considered when drafting a CRM strategy: value proposition, customer strategy, business case, company transformation plan and management of other stakeholders.

The goal of a CRM strategy is to keep strategic important customers and the objective of customer retention is to develop, communicate and to deliver value propositions which meet or exceed expectations. In turn, the value proposition is a multifaceted package of product, service, process, price, communication and interaction that customers experience during their relationship with the company. The value proposition is the core of a company's business which allows the company to differ itself from other companies. If the value proposition is not affected by an investment in CRM, the company is not as customer-centric as it needs to be. The value proposition has to address thus three aspects: customers value, what the company tells it offers to the customers and what the company actually offers to the customers. The company should strive to offer what customers value. If all three aspects of the value proposition are not in line, the company likely can't attain customer centricity, as it is not delivering actual value to its customers.

The customer strategy defines how the company will build and manage a customer portfolio. The portfolio consists of customer segments differentiated by the actual or perceived characteristics of those customers and considers at least the customer understanding, customer competitive context, customer affiliation and customer management competencies.

The business case for Customer-Relationship-Management determines whether the company will meet the specific and measurable expectations from its investments. Hence, an effective

business case should directly link the delivery of customer value with the creation of shareholder value, exhibit a good Return-On-Investment and account for three areas:

1. Intended increase in the economic value of the customers over their connection duration with the company
2. Reference and referral effects
3. The impact of learning and innovation

The company transformation plan has to cover the areas business processes, organization, location & facilities, data flows, application architecture and technology infrastructure. From the perspective of the customer strategy, all primary business processes should be assessed to determine whether the individual needs of the customer are met and if not, how they can be met. As the most customer strategies result in organizational changes, also cultural changes in the company have to be expected. Particular locations which customers visit have profound impacts on their perceptions of the company, thus the physical assets of the company have to be adjusted to match the customer-centric strategy. Further, a CRM strategy should contain a data strategy which covers all aspects from collecting data, transforming data, extracting actionable information and finally distributing the results to a company's staff and customers. That the CRM strategy can be implemented, the application architecture should be changed to feature new application software or at least to integrate existing software in new ways. Lastly, a CRM strategy requires a change to the technology infrastructure including new hardware, new operating software and operations staff.

The management of other stakeholders includes stakeholders of the company such as management, customers, employees, partners, owners, investors, partners and also competitors. Thus, the strategic CRM is a comprehensive practice which involves all facets of a company. These facets need to be considered when a CRM strategy is defined.

### 2.3.3 Implementing the CRM strategy

According to Buttle & Maklan (2015), CRM projects are like large puzzles, becoming one piece by piece. Thus according to Kumar & Reinartz (2018) and Ahonen (2017), the implementation of a CRM strategy is a process including the development and execution of a series of small projects aimed at the business needs and the value proposition to customers. These projects can be categorized as operational, analytical and application projects. The operational projects build the infrastructure which enables the company to meet the technical and functional requirements of CRM. These requirements include the automation of functions, setting up a customer base, information delivery and changing the data collection process. In contrast, analytical projects are implemented to help the company to understand its customers by using data analysis tools – also called data analytics. Data analytics combines data-driven marketing and technology to better understand the customers. Data analytics projects include

customer data transformation and the discovery of customer knowledge. The customer data transformation consist of pooling data from various sources to a data warehouse and enhancing these data with external available information. The discovery of customer knowledge is the stage when the data are analyzed by using statistical tools and the future is predicted based on these analytical results in order to enhance marketing decision making. For building up a complete customer data base incorporating all relevant customer information from a company's departments and external sources is crucial for a successful analytical CRM project. The data base is the core for the customer demographic analysis, customer behavior modelling and customer value assessment. The application projects provide analytical and operational outputs for increasing revenue and profits by improving marketing decisions and customer relationships. When the elements of the CRM strategy and the implementation steps are identified, the calculation on the Return-On-Investment of the CRM is important to see whether the investment is worthwhile. Special consideration should be given by calculating the Return-On-Investment to identify the benefits and costs from CRM initiatives as well as the time period for assessing the Return-On-Investment. The three main categories of CRM costs are the IT costs, employee costs and process costs. The IT costs make usually up 20 – 30 % of the total CRM costs and include the investment in IT infrastructure, database development and software. The employee costs include the recruitment of CRM talents as well as the redeployment and training of existing and new employees. The process costs consist mostly out of the investment in the re-designing and re-engineering of existing work practices.

It is quite difficult to compute concrete CRM profits because firstly, the implementation of a CRM strategy takes two to five years to complete and during this time period the competitive environment may changes. Secondly, it is difficult as some CRM costs are necessary but don't generate revenue. Lastly, it is difficult because the change or performance improvement can't always be attributed to the CRM investment. However, the indirect benefits of CRM regarding lower customer acquisition costs, lower serving costs, higher customer satisfaction & retention and higher average customer value should be considered.

