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BENEFITS OF CUSTOMER RELATIONSHIP MANAGEMENT  
(CRM) STRATEGY THROUGH CUSTOMER DATABASE  
Case Airtel Tanzania Limited & Professional Approach  
Group

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## BENEFITS OF CRM STRATEGY THROUGH CUSTOMER DATABASE

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The goal of this thesis is to elucidate the benefits that a company may achieve from employing CRM through its customer database. The thesis has two main parts, theoretical and empirical. The theoretical part of the thesis includes a brief introduction, purpose and objectives, information on database, objectives/benefits of CRM and strategies of employing CRM.

The introduction accounts for the background of the thesis. The purpose and objectives of the thesis is the next chapter, it explains the aim of this thesis supported by a conceptual framework which describes what it covers. The theory covers database with definition of database, what it consists of, desirable qualities of database and relation between database and CRM. It then entails the objectives/benefits of CRM. It also suggests three main strategies that a company can implement to employ CRM.

The empirical part supports the theoretical part with results from case companies. The main research problem for the thesis was 'how does the company use its customer database to realize its CRM strategy and related objectives?' The research was qualitative and used an online questionnaire. The analysis of collected information was done through a deductive approach. The results and analysis of case companies' response (questionnaire) are explained. The results from case companies are compared with the theoretical ideas and proposals.

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# 1 INTRODUCTION

## 1.1 Background of the thesis

Customer Relationship Management is a process that involves all facets of identifying customers, developing customer information, establishing customer relationship and molds their understanding/approach of the company and its products.

CRM is an interesting subject and this thesis aimed to focus its study on so as to learn more. The thesis based on how CRM can be employed by companies through their customer database. It was a specific topic that assisted in learning and writing more about CRM particularly on how it can be integrated with customer database to bring about benefits.

The scope of this thesis enabled to have an opportunity to acquire information on customer database. The information was useful and its relation with CRM was easy to understand. The subject of thesis was suitable as the more information acquired the more it became clear and interesting. This helped in maintaining writing and searching for more information

Two companies were chosen to be case studies for this thesis: Airtel Tanzania Limited, which is a business to customer company offering mobile phone services and Professional Approach Group a business to business company offering human resource management services. These companies have been chosen on the basis of their experience with CRM and their reliable customer database.

## 2 PROBLEM SETTING AND CONCEPTUAL FRAMEWORK

### 2.1 Purpose and Objectives

The purpose of this thesis was to provide information on the subject of CRM through customer database; it intended to describe the benefits that a company may gain by employing CRM in its operations through customer database. It also enumerates several strategies that a company may undertake through CRM. The thesis was informative on the chosen areas of topic and aimed at benefiting the case companies, its customers, students (who took part in the seminars or read the complete report) and any other person interested with the topic.

Objective of the thesis was to exhibit benefits of practicing CRM through an effective strategy of company's customer database. It also aimed at having a clear comparison between the empirical data (of the case company) from the theory (literature review). This provided a good basis to analyze the subject.

The main research problem for the thesis was 'how does the company use its customer database to realize its CRM strategy and related objectives?' It focused on the objectives that a company sets and benefits it achieves through integrating CRM in its general strategy.

## 2.2 Conceptual framework

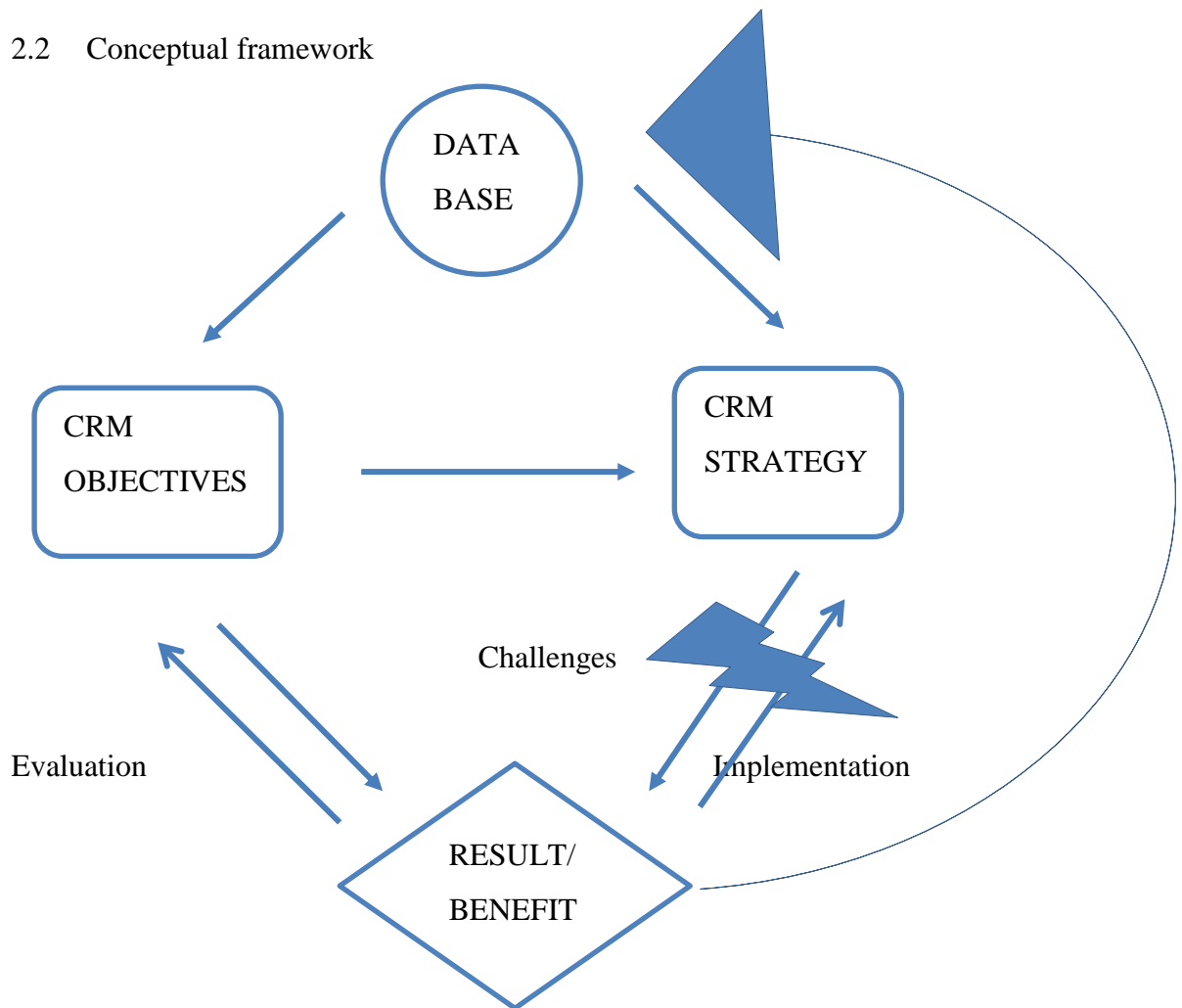


Figure 1. Conceptual framework. Database relation with CRM.

Conceptual framework illustrates what the thesis covers. Customer database is an essential tool for CRM application. A company has to maintain reliable and relevant customer information for effective CRM implementation. CRM objectives through customer database rely on company's goals that they intend to achieve, be it customer loyalty, customer retention or increase customer profitability. Through these objectives company can then plan on the strategy to implement.

CRM strategy is formed based on the objectives. Implementation of CRM strategy in company will be realized through achieved results. The company has to adopt the CRM strategy wholly into its operations and not only depend on CRM system. The employees and partners of the company need to take part in implementation by being fully acquainted with CRM and its operations.

Evaluation of objectives will be through the results/benefits. The company has to set realistic goals and ensure that expenses of implementing CRM objectives and its system are to be covered by the profitable results. The benefits of applying CRM strategy have to overcome the incurred expenses during its operation



### 3 CUSTOMER DATABASE

Customer database is a collection of customers' information. It contains information that is necessary for effectiveness and usability of CRM system. Each company may have a different kind of database depending on operations and needs. Companies may have a data warehouse which is a large consolidation of data that is used in several departments for different functions. Data that is saved in data warehouse originates from different systems in the company from the past till the present. (Dyche 2006, 123.)

Customer database consists of broad data about individual customers or prospects, including demographic, psychographic and behavioural data. Customer's demographics may include age, income, family members and birthdays. The psychographics may include activities, interests and opinions. The buying behaviour may include past purchases and buying preference information. (Kotler & Armstrong 2003, 544.)

There is a difference between customer database and a simple mailing list. The mailing list contains names, addresses and telephone numbers but customer database contains more details. Customer database contains further information of customer including age, e-mail address, income level, preferred products, consumption rates, response to promotions and offers, values, lifestyle, life stage, family size, profession/occupation, competitive suppliers and status of current contract. The kind of information varies according to companies and their needs. (Armstrong, Brennan, Harker&Kotler2012, 443.)

Information stored in the database can originate from different sources/systems these include billing system, order and provisioning system, enterprise resource planning system, human resource system, web servers, marketing database, corporate financial packages and from external data providers. (Dyche 2006, 124.)

Customer touch points are also a good source of customer information, these points may include customer interactions with sales people, point of sale, customer expenditure, call centre system, websites check in, inquests made through phone, e-mail or other internet service, data from different surveys, payment methods, market analysis studies, complaints and opinions, orders and any other contact that company and customer may have. (Kotler & Armstrong 2003, 161.)

Data warehouse's capability of storing so much information from the past makes it possible for companies to monitor customer's habit over a period of time. It enables the company to make correct and profitable decisions in its operations and increases its ability to meet customers' demands and needs more appropriately and conveniently. (Dyche 2006, 126.)

Inability to combine all customer information from all sources can lead to having incomplete information on customers and this may result to incorrect decisions on handling them. All sources/systems of data in a company need to be collected and organized in a single system that all departments can have access to. (Dyche 2006, 126.)

To have an efficient and effective database company must ensure that it has skilled personnel, right database software, analytical programmes, communication links and computer hardware. The database system should be user friendly and available to all departments in company. An effective database should generate profit for the company that will cover its investment costs. (Palmer 2005, 522.)

### 3.1 Desirable Data attributes

Customer database needs to be reserved and managed well so that the users are able to acquire correct and appropriate data. There are several attributes that signify quality of data these include being correct, appropriate, shareable, transportable, timely and secure.

Data need to be shareable as various users may need to access the exact data at the same time. Customer information such as their profile may be needed in the marketing department when planning a campaign or offer and may also be needed by the sales department for activities such as introduction of new products. (Buttle 2009, 108.)

Data need to be transportable from where it is stored to the user. It has to be accessible to the user whenever and wherever needed. Electronic customer databases are vital for the modern day business environment as data can be needed at different places of the company. International companies with customers allocated in different parts of the world, producing multiple products which have several selling channels may face data transportation challenges. (Buttle 2009, 108.)

Data accuracy (correctness) is very important but may be very expensive to achieve. Data is collected, recorded, distributed and evaluated at different times. Some or all of these processes can be the origin of inaccuracy. These errors may be made in the initial stage of entering data such as keystroke mistakes. Wrong analytical processes may lead to wrong decisions. (Buttle 2009, 108.)

Data relevancy (appropriate) is the suitability of data for a specific target/function. It is important for the company to realize what decisions need to be made and the data that is required for decisions to be made adequately. In the construction of data management system for CRM purposes data relevancy is a basic demand. (Buttle 2009, 108.)

Timely data is data that is present when required by the user. It is important that data is available when needed so as to enable the company to make decision based on it. It should be present at the right time, if it is provided after decisions are made then it is useless and if it is available when it is not needed it becomes irrelevant. (Buttle 2009, 108.)

Data security is an important matter for a company. Customer data is an essential resource and can be a competitive advantage. It gives the base for provision of improved solutions to customers. Companies have to protect their data against loss,

damage or being stolen. The security can be both through physical and electronic hindrances. (Buttle 2009, 108.)

### 3.2 Database relation with CRM

Information that is collected in database from different sources needs analysis in order to be effective. There are different analytical models that a company can employ in order to make more fitting decisions. Customer relationship management (CRM) is one of the models that can be used to analyze the customer database. (Kotler & Armstrong 2003, 161.)

Database is inseparable from CRM, it is important that company is able to use information available in the database to realize its CRM application. Right information from database has to be used so as to attain specific solutions or reformations for business operations. CRM is made up of sophisticated software and analytical tools that coordinate customer information from all sources, evaluate it profoundly and employ the outcome to construct firm customer relationship. (Dyche 2006, 127.)

CRM enables companies to perform customer appraisal, which helps to determine customers that are responsible for most of their profit, prospect customers, how to tailor products according to customers' needs and individual customer communication. It helps it to have a better perception of their customers' needs and demands. This leads to improved products and services. (Dyche 2006, 126.)

CRM analysts establish a data warehouse in which they collect all the company's data. They then employ data mining techniques in order to get important relations and customer information from the warehouse.

Database supports four types of CRM – strategic, operational, analytical and collaborative. Analytical CRM is the way which a company can sustain a growing relationship with a customer through the customer's relation with the company. This indicates the ability of the company to record customer activities and happenings over a period of time, apply data from operational CRM system and from other external

sources. Analytical CRM's thorough view emphasizes on interaction with customers through channels based on maximization of appropriate two way and personalized communication. This provides the capability to achieve customer segmentation and implement customer interaction that is precisely one to one. (Buttle 2009, 95.)

Operational CRM automates and advances customer interaction and supporting business operations. CRM software applications facilitate marketing, selling and service activities to be automated and combined, so as to offer greater services, have profitable marketing activities and recognize potential sales. Strategic CRM focuses on obtaining and retaining beneficial customers, it largely depends on customer database so as to evaluate how to recognize, acquire and retain them. Analytical CRM mines the customer database for strategic needs. (Buttle 2009, 95.)

Collaborative CRM include partaking of customer data with company's partners; the intention is to improve the company, partner and customer value. Customer database is the ground for CRM strategy implementation. The competence of obtaining, improving, reserving, dispensing and employing customer database is crucial to CRM execution. (Buttle 2009, 95.)