According to Sutela (2016), there are many anecdotes of failed CRM projects. Therefore, it is decisive to analyze the causes for failure and use this understanding for avoiding future failures. There are six failure causing reasons mentioned frequently in practice as well as in academic literature. These six reasons are:

1. The assumption that CRM is a software tool that manages customer relationships for a company
2. The implementation of CRM before having a CRM strategy
3. A poor matching between CRM system and the organizational processes

4. The resistance from employees
5. Poor data quality
6. The low actionability of the information

#### 2.3.4 Maintenance of a CRM system/software

Customer information is an important pillar of every company. Thus, keeping a CRM system current and maintained is from high importance for a company, but often an underappreciated task. According to Kowalke (2016), there are six CRM maintenance procedures a company should perform regularly, for example once per quarter:

1. **Data cleaning:** Data with a poor quality can significantly reduce the effectiveness of a CRM system and thus the performance of a company. Thus, all CRM data should be validated and cleaned on a regular basis for accuracy purposes. This includes the steps of the de-duplication recording, email deliverability, telephone connect ability and the complete recording among other checks.
2. **Data enrichment:** Along with the cleaning process of data, an essential and ongoing CRM maintenance task is the refreshment and expansion of CRM data. Keeping the customer data actual and accurate significantly increases the reliability of a CRM system.
3. **Template and workflow review:** The adoption and consistent use is the biggest challenge for a CRM system and this is strongly influenced by the users experience. Therefore, the key for a sufficient usability is a good structured workflow and current templates.
4. **Authentication and automation pruning:** Regularly conducted CRM authentication and automation audits prevent data flowing to undesired locations. The authentication and automation pruning should include an entire review of all integrations and authorizations. Additionally, it should also include an audit of all CRM users and their security profiles.
5. **Security review:** The security review and testing is a crucial CRM maintenance task. Companies should review regularly the user & system log accesses, as well as data security protocols, software licenses, encryption usage, potential 3<sup>rd</sup> party vulnerabilities and the compliance with legal and industry standards.
6. **Performance tuning:** The performance tuning includes ensuring that the software is patched and updated, the hardware and system connectivity is optimally configured and the technical considerations are within acceptable ranges.

## 2.4 Economic success

In the context of business management, the term “economic success” can be described in various ways.

- According to ICAEW (n.d.) economic success can be described as “a positive expression of one or more key figures that provide information on how the economic operation in a specific time period was”. Typical key figures here are profit, Return-On-Investment or shareholder value. This determination of economic success refers to the result of a past period and can thus only provide short-term statements for the future.

According to the Department of the Treasury - Internal Revenue Service (2019), profit is the gross income minus the expenditures. The pursuit of profit is an essential feature of the a company in the theory of the market economy. The pursuit of profit motivates companies to recognize and satisfy the needs of potential customers, as well as to adapt themselves in the market competition to the changing market conditions. Profit is the part of the value added that flows to the owners/shareholders of the company as income or asset increase.

According to Rossman, Alamuddin & Kurzweil (2019), the Return-On-Investment is the ratio between the net profit and the costs of an investment. Thus, a high Return-On-Investment indicates that an investment gains favorably compared to its costs. When the Return-On-Investment is used as a performance measure, it evaluates the efficiency of a single investment or it compares the efficiencies of various investments.

According to Mäenpää (2016), shareholder value is defined as the value which is created by the company to its shareholders. Shareholder value can be considered as a result of corporate governance. Various factors have an influence on shareholder value and they can be categorized into five groups: robust steps, stakeholders, management decisions, value generators and valuation-competent. Robust steps can be for example customer relationship care, education & training, quality measures, remuneration, management styles, political influence (lobbying) and investor relations. Stakeholder factors can be for example customers, employees, suppliers, management, shareholders, country governments or lenders. Management decisions can be for example ongoing business operations, investments or financing. Value generators can be for example the forecast horizon, sales, growth, tax rate, surplus ratio, expansion investments or capital costs. Valuation component factors can be for example the business cash flow, discount rate or borrowed capital.

- According to Fatehi & Choi (2019), economic success is in “the sense of the long-term the survival of a company”. This description sees success as the achieving of the most fundamental goal of a company, survival.

### 3. Facts, findings and conclusion

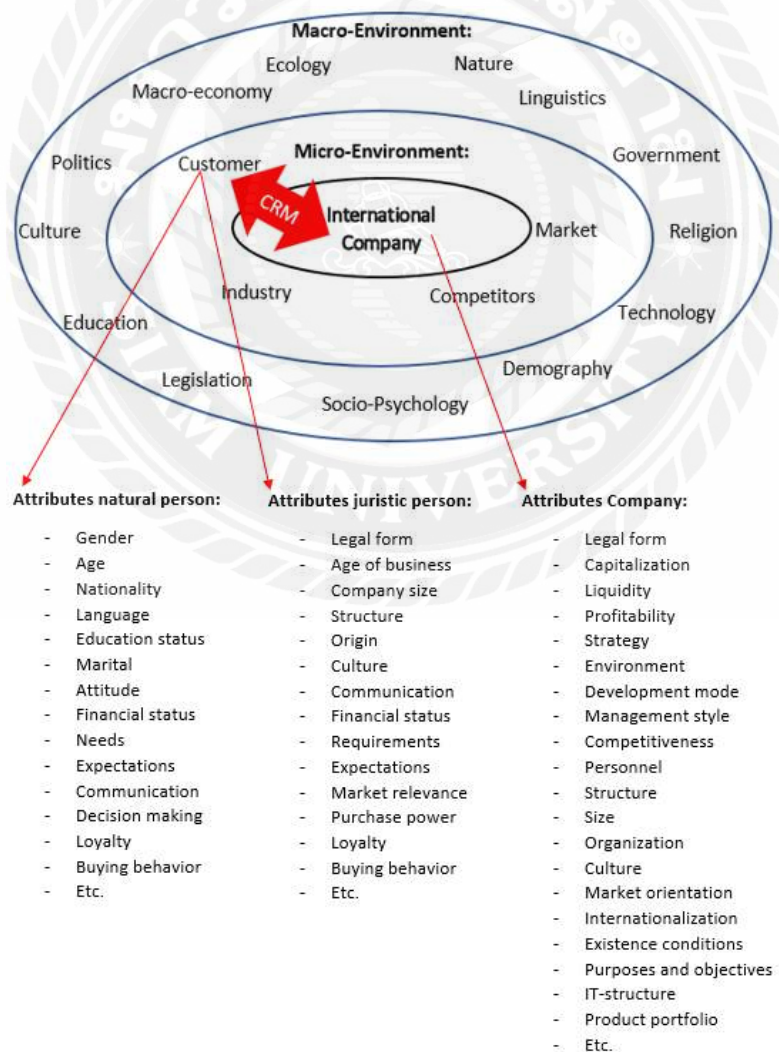
Companies are in general economically independent organizational units which through its activities pursue its corporate purposes and objectives, which is achieved by producing and offering products (goods or services) to the market. Among the short-term corporate objective of companies in regard to economic success is the positive expression of one or more key figures (f. ex. profit, Return-On-Investment or shareholder value) over a specific time period. The general sustainable survival on the market is the most fundamental long-term corporate objective of the most companies in regard to economic success. Thus, due to grow or expansion reasons, companies go often international. More specific motives are the generation of additional revenue, competition for new markets, better market access, being closer to customers, diversification, investment opportunities, cost reduction, risk minimization and acquisition of resources. This results in the fact, that the most companies worldwide are direct or indirect acting or involved in an international environment. This fact can have and/or has a profound impact to international acting companies regarding benefits, costs, risk and ease of doing international business as they strongly influence the way how international operating companies define their strategies and management. Therefore, international companies must be fully aware about the macro- and micro environment on both sides of a crossing border, compare figure 5. The macro environment includes for example natural, ecological, political, legal, governmental, demographic, educational, linguistical, technological, religious, cultural, socio-psychological and macroeconomic conditions whereas the micro environment includes for example industrial, market, customer and competitor conditions. By the proper usage of the information regarding the macro- and micro environment of their operation, international companies can define target customers & markets, market entry, timing, allocation, coordination, operation and management related strategies which help them to achieve their international business objectives by creating, keeping, maintaining, cultivating, developing and utilizing their competitive advantages. Due to the fact that countries and its population differ in many aspects it has to be considered that doing international business is significantly more complicated as doing domestic business. Reasoned by the heterogeneous environments international companies are in, the task for international business management arise from the need for conscious international management with regard to these environments that are relevant for the entrepreneurial decision makers. This is reflected in increased customer-relationship and leadership complexity, whose integrative approach is to be considered a core task of international business management. The main task is to coordinate and balance the socio-economic data of all regions processed by the international company, whereby it has large intersections with the intercultural and the strategic management.

Even though companies significantly differ in countless aspects (compare figure 5) like for example in terms of legal form, liquidity, profitability, strategy, competitiveness, management style, structure,

customer base, market orientation and size, they have something in common; companies need customers for their products and thus the customer plays a key role in the environment and in the interests of companies as they receive and consume the products (goods or services) and have the opportunity to choose between different products and suppliers on the market. Therefore, companies must be customer driven as the customers are telling them what types of products they want and when, where and how they want them delivered. The customer expectations, experience and satisfaction play a major role in international business with an increasing trend for both parties involved in a deal. The customer satisfaction reflects the experience and expectations a customer has with a or product(s), whereas the customer expectations reflect the past and current product evaluation, as well as the user experience. Thus, for achieving a high quality customer experience and high satisfaction it is required that companies well understand the customer's expectations to the company or its product(s). The customer expectations can be divided into seven expectation related categories: explicit, implicit, static performance, dynamic, technological, interpersonal and situational – compare chapter 2.2. Thus, the customers have an extensive influence to a company and therefore the kind of relationship with its customers is from essential importance for a company. When companies grow, the customer base grows also and this increases the risk that individual customer specific information gets lost. Customers can also differ like companies in various aspects, compare figure 5. The major distinction regarding customers is the status of a juristic or natural person. Natural customers can differ for example in regards to age, gender, nationality, language, educational status, marital status, attitude, financial status, needs, communication, decision making, buying behavior and loyalty. Juristic customers can differ for example in regards of legal status, age of business, size, origin, way of communication, liquidity, requirements, expectations, market relevance, decision making, purchase power, buying behavior and loyalty. The approach of companies to put individual customers through classification into customer groups which fits the customer's desires and expectations only the best but not completely is insufficient. The reason for the insufficiency of this approach is that it allows companies to tailor its products only to the best fitting customer group and not to the individual customer. Even through the realization of companies that better customer relationships allow them to better tailor their products to their customers, the relationship management concept failed in the 1980's because companies still focused to strongly at product and segment marketing and thus they didn't get the required information for working with this relationship management concept. In the 1990's the relationship management concept failed again, even though companies realized that customers interact with them through different levels, ways and departments and not only through the marketing department and thus that they need to please their customers on each business level. The reason for the anew failure of the relationship management concept was the difficulty to achieve good short-term results with that concept in contrast to the high implementation and maintenance costs. Through the technological