### 3.2.1 Data mining in CRM

Data mining is an advanced analysis employed to dictate specific issues/occurrences in the database. It is usually used by data analysts to search for information in company's database with no hypothesis. It helps company to get new information from their database that improves their knowledge on operation and their customers. There are many data mining tools and algorithms that can be used but there are three relevant ones used in CRM.

Prediction; this method uses the past data to determine the future actions/conduct. It can suggest the next product that customer may buy based on his/her previous buying behaviour and that of other customers who bought the exact product. (Dyche 2006, 134.)

Sequence is another type of data mining; it is used to analyse a number of actions that take place in a sequence in order to figure out if customers behave in a specific order. It assists a company to assess customer's behaviour from occurrences taken into account from different data systems to determine a certain order. (Dyche 2006, 134.)

Association method analyses the occurrence of several similar things or happenings. It may be useful in determining things that take place consecutively. This analysis creates awareness to company on items that are bought together (example bread and cheese). The better understanding of likeness between customers and products, company can make better decisions on which items to discount or advertise and the customers to be targeted for particular items. (Dyche 2006, 134.)

### 3.2.2 Challenges of using CRM

CRM is a tool that can assist a company achieve its objectives but its application and implementation may not be successful to all companies. Company has to ensure that it exactly knows how it wants to apply the tool and to what extent. There may incur challenges initially, during or even later after its implementation. These challenges may include;

Lack of definition, CRM is a broad term and it is continuously developed; new technology, methodologies and ideas are always unfolding. This may lead to uncertainty on what to apply and where to begin for company wanting to employ CRM. Management can be uncertain on how to go about employing CRM and its effect on other company's operations. The general mistake is that companies become victims of management vagary by adopting the current tendency of marketing department wanting to have the newest technology. Another reason maybe many companies referring to customer service as customer relations without making any required transformations. (Newby, Nguyen & Sherif 2007, 111.)

Poor leadership, the leaders of CRM work usually do not have adequate strategic proposals or experience on CRM. They are being limited on developing certain activ-

ities instead of integrated it in the general strategy of the company. Another reason is that CRM is employed on technical needs instead of business needs. Successful CRM implementation requires a leader who has a good understanding and motivated to implement it. Management has to agree and dedicate to the implementation of CRM for it to succeed. (Newby, Nguyen & Sherif 2007, 111.)

Insufficient help from CRM vendors, these are providers of new tool/technology to company. In many cases they give priority to CRM features that associate with their products instead of explaining benefits of CRM in various parts of the business. Company has to be aware of the ground principles so as to yield full potential and integrating it in its strategic operations. It should also be aware of vendors that introduce CRM tool on the basis that it will solve all their customer problems. (Newby, Nguyen & Sherif 2007, 111.)

Disconnection of CRM vision and execution, this could be due to lack of effective research and proper planning prior to implementing CRM. Many of CRM activities are based on technicality instead of business approach. These projects do not usually have sufficient engagement and reinforcement from top management. The performances of these projects are usually unsuccessful from inadequate support from senior management, insufficient project management or lack of skills. (Newby, Nguyen & Sherif 2007, 112.)

Rising standard of CRM excellence, with the development of technology, market is quickly changing and becoming so competitive. Customers are more involved and competition gets stiff with time. Companies have to strive to last in the market and to surpass others so as to prosper. If these challenges are not perceived, companies that hasten into executing CRM will not succeed. (Newby, Nguyen & Sherif 2007, 112.)

### 3.2.3 Successful CRM

To achieve successful CRM implementation, management must ensure that they have carried out research in both the industry's best experience and the adaptation

ability of their organization of the new application. There are several attributes that may lead to a successful CRM application;

To know which customers to focus on; company has a strategy on how to use customer database and how CRM fits in their operations so as to determine segments to focus on, improve service delivery to beneficial segments, foster low cost operations choices for less beneficial segments and cross selling products/services to segments that have prospective of becoming beneficial customers. (Freeland 2003, 77.)

Focus on the objectives of customer knowledge management; company that focuses on customer knowledge management understands what it will do with the information in database. It may apply it to enhance its market share in a particular market, to foster usage of other channels in less beneficial segments, to determine product development or to cross sell products. (Freeland 2003, 77.)

Aim for an optimal mix of data-driven and human knowledge. Company innovatively integrates customer feedback into the evaluation of its sales, procurement and demographic data to accomplish the general view of customer. It also has to have a satisfactory reason to execute CRM apart from just technology enthusiasm. (Freeland 2003, 77.)

Manage the results; obtaining data into a warehouse is only the initial stage of operating customer relationship. These attempts are profitable if only they advance the company's financial profit or adhere to strategic objectives. CRM should be implemented with a clear defined scheme and the expected benefits. (Freeland 2003, 77.)



## 4 OBJECTIVES/BENEFITS OF CRM

### 4.1 Customer retention

With an effective relationship the company may be able to achieve legal, technological, economical and geographical bond with their customers. The relationship with customers is usually based on mutual trust and empathy. The bond is achieved through mutual beneficial efforts, dependence and risks, this way the relationship has greater possibilities of perseverance and firmness.

Companies are keen to maintain their current relationships because it is more beneficial to keep the present customers than to look for new ones. They also have to consider current customers that are not profitable. With this group of customers they should consider letting go instead of developing relations with. (Kotler&Armstrong 2003, 201.)

Customer retention has several benefits including revenue growth; it is mostly probable customers that are well satisfied with company's products/services will continue purchasing and even increase purchases for the products. Such customers are expected to contribute more to company's profit as the relationship continues to grow. Lower cost is another benefit; the cost of acquiring new customer can be five or six times more than that of retaining a current customer. Acquisition of new customers is quite expensive as it reacquires activities such as advertising and sales. (Buttle 2009, 33.)

There are several analysis models that a company may use to ensure customer retention; behavior prediction is one way to analyze customers this can be through data mining of customers' information. These analyses include propensity to buy analysis which accounts for understanding which product a customer will probably buy. The second is next sequential purchase; in this analysis the company has to anticipate the next product/service that customer will purchase. Product affinity analysis is another alternation it concerns being aware of items that will be bought together with other

items. Price elasticity modeling and dynamic pricing, this analysis aims at setting the most favorable price for a product. (Dyche 2006, 32-35.)

It is important for companies to analyze reasons why customers leave; it will also help it in the future so as to determine current customers that may also be leaving in the near future. They have to come up with strategies to retain customers that are on the risk of leaving the company. (Dyche 2006, 32-33.)

#### 4.2 Customer loyalty

Segmentation of the market can help company to understand the most likely customers to establish long lasting relations with. These relations will help company to gain loyal customers who in the long run will assist it to gain more customers through a good reputation and word of mouth. Long term and satisfied customers will spread positive word of mouth about company's products/services. Word of mouth is one of most trusted information and it tends to spread to a large group of people. Customers then promote company's offerings on its behalf; this may lead to acquiring new customers. Company saves promotion costs and costs of acquiring new customers while gaining more revenue. (Armstrong, Brennan, Harker&Kotler2012, 23.)