progress and degree of IT used in companies, companies get the opportunities to build up detailed customer information data bases and to make the individual customer specific information available at any desired location within a company and thus to guarantee a company-wide uniform view about an individual specific customer. Unfortunately for companies, with the technological headway customers are increasingly able to compare products from various suppliers and are progressively becoming demanding. Thus, for being competitive on the global market companies need to be it in each of their divisions. For ensuring this, customer relationships and the from that resulting individual customer specific information are progressively important for companies to prevail against their competitors. However, the implementation of a CRM concept is risky in regards to economic damage as there are large failure rates caused due to insufficient understanding, specific design, know-how and maintenance. In order to implement the Customer-Relationship-Management concept as a key success factor satisfactorily in a company, a profound understanding of its customers and specifically the CRM concept and CRM strategy is crucial, compare figure 5.



**Figure 5: Micro- and macro environment of international companies with related company's and customer's attributes (Carlesso, 2019)**

Nowadays, rapid changes are taking place in the environments of companies. These changes affect to the market places, customers and marketing strategies. This fact makes the development of new marketing strategies necessary. On the side of companies, the increasing availability of information technology enables them to collect and analyze customer based data and to simultaneously interact with customers. On the side of the customer, the increasing diversity reflects changes in the demographic composition of market populations. As a result of this, customers are becoming more and more demanding and products cannot longer sufficiently satisfy them. They show themselves more technology affine, convenience demanding and use more often social media. Further, the market place changes by more intense competition, increasing fragmentation and difficulties regarding differentiation. These changing forces the market to become more customer-centric and relationship-based. Individual customer interactions and relationships are gaining thus importance. Concluding for companies this means that they have to extensively collect information about their customers, as well as about their needs and preferences. This data about a company's customers will help the company to easier deliver value to their customers which is a key for companies to stay relevant in an increasing competitive market environment. A customer's value perception of a product offer is a consequence of the offering's product attributes. The customer's perception of costs and benefits, hence, the perceived value is heterogeneous and passing, across and within individual customers. However, it has also to be considered that companies need to generate revenue and therefore it is essential that they don't deliver only value to their customers, they need also to derive value from them. Thus, strategic CRM plays a key role in successfully managing this balancing act as its proper application can reconcile both sides of them; the customer and the company. So, companies who are using a customer-value based approach to CRM are able to increase the long-term customers satisfaction and thus to generate more profit. This fact can be seen as "satisfaction-profit-chain": satisfaction → share of wallet → revenue → profit. Companies can however not influence their profits per se, but they can do so through product (good or service) quality. Consequently, creating and sustaining value for customers is the core of business in general and specifically in Customer-Relationship-Management.

The Customer-Relationship-Management is the strategic process of electing customers that a company can most profitably serve and shape interactions between itself and its customers. The goal of strategic Customer-Relationship-Management is to actively deepen the knowledge about customers and thus to shape the interaction ways between a company and its customers. This should maximize the current and future value delivery to a company's customers. The strategic Customer-Relationship-Management consists of multiple dimensions and perspectives which can be categorized into three levels, compare figure 2.

- **The functional CRM level**, which refers to the set of processes which must be in place to execute tasks related to customers, such as for example sales force automation or online marketing management. Thus, this level is often combined with a strong technology orientation.
- **The customer-facing front-end level**, which refers to a set of activities that provide a single view of the customer across all contact channels. The goal is to focus on the total customer experience by distributing customer intelligence to all customer-facing functions in a company.
- **The company-wide level**, which primary aims to a strategic orientation to implement customer centricity within the entire company and thus to create shareholder value.

A Customer-Relationship-Management strategy consist out of five elements (compare figure 3); the CRM vision, the culture of customer orientation, the alignment of organizational processes, the data & technology support and the CRM implementation.