Highly satisfied customers will prefer to do business with the same company that provides them with quality products/services and values them. They will not be so willing to go to other companies if they consider that the company is aware of their changing needs/taste and are ready to invest in the relationship. Loyal customers can be very beneficial apart from forming a good customer base for the company they may also purchase more products with time. (Hansen&Hennig-Thurau 2000, 33.)

Loyal customers bear more certainty in the company; this indicates more stability in the customer relationship. This certainty can be conveyed by constant buying behaviour and tolerance in faults made by the company. Further certainty may be through rise in customer feedback, loyal customers are more willing to criticize, to fill in questionnaires and even be part of company's operations such as establishing customer satisfaction projects. There is more trust between companies and their loyal

customers thus agreements are usually more liable. (Hansen&Hennig-Thurau 2000, 31-32.)

Loyal customers may result to additional profit through growth of revenue and reduction in costs. Customer management is less expensive as the customer is aware of ordering/delivery activities that are usually on routine basis. The slight fall from complete satisfaction can result to a large fall in loyalty. Companies should know that the goal of customer relationship management is not just to provide customer satisfaction but customer delight as well. (Hansen&Hennig-Thurau 2000, 32-33.)

#### 4.3 Develop new products

New product ideas can be a result of listening and tending to customers. Company can be able to do this through customers' complaints, questions and suggestions. This may help a company to improve its current product or to make a new product that will meet customers' satisfactions and cater well to their needs. Company staff likely sales people or engineers may work with customers so as to implement their suggestions and ideas. (Armstrong, Brennan, Harker&Kotler 2012, 268.)

Customers frequently create new products for different uses on their own, companies can take advantage of this by producing these products and selling them. They can even present their customers with tools and resources to model their own products. This will provide them with a better perspective of how customers prefer the products to be. (Armstrong, Brennan, Harker&Kotler 2012, 268.)

They can analyze customer database and segment customers on probability of buying the new product. They may categorize their customers from those who will be early buyers to those who will wait till the product is accepted and purchased by many. Segmentation saves company unnecessary costs, as they know exactly which group of customers to reach and ensure good response rate. (Dyche 2006, 23.)

Customer database enables marketing department to plan marketing campaigns and promotions with a specific target of customers. Customer information can also help

the company to determine the preferable means of communicating these campaigns and promotions. It makes it easier for the marketing department to evaluate marketing campaign based on the response of customers.

#### 4.4 Attract new customers

Apart from retaining good customers, companies continually aim at increasing their number of customers. Obtaining a new customer means turning an interested prospect into someone who is convinced that the goods hold value for him/her. Companies look to form new relations which will be valuable in the long run and may be unprofitable in the beginning but yield high profits in the future. The expected benefits include possibility of cross selling, low costs of operations, positive word of mouth, significant retention rates and high volume of sales. (Wilson 2006, 40.)

Companies may search for new customers (prospecting) that are likely to create profit. This may be done through segmentation and targeting process. Customer segmentation may be used to analyze which customers to obtain through their potential profit to the company. These potential customers are the ones that company is most likely to serve better than their competitors. This segmentation is through the database of consumers. The information may be from internal sources or external sources. (Walton & Xu 2005, 965.)

Attracting prospects shows company's open and progressive view, which is usually considered a strategic competence. Having knowledge on potential customers and loyal customers is very important for CRM. Company's forward vision and application of CRM may lead to acquiring new loyal customers. (Walton & Xu 2005, 965.)

#### 4.5 Increase sales and profitability

Long term relationships established with customers can be of great value to the company. Satisfied customers tend to purchase more with time and may prefer to buy other supplementary products from the same company. Company incurs less cost

from such customers because they are not granted discounts (as new customers) and are less perceptive to price offers from other companies as they are content with their experience.

Companies have to invest well in profitable relations and end relations which are unprofitable in the long run. They can identify profitable customers through different methods such as customer life time value, potential value or competitive value (wallet share). Regardless of chosen customer value measure, it requires profound data analysis. It include information analysis on past customer behavior, support costs, product costs, customer profitability and channel used in order to determine the general value of a customer. (Dyche2006, 34-35.)

#### 4.6 Improve marketing and service capabilities

Improvement in customer perceived value quality through service/product performance will increase satisfaction and loyalty. The ability of company to satisfy needs and fulfill promises determines chances of retaining the customer. Company has to ensure internal and external customers are satisfied so as to increase profit.

Internal customers are workers, satisfied employees are more likely to perform their duties/responsibilities well and stay in the company. External customer is consumer of the company's products. This may not always be the case as a customer can be satisfied with company's offerings but move to other companies for other reasons such as interest to try something new/different, influence from others or other company's marketing activities.

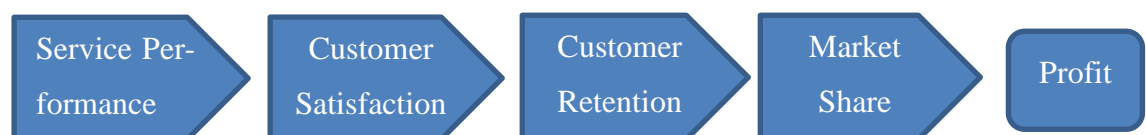


Figure 2.The Chain of Effects That Lead to Profit (Swartz &Iacobucci 2000, 229).

#### 4.7 Tailor/customization

CRM aims to form beneficial relationship between seller and buyer this can be done through segmenting customers or at individual level. The best way to accomplish this is by customizing the service/product so as to appeal and keep targeted customers. With CRM and customer database companies are able to offer services/products that meet precise needs of individual customers. (Walton & Xu 2005.)

Customization of products can be beneficial and expensive to the company. It enables company to have a competitive advantage and meet needs of customers more precisely but it also includes high costs of customization. Profitable customization is the one that costs of tailor made products will result to higher revenues than the invested capital and than any other strategy that would have implemented with similar magnitude of risk. (Walton & Xu 2005, 964.)

Customer database plays an important part in company's ability to perform customization. Company adapts to creating products that best suit customers. There are several areas that a company may employ this adaptation. Product/service is one area that it can customize to fit customer's needs and requirements. Price is another one whereby company can set the price at a level that customers will be willing to make purchase and still be profitable to the company. (Buttle 2009, 194.)

Promotion activities can also be tailored according to customer's behavior and preferred means of communication. Place is another factor, through delivery of product and point of communication. Companies can offer free delivery services to the profitable customers. Process is another are for customization, companies can work with their key accounts through a customized process for activities such as new products development or product innovation. Physical evidence can be a good way for companies to offer customized services through products colors, shapes and samples. Customization through people, company can have groups of employees (customer teams) that operate to serve needs of a key account. (Buttle 2009, 194-195.)

## 5 STRATEGIES OF CRM

Most companies have managed to collect a large amount of information about their customers but the real challenge is how to use it so as to cater to the needs of their existing customers and how to gain new customers. Great amount of data available for companies does not necessarily mean they are able to acquire benefits from it; few companies have been able to collect, study and use customer data to create business value. Even with availability of CRM software and other technologies for analysis, many companies are still unable to utilize these techniques efficiently. (Kim, Park & Dubinsky 2012, 83.)