- **CRM vision:** Any initiative done around Customer-Relationship-Management should be based on a clear vision which states what the company aims to achieve with their Customer-Relationship-Management related efforts. In conclude, the major component of the CRM vision should have a strong focus on the customer value.
- **The culture of customer orientation:** Customer orientation is the set of strategic actions, beliefs and organizational values. A successful CRM strategy starts at the top and is thus characterized by a top management belief and commitment where the customer is in the center of all company related activities. With this top management commitment the company is able to treat individual customers individually. If the top management commitment is missing, the company faces an increase risk that a CRM strategy fails.
- **Integration and alignment of organizational processes:** The integration and alignment of organizational processes involve in the context of strategic CRM the organization-wide creation & synchronization of processes and reward systems which enable the implementation of CRM principles. Today the CRM affects not only activities and processes related to sales and customer service, the customer's experiences while interacting with the company's sales or customer service. It also depends on internal activities such as product development, IT-support and HR management. Thus, CRM works best for organizations which adopt cross-functional processes. These processes are essential as they incorporate the customer needs and the goals of a company together into the delivery of goods and services. The integration and alignment of organizational process requires further the recognition that the value provided to target customers constitutes the driving force of all processes. The processes should make automatic feedbacks which encourages the learning from Customer-Relationship-Management outcomes and thus improve functions and refines the process. This will help the company to

evaluate the extent of integration and alignment of customer centricity in its organizational processes.

- **Data and technology support:** Successful CRM involves the collection and analyzation of complex customer information. Thus, data and technology support plays a central role within Customer-Relationship-Management as an enabler for effectiveness. In order to support CRM activities, companies need to have specialized capabilities for leveraging data and turning it into actionable information. The generation and acting based on intelligence creates competitive advantages for a company. Thus, the recognition that technology has to be built around strategy, processes and people is from significant relevance. But, data and technology can make Customer-Relationship-Management not only more efficient, it can make it also more effective by for example creating new processes and channels based on online and wireless applications.
- **Implementation of CRM:** The fact that a CRM strategy needs to be implemented after its formulation it is highly recommended that the implementation aspect is part of the CRM strategy itself and thus is considered from the start of any CRM related incentives. The strategic CRM perspective has to be considered as an interative process as it also implies the development, refinement and implementation of CRM principles and processes within a company. The implementation of CRM comprises various activities and processes which can be structured into a customer and a management dimension. The customer dimension pertains thereby the changing phases of the customer-company relationship which are: customer acquisition, growth, retention, decline and exit. The management dimension pertains activities and processes which constitute analytical and operational CRM. The achievement of a good understanding regarding the customer needs, behavior and expectations is for example an aspect of the analytical CRM, whereas for example the roll out and management of interactions with customer across all demands is are operational CRM aspects. Through the cross-linking of all these aspects and phases, specific implementation processes and activities can be designed and conducted.

Taking these five elements together in an integrative form constitutes the complete CRM strategy. The elements interact and reinforce one another, and each element plays an essential role, with none being sufficient in and of itself. For being competitive, a company should at least match its competitors on all elements and ensure positive interactions among them. The effects of these positive interaction help companies to increase their competitiveness and thus to positively influence its economic success.

The development of a CRM strategy consists out of four steps (compare figure 4) which are; gaining of company-wide commitment, building of a CRM project team, analyzation of the business requirements and the definition of the CRM strategy.

- **Gaining of company-wide commitment:** As strategic CRM involves multiple departments of a company it is important that support from all these departments is obtained and thus all their valuable inputs can be considered when the company's CRM strategy is developed. As a result of this company-wide involvement the new CRM system gets a wider acceptance by all segments of a company. Therefore it is essential that the CRM developers keep all relevant departments informed of all progress during the CRM development and implementation phases and that they emphasize the positive results of the CRM strategy.
- **Building of a CRM project team:** When the company-wide commitment once has been secured, the following step is to select a CRM project team. An effective and successful CRM project team has to contain representatives from all relevant departments, like: management, IT, technique, sales, marketing, customer service and finance. Further project team members should be representatives of other stakeholders and an external CRM consultant for increasing the possibility for the new CRM to be value added for the company.
- **Analyzation of business requirements:** For being effective, a CRM strategy must be based on the company's business requirements. To evaluate the current business state and identify problematic areas in a company an analysis of business requirements with the aim for collecting group-wide based information has to be conducted. A consensus then has to be formed as a result of this process. This process is absolutely critical for the developing of a successful CRM strategy. From the analyzation of the business requirements, the company can identify the functions which have to be automated, as well as discover the determination bases for which technology features are required.
- **Definition of the CRM strategy:** The business requirements are the key ingredients for drafting the CRM strategy and thus it is absolutely essential to tailor the CRM strategy according to them for making the strategy company specific. Therefore, five general aspects have to be considered when the CRM strategy is drafted; value proposition, customer strategy, business case, company transformation plan and management of other stakeholders. The value proposition is the core of a company's business which allows the company to differ itself from its competitors. If the value proposition is not affected by an investment in CRM, the company is not as customer-centric as it needs to be and is thus less competitive. Reasoned by that, the value proposition has to address three aspects; customer value, what the company tells it offers to customers and what the company actually offers to the customers. The company should strive to offer what customers value. The customer strategy defines how the company will

build and manage its customer portfolio which consists of customer segments differentiated by the actual or perceived characteristics of those customers and considers at least the customers' understanding, competitive context, affiliation and management competencies. The business case for CRM determines whether the company will meet the specific and measurable expectations from its CRM investments. Hence, an effective business case should directly link the delivery of customer value with the creation of shareholder value, exhibit a good Return-On-Investment and account the intended increase in the economic value of the customer over their connection duration with the company, references & referral effects and the impact of learning & innovation. The company transformation plan has to cover the areas business processes, organization, location & facilities, data flows, application architecture and technology infrastructure. From the perspective of the customer strategy, all primary business processes have to be assessed to determine whether the individual needs of the customer are met and if not, how they can be met. Further, a CRM strategy should contain a data strategy which covers all aspects from collecting, transforming and extracting information data and finally distributing the results to a company's staff and customers. Thus, the strategic CRM is a comprehensive practice which involves all facets of a company and these facets need to be considered when a CRM strategy is defined.