There are companies that dedicate less effort into knowing their customers. This may be due to poor results in prior efforts like unsuccessful data warehousing strategies and failed efforts to convince sales personnel to record customer information. Many companies that intend to improve their customer understanding opt for confined scope, like customer profitability analysis or employ new analysis software. These attempts usually better the efficiency but less in the subject of understanding the customer. (Bose 2002, 95.)

Company, in which employees are well aware of their customers' behavior, needs and wants have a better understanding in their customers' reasoning. This understanding can lead to better customer relationship in every engagement with their customer. This increases customer equity that results to better margins. (Rowley 2004, 150.)

For companies to achieve the complete potential of CRM; assuring they acquire highest returns on investment and not to misuse resources on undesirable competence. They have to start integrating a strategic prospect into all their CRM attempts. There are strategies that companies can employ their customer database and understanding to generate value through CRM; these include customer, channel and brand.

These basic strategies are to be well understood by company before investing in any CRM project. (Freeland 2003, 14.)

## 5.1 Customer

Companies have to determine customers that they want to target depending on their business objectives and operations. Targeted customers have to be identified and analyzed before application of CRM. There are few companies that can actually realize profit from entirely serving each individual customer on their specific needs. Company has to analyze communication methods with selected segments. Segmentation of customers is practical for customer centric model of handling and improving customer relationships. (Newby, Nguyen & Sherif 2007, 106.)

Customer centricity model is based on segmenting customers in groups of matching characters/aspects and serve them appropriately so as to achieve high financial profit and offer customers valuable experience. It consists of six levels from complete product focus to complete customer focus. This model acknowledges that each company has a different position in the expanse that suits it better with appropriate combination of product and customer focus to improve customer loyalty without affecting its financial situation. Different parts of the expanse have specific requirements for people, process and technology. Establishing necessary demands will guarantee CRM ability to perform well so as to assist the company's operations in gaining and retaining customers (segments) that are significant to it. (Newby, Nguyen & Sherif 2007, 106-107.)

## 5.2 Channel

Channels in the past were fixed and distinctly different from the current situation. Current technologies such as the web, with fast speed and frequency may lead to present channels being unclear and completely new channels can be formed within a short period of time. This urges companies to assure that their channels strategies are up-to-date, appropriate and advancements of acquiring new channels do not harm



relationships with the present channel partners. (Newby, Nguyen & Sherif 2007, 107.)

A company should choose correct and efficient channels; this will be a great strategy. It has to analyze feasible channels that it can use. It then rationalizes the ones it should employ and how effectively it uses current ones. For significant changes and improvements of channels it has to carry out researches and focus on catering for the needs of the customers. (Newby, Nguyen & Sherif 2007, 107.)

A company can apply the road map matrix which is a good way of comparing past business strategy with new business strategy. The differences that will be noted will assist it to have chances to execute. The past map shows present business channels and the new one show possible changes and other potential relations, positions and communication in the channel. Analyzing the two can lead to recognizing areas where channel is required and where there is disagreement. When company has analyzed well its market strength and value for all its channels it then achieves grounds for strategic plans and ideas. It is essential for company to prevent disagreements in channels. (Newby, Nguyen & Sherif 2007, 107.)

### 5.3 Brand

Brand strategy plays a great role in helping company identifying customers' behavior. Brand is more meaningful than a mere representation of a company, it is a good tool for capturing customers' ideas/insight. It covers customer's contact and experience with the company and its services/products. Company should analyze numerical data measurements to assist in their decision making concerning the brand. (Newby, Nguyen & Sherif 2007, 107-109.)

There are several features that contribute to a strong brand. These include differentiation; the products or services are superior and unique to that of the competitors. Consistency is another factor; company has to continuously deliver the same experience and value to its customers. Efficient interaction with customers is another factor, so as to deliver the expected services/products. (Newby, Nguyen & Sherif 2007, 109.)

A successful brand has several features that sets it apart from the rest, advertising is one of them. Advertising does not ensure a successful brand but how a company advertises itself can lead to that. It must focus on excellent feature/s that sets it apart be it its consistency, many years of operation or outstanding services. Its central focus should be on customers; it should cater to expectations and needs of its customers. Good relations with customers on a long term bases is essential for a successful brand. These relations have to be continuously nourished and strengthened. (Newby, Nguyen & Sherif 2007, 109.)

Companies have to devote and work hard on their brands. This can be achieved by discovering customers' needs, receiving feedback to improve their products, ensure workers have appropriate knowledge on brand and the company is well endowed to operate on the brand. They can yield much financial profit once they realize benefits of a strong brand. A company's recognition of brand leads to important part that CRM plays in branding. (Newby, Nguyen & Sherif 2007, 109.)

#### 5.4 CRM application choices

A company has to specify the correct alternative that suits its main strategy. The current technology, CRM applications can help companies in accomplishing their challenging objectives which are gaining new customers and retaining loyal customers. Companies can realize substantial profit through executing CRM and accommodating its capabilities. (Newby, Nguyen & Sherif 2007, 110.)

There are four essential features that a company should likely go through in implementing CRM strategy, this will help it realize its full potential. The first comprehends how CRM suits company's general business strategy, this includes approving company's expectations for CRM plan. The second is carrying out a complete valuation of current CRM competence to assist company perceive how effectively it employs these competence related to their competitors and industry in general. The third is creating a sound business case for CRM project that justifies a certain return on investment. The fourth is developing a plan that explains technical, process and

company components that have to be discussed in order to finalize CRM commencement. (Freeland 2003, 17.)

This strategic undertaking assures that the competences in CRM project are persistent with the company's objectives and consolidates operations that facilitate the company to accomplish its goals. Thus having large potential to render high returns through less costs and increased revenue.

## 6 RESEARCH METHODOLOGY

### 6.1 Research design

This research was descriptive; it was conducted so as to describe the benefits of employing CRM through a company's database in order to realize benefits. It aimed at acquiring valuable information from companies that have employed CRM. Data collection method used was questionnaire. The theory part of the project supported the assumption of the qualitative research method.

Questions in questionnaire were well defined, based on the expected response. The questionnaire had to be precise and well planned as to ensure that required data was obtained. It is also difficult to return the questionnaire again (to respondents) in case of needing additional information. For precise questions in questionnaire considered literature review and assistance from the project supervisor. (Lewis, Saunders & Thornhill 2003, 286.)

It was important to choose right companies to take part in research. Questionnaire was based on companies that have rich customer database and have employed CRM for several years as this would enable me to get general experience of implementing the system, challenges they faced in the initial stage and benefits. The formulation (choice of wording) and style of questions was simplified based on the respondents' knowledge and cultural background

In order to collect data that would guarantee all research questions were answered and expected goals are achieved, it focused on one main objective (the benefits of CRM); this helped in forming direct questions. Questions were formed to express if they required respondent's opinion, behaviors or attributes. Opinion variables focused on the respondent's perception and point of view on something. Behavior focused on what respondent does, including information such as what the company did in the past, what it is doing presently and what it is expecting to do in the future. Attribute variables focused on information about respondent's features/traits. (Lewis, Saunders & Thornhill 2003, 287.)