The implementation of a CRM strategy is a process including the development and execution of a series of small projects aimed at the business requirements and the value proposition to customers and be categorized into operational, analytical and application projects. The operational projects thereby build the infrastructure which enables the company to meet the technical and functional requirements of CRM, whereas the analytical projects are implemented to help the company to understand its customers by using data analysis tools. Building up a complete customer data base incorporating all relevant customer information from a company's departments and external sources is crucial for a successfully CRM project. The discovery of customer knowledge is the stage when the data are analyzed by using statistical tools and the future is predicted based on these analytical results in order to enhance marketing & management decision making. The data base is the core for the customer demographic analysis, customer behavior modelling and customer value assessment. The application projects provide analytical and operational outputs for increasing revenue and profits by improving management decisions and customer relationships. When the elements of the CRM strategy and the implementation steps are identified, the calculation on the Return-On-Investment of the CRM is important to see whether the investment is worthwhile. However, due to three reasons it is quite difficult to compute concrete CRM profits because:

1. The implementation of a CRM strategy takes two to five years to complete and during this time period the competitive environment may changes.

2. As some CRM costs are necessary but don't generate revenue.
3. The change or performance improvement can't always be attributed to the CRM investment.

Nevertheless, the indirect benefits of a proper CRM regarding lower customer acquisition costs, lower serving costs, higher customer satisfaction & retention and higher average customer value have to be considered.

For successfully implementing a CRM strategy it has to be considered that there are many anecdotes of failed CRM projects and therefore it is decisive to analyze the causes for failure and use this understanding for avoiding future failures. There are in general six failure causing reasons:

1. The assumption that CRM is a software tool that manages customer relationships for a company
2. The implementation of CRM before having a CRM strategy
3. A poor matching between CRM system and the organizational processes
4. The resistance from employees
5. Poor data quality
6. The low actionability of the information

As customer information is an important pillar of every company, the maintenance of a CRM system is from high importance for a company, but often an underestimated task. There are six CRM maintenance procedures which should be regularly performed by a company:

1. **Data cleaning:** Poor quality data can significantly reduce the effectiveness of a CRM system and consequently the company's performance. Thus, all CRM data has to be validated and cleaned on a regular basis for accuracy purposes.
2. **Data enrichment:** The refreshment, expansion, actualization and accuracy of customer information data increases significantly the reliability of a CRM system.
3. **Template and workflow review:** A CRM system is strongly influenced by the users experience and thus the key for a sufficient usability is a good structured workflow and current templates.
4. **Authentication and automation pruning:** Regularly conducted CRM authentication and automation audits prevent data flowing to undesired locations.
5. **Security review:** The security review and testing is a crucial CRM maintenance task. Companies should review regularly the user & system log accesses, as well as data security protocols, software licenses, encryption usage, potential 3<sup>rd</sup> party vulnerabilities and the compliance with legal and industry standards.

6. **Performance tuning:** The performance tuning includes ensuring that the software is patched and updated, the hardware and system connectivity is optimally configured and the technical considerations are within acceptable ranges.

So, for answering the question how Customer-Relationship-Management can be a key success factor for International Business Management, the key factors influencing the CRM and economic success in terms of international companies have to be identified based on the scientific content of this study.

Key influence factors to strategic CRM, their arises and effects on a company:

- Understanding of the multiple CRM dimensions and perspectives
  - Arises from the desire to actively deepen the knowledge about customers and thus to shape the interaction ways between a company and its customer for maximizing the current and future value of customers for the company.
  - The functional CRM level
    - Arises when companies need to execute customer related tasks efficiently.
  - The customer-facing front-end level
    - Arises from the desire to build up an uniform view of the customer across all contact channels and to focus on the entire customer experience and thus to distribute customer-intelligence to all customer-facing functions.
  - The company-wide level
    - Arises from the desire for a strategic orientation to implement customer centricity within the entire company and creating shareholder value. Because of the knowledge about the customers and their preferences this has an impact on all parts of a company.
- Development of the CRM strategy
  - Gaining of company-wide commitment
    - Arises from the fact that strategic CRM involves multiple departments within a company and the thus resulting importance to obtain support from all the relevant departments for considering their valuable inputs when developing a company's CRM strategy. The involvement of these departments promotes corporation and a wider acceptance of the new CRM system by all segments of a company.
  - Building of a CRM project team
    - Arises from the fact that an effective and successful CRM project team has to contain representatives from all relevant departments and that project team members should be representatives of other stakeholders and an external