## 6.2 Research method

The research was qualitative due to nature of the project approach. The main tool that was used to collect and analyse research data was questionnaire. The questionnaire was unstructured and non-disguised; questions were open ended and respondents were aware of the objective of collecting data. Self-administered questionnaires were used; respondents completed the questionnaire on their own. Questionnaires were sent and returned through electronic mail (on-line questionnaires). It was a convenient method as it was not possible to meet respondents due to geographical barriers. It also helped to get the required information at the right time. (Lewis, Saunders & Thornhill 2003, 280-283.)

The on-line questionnaire was chosen for several reasons; respondents were well informed on the subject. This made it easier for them to answer questions and provide detailed information. Secondly, it was easier to communicate with them through electronic mail as it is fast and preferred method. Thirdly, the questionnaire had direct questions and reasonable number of questions. This helped to eliminate ambiguity and encourage respondents to complete it. The respondents were provided with a reasonable period of time to complete the questionnaire (4 weeks).

## 6.3 Population and sample

The target population was companies that have employed CRM in their operations through customer database in Tanzania. It was important for the company to have several years of operation with CRM in order to get detailed information. Customer database of company was expected to have sufficient information about their customers, as the more information the better customer relationship establishment and CRM application.

The sample was selected based on judgement (non-probability sampling method). Experience and knowledge was used on selecting the companies to complete the questionnaire. It was essential that companies chosen would provide accurate and

reliable information. A small sample was required in the project and this helped in selecting companies.

#### 6.4 Creating the questionnaire

The questionnaire was based on the main research problem; ‘How does the company use its customer database to realize its CRM strategy and related benefits?’ It mainly focused on benefits/objectives that companies obtained from employing CRM in their operations. The content of individual questions was based on company’s objectives in using CRM. It was an unstructured questionnaire; all questions were open-ended. This was to ensure that respondents were free to explain as much as they preferred and it helped to get additional information. Questions were neither suggestive nor implicit so as to enable respondents to answer according to their views. Questions were direct in order to avoid double entendre.

Wording of questions was simple and clear, avoiding ambiguity or wrong interpretation. The question sequence was set that short and simple questions were placed first followed by questions that required more information. Questions that related to each other were placed consecutively. The questionnaire was sent to the respondents with a cover letter that explained the objectives of project, reasons of choosing the company, period of time to complete and contact information.

#### 6.5 Data collection and analysis

##### 6.5.1 Data collection

In order to guarantee good response rate, respondents were notified sometime before sending the actual questionnaire. This was to make sure that they were willing to take part in the project and prepare enough time to complete it. Respondents were also allowed to be anonymous if they considered information required to be sensitive for their business operations. This also helped to make them comfortable and willing to provide information.

After submitting the questionnaires to respondents there were several follow up electronic mails. The initial electronic mail was to acknowledge company that completed questionnaire in a short period of time and to encourage the other to complete it. The next follow up electronic mail was after three weeks and specifically to the respondent that did not complete the questionnaire, it was sent with cover letter and questionnaire. (Lewis, Saunders & Thornhill 2003, 311-312.)

### 6.5.2 Analysis

Analysis of collected information was done through a deductive approach. The theoretical part of the project had influenced creation of questions in the empirical part. The theoretical part helped to have a foundation, means of comparison and analytical base for this research. In order to construct a theoretical framework analysis of essential factors, constituents, subjects and issues in the project research and the expected connection between them is required.

Pattern matching is one approach of analysing data. It includes anticipating the results in a certain way according to suggestions of the theory part. In this approach it is required to set up an analytical foundation through the acquired literature review, and then assess suitability of the foundation as a way to describe findings. If collected information is similar to the anticipated analytical foundation then it is considered valid. (Lewis, Saunders & Thornhill 2003, 390-391.)

Explanation building is another way of analysing data; it includes making efforts to construct explanations whilst collecting information and evaluating it. It still evaluates theoretical ideas and proposals although in a repetitive way. Explanation formation process is outlined in the following phases; designing a theoretically focused proposition which will then be analysed is the first phase. The second phase is carrying out data gathering through a case company so as to examine relation between collected data and theory suggestions. If required, theoretical suggestions may be rectified due to information obtained from data collected. The next phase is collecting information from another case company so as to relate it with the improved theo-

retical suggestions. If it is essential additional corrections may be made from the results of second case study. More repetitions may be made till a sufficient interpretation is obtained. (Lewis, Saunders & Thornhill 2003, 391-392.)

## 6.6 Validity and reliability

### 6.6.1 Validity

In order to collect data through the questionnaire pre-testing was important. This was done to ensure respondents will not face any difficulties when completing it and when analyzing results. Testing the questionnaire helped to get validity of questions through the appraisal. It also helped to realize if required data will be obtained. In pre testing the questionnaire respondents gave their opinions on representativeness and appropriateness of the questions. The recommendations received helped to make essential changes in the questionnaire that enabled to achieve content validity. (Lewis, Saunders & Thornhill 2003, 308-309.)

It is important to test the questionnaire before sending it to the actual respondents so as to know how it will be perceived and the possible response rate. As research was based on two case companies, the questionnaire was sent to few pre-respondents so as to get their evaluation. Part of testing for the validity included respondents understanding all questions and providing right answers. It also enabled to know how long it would take to complete, precision of the instructions, certainty of all questions, if the layout was appealing, any questions that they were hesitant to answer and if they have any major comments/opinions. (Lewis, Saunders & Thornhill 2003, 308-309.)

### 6.6.2 Reliability

Reliability of the questionnaire mainly focused on the conformity of response of questions. There are three ways of testing for reliability. Test re-test appraisal of reliability is through relating information collected from the same questionnaire in similar settings. This required the respondents to answer the questionnaire again (but af-



ter a certain period of time). It is quite difficult to convince the respondent to answer the same questionnaire again and if it is after a long period of time it is unlikely that they will provide same answers. (Lewis, Saunders & Thornhill 2003, 309-310.)

Internal consistency is another method; it includes relating the responses to every question in the questionnaire with other questions in the questionnaire. It measures conformity of responses in all the questions or part of the questions from questionnaire. (Lewis, Saunders & Thornhill 2003, 310.)

Alternative form is the third method; it includes relating the response to another similar questions or set of questions. This method involves using check questions which are usually longer. It may be at times difficult to get questions that are not exactly the same but lead to similar response. (Lewis, Saunders & Thornhill 2003, 310.)

## 7 RESULTS AND ANALYSIS OF CASE COMPANIES

### 7.1 Airtel Tanzania Limited

Airtel Tanzania Limited is a mobile phone operator. It was established in October 2001, with its headquarters in Dar-es-salaam. It offers a wide range of services to its subscribers at local rates in East Africa including GPRS services (internet, wireless application protocol and Multimedia Messaging Service), mobile top up, Short Message Service (SMS) information services, prepaid plans, postpaid plans, international roaming, local and international text messages, 24-hour customer care Centre and value added services that come as standard package in their network. (Website of Airtel Tanzania Limited)

The core competitive advantages of the company are affordability, coverage, quality and value. The company values feedback from their customers as it assists them to improve services and products they offer. Its products and services are affordable as they focus on serving customers from all ends of life. It is one of mobile phone operators with vast network coverage within the country and outside. It offers quality products and services so as to ensure customer satisfaction and retention. (Website of Airtel Tanzania Limited)

The company began employing CRM in 2005. It has two different databases, Sim registration database and Airtel money database. Airtel money is the service that enables customers to manage money from their mobile phones wherever they are and at any time they please. This service can be used for cashing in or out, bill payment and bulk payment. They have Airtel agents that deal with these services and also through bank's services (Automated teller machines). (Website of Airtel Tanzania Limited)

Information that is collected in the database include customer's full name, date of birth, place of birth, physical address, ID type and ID number, alternative contacts (optional), nationality and occupation. The company obtains all this information through different ways, one being registration form which customers fill initially when they start using their services. Retailers, distributors, Airtel money agents

country wide are other sources of customer information for the company. Touch points are also good source of customer information. These touch points include shops, call center and electronic mails. (Website of Airtel Tanzania Limited)

Before implementing CRM strategy the company had to ensure that employees are well aware of the strategy and CRM subject in general. They arranged trainings, refresher trainings, getting them involved in the user acceptance tests and updating them on the progress of installing the system. They made sure that employees are acquainted and involved in the whole process so as to prepare them for CRM, to know customer data that needs to be collected and how to store it. They also provided all employees access to the same up-to-date customer information.

#### 7.1.1 Objectives for CRM implementation

The company had three main objectives for implementing CRM. To manage service levels to all customers was one of the objectives. It wanted to ensure that their customers' needs were appropriately met. They aimed at improving their services and ensuring that their customers are well satisfied. This also included giving priority to most valued customers, dealers and corporates so as to maintain long beneficial relationships.

Proper task management program/trouble ticketing tool for recording all customers' requests and complaints with an inbuilt escalation process; so as to control and measure turnaround times that will increase customer satisfaction. The company required a system that would enable all the information regarding customer's requests, complaints and any other interaction to be documented and available to all employees. This was intended to reduce escalation period and ensure customer's request/complain is dealt with in the shortest period of time and with the right person.

Single point of interaction for employees serving customers, this was another objective for implementing CRM. The company wanted a systematic and appropriate collection of data that is available to all employees. CRM was employed so as to assist it to make good use of information collected and enable employees to use the data

when communicating/serving the customer. Data was to be integrated as they had two different databases. This was to maintain good relations with their customers by being aware of all their activities with the company.

### 7.1.2 Challenges of CRM implementation

The company faced some challenges in the beginning when implementing CRM. System integration was one of the challenges, as they operated on two different databases they had to integrate them in order to employ CRM. Data migration led to some faults and loss of data.

Employees were interested with end results (benefits) and had less effort in collecting more customer data so as to earn good results. The company had to encourage them to collect and record customer information at every point of interaction. Employees were initially expecting implementation of CRM to improve their services without giving priority collecting customer data.

Provision of services to all customers nationwide was another challenge that the company faced during the initial stage of implementing CRM strategy. Some of external sources of data were not accurate example the dealer list, other dealers were missing in the list this led to missing the opportunity of promised prioritized services to customers.

### 7.1.3 Benefits of CRM implementation

There are several benefits that the company acquired from implementing CRM, customer retention being one of the benefits. It was able to retain most of its customers as CRM helped it to have a better understanding of customers leading to providing better products and services. This has been achieved through classification of data, whereby company segmented their customers' region wise and their value (average revenue per user). Through classification of data the company was able to evaluate profitable customers to non-profitable.

Increase customer satisfaction was another benefit, the company was able to give priority routing of calls to customers calling the call centre, priority queue in specific call centres and retention campaigns to particular segments that are profitable to the company. It also had different channels where it obtained customer feedback regularly; this was through call centres, shops, retailers, distributors and electronic mails. This feedback helped them improve even further in the services and products provision.

Increase in customer communication; through segmentation activities it was able to create personalized outgoing Short Message Service (SMS) and calls to specific segments leading to customers being more responsive to their offers and new products/services. It has acquired different Interactive Voice Response (IVR) message for each segment whenever they call to call centre through specific queue. This improved IVR system enabled the company to gather information about customer including last purchase, status and complaints through voice recognition. It helped the employees to know how to handle customers better and provide superior services.

Increase customer loyalty was another benefit that the company obtained from employing CRM. The special retention activities to segments helped company increase loyalty. It was able to conduct retention activities to customers considered profitable. The company also practiced customer differentiation activities aiming at providing good customer experience and ensuring availability and accessibility to all its call centres and shops.

Saving time was another benefit achieved; employees had a single point of view in all customer interactions as two databases were integrated. This improved customer's communications with the company as employees were well aware of all customer's activities and interactions with the company. Gaining customer's records and their status was easy and readily available; employees did not face work in progress or pending information challenges when they needed customer data. This saved time and improved customers' satisfaction.

Increase in customer profitability is another benefit the company achieved. With increase of loyalty and retention the company was able to increase its customer base

and profits in the long run. It improved its communication with customers and this led to ability to receive feedback, giving it an opportunity to keep on improving. The customers' information such as profile, last activity date, average revenue (per customer) and response to offers/new products enabled it to determine right customers for specific products/services.

#### 7.1.4 Evaluation of CRM implementation

The company had to ensure that implementation of CRM was beneficial and it met the expectations. CRM implementation was assessed by analysing data and the set action plan, the company was evaluating how well data was analysed and put into use. They also obtained feedback from employees that were using this data for different purposes involving customers. This assessment was very important because it enabled the company to analyse importance of using CRM and decide to continue using it or employ another system. Assessment also helped to analyse the costs of implementing CRM from the acquired benefits.

## 7.2 Professional Approach Group

Professional Approach Group was established in September 2007. The company initially offered human resource management services including: providing right knowledge, skills and attitude for ownership, accountability, strategic leadership and entrepreneurial pursuit. It intends to achieve tenacious, professional, ethical and result-driven work force. The company has a wide range of customers including big organizations in bank and microfinance institutions, communication firms, consulting firms, media firms, Non-governmental organizations (NGO) and education, manufacturing, mining firms, logistics firms, insurance firms, hospitality industry, entertainment and security. (Website of Professional Approach Group)

The company currently operates in four main areas; Professional Approach Development is one of the parts. It mainly deals with organizational training and recruitment consultancy. In organizational training the company offers practical business solutions through training that is customized according to the organization's needs

and appropriate to the Tanzanian business environment. Recruitment services involve; recruitment and selection of workers for different organizations according to their requirements and values. It sources for the candidates, evaluate them and select the best applicants for the desired position. (Website of Professional Approach Group)

Professional Approach Business Centre is another service the company has been offering from 2012. This entity is responsible for assisting the growth and success of SME businesses. It offers business planning services, facilitate financial assistance, financial management and accounting services. It also offers serviced offices to rent; these offices are well equipped, at good locations and with flexible lease agreement. (Website of Professional Approach Group)

Professional Approach Legal is another area of service; the company provides labor relations, company secretarial, governance and compliance services. It provides five important client support attributes. These include conducting pre intervention assessment to ascertain source, nature and gravity of concern, building institutional capacity to foster relationships that encourage communication and avoid disputes, on arising disputes that have to be legally resolved they avert from courts through mediation or arbitration. The company provides continuous evaluation and feedback to client organization relationships, communication, dispute resolution and governance policies and they evaluate all processes with good observation of ethics and professionalism.(Website of Professional Approach Group)

Professional Approach Contact Centre; established in 2011 is another entity. It offers human resource and institutional capacity building business process outsourcing of customer service, telemarketing and technical support in function expertise. (Website of Professional Approach Group)

The group began implementing CRM five years ago. It has a single integrated database. The information collected in the database include customer's profile, location, sales per week, name of outlet, channel of outlet and type of outlet. The information is acquired from the company's operations with the customers and from external sources.