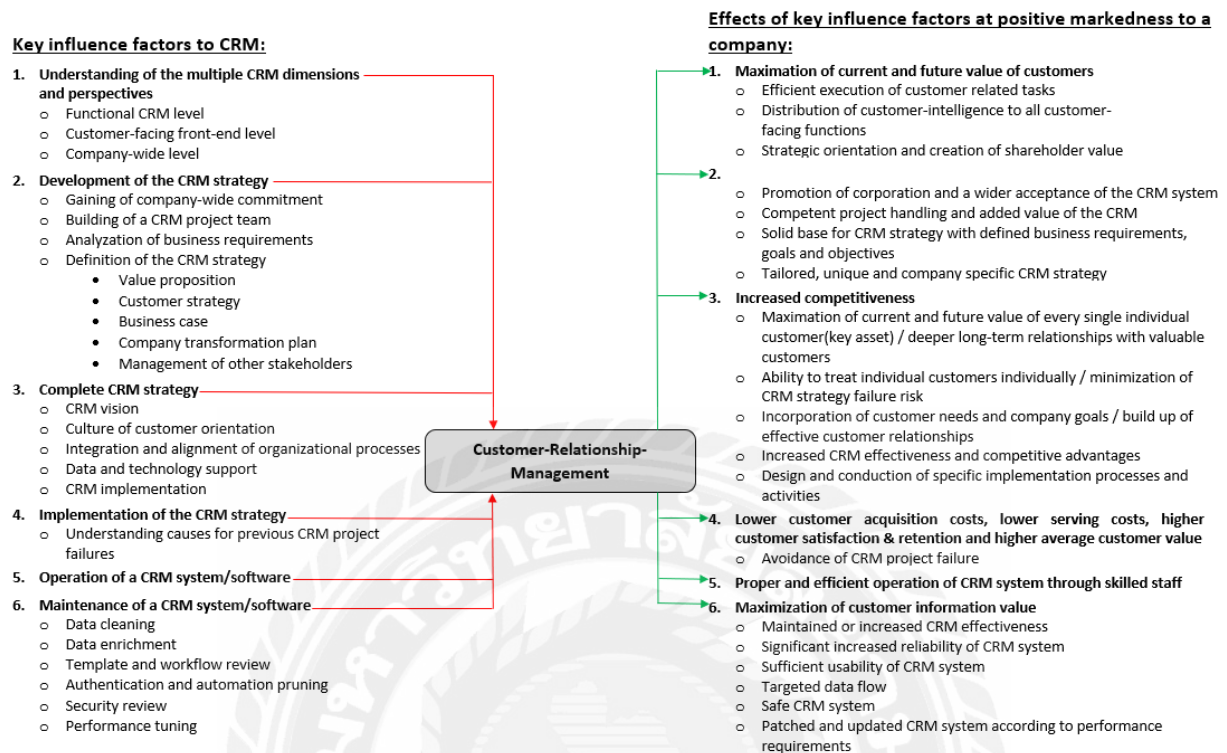
CRM consultant for increasing the possibility for the new CRM to be value added for the company.

- Analyzation of business requirements
  - Arises from the fact that a CRM strategy must be based on the company's business requirements for being effective. Through analyzing the business requirements with the aim to collect information on a company-wide basis for the evaluation of the current business state and identification of problematic company areas, in consensus the particular business requirements, goals and objectives should be defined for the entire company. Further, it should be defined which functions can be automated and determined which technology features are required.
- Definition of the CRM strategy
  - Arises from the analyzation of the business requirements as these are the key ingredients for the drafting of the CRM strategy. Through considering the absolutely essential significance to tailor the CRM according to the specific business requirements of the company will result in an unique and company specific CRM strategy.
    - Value proposition
    - Customer strategy
    - Business case
    - Company transformation plan
    - Management of other stakeholders
- Complete CRM strategy
  - Arises from the fact that a complete CRM strategy consists out of five elements which interact and reinforce one another, and each element an essential role, with none being sufficient in and of itself. Thus, for being competitive a company have to match at least its competitors on all elements and ensure positive interactions among them, which helps the company to increase its competitiveness.
- CRM vision
  - Arises from the desire to maximize through all company related actions current and future value of every single individual customer and thus to focus on developing the key asset of the company that matters in the long-term and progressively deeper relationships with valuable customers.

- Culture of customer orientation
  - Arises from the desire to create a longer-term view of customer value through putting the customer into the center of all company related activities and being thus able to treat individual customers individually. This minimizes with clear top management commitment the risk that a CRM strategy fails.
- Integration and alignment of organizational processes
  - Arises from the desire to implement Customer-Relationship-Management principles by involving in the context of strategic CRM the organization-wide creating & synchronization and reward systems for incorporate the customer needs and the company's goals together into the delivery of products to build up effective customer relationships through attracting and retaining target customers.
- Data and technology support
  - Arises from the recognition that technology has to be built around CRM strategy & processes and people due to its significant relevance for the collection and analyzation of complex customer information in order to support CRM activities and thus enable increased CRM effectiveness. This generation and acting based on intelligence creates competitive advantages for a company.
- CRM implementation
  - Arises from the fact that the strategic CRM perspective also implies the development, refinement and implementation of CRM principles and customer & managerial dimensional processes within a company and thus by cross-linking these dimensions specific implementation processes and activities can be designed and conducted.
- Implementation of the CRM strategy
  - Arises from the fact that the implementation of a CRM strategy is a process including the development and execution of a series of small operational, analytical and application projects aimed at the business needs and the value proposition to customers. Thus the CRM benefits the company in lower customer acquisition costs, lower serving costs, higher customer satisfaction & retention and higher average customer value.
- Understanding causes for previous CRM project failures
  - Arises from the importance to analyze the causes for previous CRM project failures and thus to avoid future CRM project failures by considering the six general failure causing reasons:

- The assumption that CRM is a software tool that manages customer relationships for a company
  - The implementation of CRM before having a CRM strategy
  - A poor matching between CRM system and the organizational processes
  - The resistance from employees
  - Poor data quality
  - The low actionability of the information
- Operating of a CRM system/software
    - Arises from the fact that a CRM system is only successful when it is properly and efficiently operated by its skillful users.
  - Maintenance of a CRM system/software
    - Arises from the fact that customer information is an important pillar of every company and thus keeping a CRM system current and maintained is from high importance for a company for being successful.
    - Data cleaning
      - Arises from the desire to keep or increase the CRM effectiveness and thus the company performance by keeping all CRM data clean and on a high quality.
    - Data enrichment
      - Arises from the desire to refresh and extend all CRM data for keeping the customer data actual and accurate and thus to significantly increase the reliability of the CRM system.
    - Template and workflow review
      - Arises from the fact that a CRM system is strongly influenced by the end users experience and thus good educated employees, a good structured workflow and current templates are the key for a sufficient usability of a CRM system.
    - Authentication and automation pruning
      - Arises from the desire to prevent data flowing to undesired locations by conducting regularly CRM authentication and automation audits.
    - Security review
      - Arises from the requirement to keep the CRM system safe.
    - Performance tuning
      - Arises from the desire to ensure that CRM the software and system is patched and updated regarding performance.

Figure 6 visualizes the key factors influencing the Customer-Relationship-Management and their effects on a company.



**Figure 6: Key factors influencing the Customer-Relationship-Management (Carlesso, 2019)**

Companies are in general economically independent organizational units which through its activities pursue its corporate purposes and corporate objectives, which is achieved by producing and offering products on the market. As companies thereby need customers for their products, the customer plays a key role in the environment and interest of a company. In addition, the customer has a major impact on the achievement of the short-term and long-term corporate goals of a company. As a result, the relationship between customer and company plays a key role for a company to remain competitive in the marketplace and to pursue its business goals. Nowadays, many companies use CRM systems to benefit as much as possible from the customer relationships and thus to be able to achieve their corporate goals in the best possible way.

As figure 6 shows, have the key factors a significant influence to the Customer-Relationship-Management and its outcomes. Figure 6 shows that positive markedness' of these CRM influencing key factors have positive effects on a company. These positive effects are an important part of customer relationships and thus indirectly for the local and/or international competitiveness and economic success of a company.

Thus, in conclusion, the Customer-Relationship-Management is under the condition of the proper understanding, management, development, strategy, implementation, operation and maintenance a key success factor for international companies to become economically more successful.



#### 4. Recommendations

In order to remain competitive in the national and international competition, companies need to understand their customers well and intensify the relationships with them so that they can pursue and achieve their short-term and long-term corporate goals. Many companies today use for that so-called Customer-Relationship-Management systems with the aim to achieve this as effectively and efficiently as possible. That sounds very simple, but in fact it is a very complex intention. As the past shows, many CRM projects and implementations have failed due to various reasons (Sutela, 2016), (Karpus-Romain, 2019).

In order to prevent the failure of CRM projects and implementations, national and international companies should not underestimate the therefore required measures (Kowalke, 2016). Businesses should first gain a clear understanding of their business goals, customers, and customer relationships. This understanding should then be used to shape the interaction paths between the company and its customers in order to maximize the current and future value for the customer of a company. This requires a clear CRM vision and strategy, which indicates what and how the company wants to achieve with/through its CRM efforts and how it wants to orientate itself towards the customer. In addition, companies must create the conditions to create and synchronize company-wide linked prose and reward systems. For this, all departments involved in the CRM strategy as well as external expertise should be involved in order to achieve through a competent CRM project team the best possible output. This output should then be used to define and design the business processes. This would give the companies the possibility to evaluate the extent of customer centricity in their organizational processes. In order to support CRM activities, companies should have specialized capabilities for leveraging data and turning it into actionable information, which would allow the companies to act based on intelligence and thus to create competitive advantages for them resulting in increased economic success.

For successfully implementing a CRM strategy, companies should include the CRM implementation aspect into the CRM strategy and thus to consider it from the start of any CRM incentive (Kumar & Reinartz, 2018). Further, companies should be aware about the total required time for complete implementing a CRM system within the company and its Return-On-Investment.

Nevertheless, companies should consider the benefits CRM systems can provide to companies for being more competitive and economically more successful.

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