### 7.2.1 Objectives for CRM implementation

The main objectives were satisfying the customers' needs, building brand loyalty and increase customer base. In satisfying the customers' needs the company aims at providing best possible service and to stand out from its competitors.

Building brand loyalty was another objective; the company had a large share of customers but not all customers were loyal to the brand. It wanted to be the top brand in priority when customers were in need of services they offer. With existing and new competition the importance of loyalty became significant.

Increase customer base, the company was growing and they expanded their services as well. It needed to have a wide customer base to offer these services to. It required assistance on how to gain new customers and retain them. It also needed to maintain the growing customer base.

### 7.2.2 Challenges of CRM implementation

Aligning customer needs with the company's goals; this was a challenge for the company. In the initial stages of implementing CRM the company had set its goals and strategy on how to carry it out; but it faced some difficulties as customers were not ready to cooperate completely. Some customers were not ready to share some of their data such as financial information or they provided incorrect data this hindered the effective implementation of CRM.

Over-promising; this was due to high expectations of the results of CRM with poor implementation. It was not able to fulfill the promises to customers due to lack of enough customer information, unreliable external sources of data and poor implementation of CRM. It expected quick changes and improvements in their customer relations.

Identifying customer needs; the company's objective was to recognize the needs of customers so as to improve their services. They had not prepared well for CRM im-



plementation due to lack of relevant customer data, not all employees were aware of CRM and over-expectations of the results. This led to poor performance and results on the initial implementation of CRM. It was also a good way for the company to realize how to implement CRM better.

### 7.2.3 Benefits of CRM implementation

The company obtained several benefits from CRM implementation. Improved customer loyalty was one of the benefits; the company has been able to achieve loyalty through practicing customer differentiation. Through data mining the company has been able to realize customer needs and improve their service. It has also identified their customers' location, purchase activities and other important information that enables it to serve them accordingly while increasing profit and growth.

Competitive advantage; the company earned a competitive advantage from employing CRM. It was able to attain correct information from the customers. This has led to improved communication with customers through right media and preferred approach. This has helped the company to promote, innovate and gain new customers. These benefits achieved gave the company a competitive edge.

Improvement of the company's reputation; through an effective implementation of CRM system the company's services and offerings were improved. The customers were satisfied and spread positive word of mouth to other companies. This led to a growing number of new customers from different parts of the country. The company has now been able to offer its services to other regions.

### 7.2.4 Evaluation of CRM implementation

The company had to evaluate the implementation of CRM so as to decide if it was beneficial or not. It conducts an independent audit on customer satisfaction twice a year through an outsourced company. This audit is done by another company so as to get an evaluation from outside looking in, that way the assessment is completely ob-

jective and unbiased. It carries out this audit twice a year so as to obtain accurate evaluations and measure its improvements.

## 8 SUMMARY AND CONCLUSIONS

The purpose of the thesis was to describe benefits of employing CRM in a company's operations through customer database. It accounted for an efficient and appropriate database and sources of such information in it. It included database relation with CRM and how they depend on each other so as to obtain significant results. It also clarified data mining tools used in CRM such as prediction, sequence and association.

There are several objectives and expected benefits that may lead a company to employ CRM. These objectives are mainly based on the company's needs. The benefits may include customer retention, customer loyalty, develop new products, attract new customers, increase sales and profitability, improve marketing and customization.

There are three main strategies choices that a company may select to implement whilst employing CRM. These strategy choices include customer, brand and channel. After choosing a strategy company then can plan on CRM that is appropriate for its main strategy. The company has to ensure that it employs a CRM system that will enable it to attain its complete potential.

The research was qualitative and used an online questionnaire. It was carried out by two case companies, Airtel Tanzania Limited and Professional Approach Group. This was done so as to ascertain if there are differences in implementing CRM. These companies were chosen based on their competence and experience with CRM. The main purpose of this research was to examine in contrast to theory.

The questionnaire was based on the main research problem. Questions in questionnaire were straight forward with a clear language. They were all open ended enabling respondents to explain as much as they preferred. Brief and simple questions were set in the beginning followed by complex ones. The questionnaire was sent to respondents with four weeks to complete it. This was to ensure that they had enough

time to complete it. Respondents were allowed to be anonymous in case they considered the information sensitive and might affect their business.

Analysis of the collected data was done through pattern matching. As the theoretical part assisted in creating the questions thus shaped how the results were expected. This way it was easier to evaluate the results and see if they matched the theory part. Validity of the questionnaire was done through pre-testing. This was necessary so as to assess if all the questions were clear and easy to understand. It also helped to determine if the needed information will be acquired and how long it actually takes to complete the questionnaire. Reliability of the questionnaire was done through internal consistency. This was through relating the answer with the question, conformance of the answer to the question.

The results from case companies were informative with valuable attributes. The first company, Airtel Tanzania Limited is a mobile phone operator. It started employing CRM in 2005. Prior to implementing the system it arranged trainings, user acceptance tests and informing on progress of system installation for their staff. It had two databases; sim registration database and Airtel money database. The objectives of employing CRM were managing service levels, proper task management and single point interaction for staff serving customers.

The company faced some challenges on the initial implementation phase, this included system integration. They had two databases and in order to implement CRM effectively they had to merge them, which led to some faults and loss of data. Another challenge was employees' less effort in collecting more customer information. Employees were interested in end results and gave less priority to data collection. Unreliable external sources of data affected the implementation of CRM as some of the information was incomplete and out of date.

They managed to deal with all the challenges and obtained benefits. Customer retention was one of benefits; they segmented customers and were able to offer better products and services according to the needs of segments. Secondly increase in customer satisfaction, they were able to work on customer feedback and realize which customers to prioritize. Thirdly increase in customer communication through person-

alized short message service, calls and interactive voice response. Fourthly increase in customer loyalty; this was through special retention activities to segments. Saving time was another benefit as staff had a single point of view of all customers due to integration of databases. They increased customer profitability through growth in loyalty and retention they were able to expand customer base and profit.

The company assessed the performance of CRM so as to check if the expected benefits were achieved and if the system was beneficial in general. This was done through analyzing how the information in the databases was used to bring about changes. They also got feedback from the employees using the data for different operations and customer interaction.

Professional Approach Group was another case company in this project. It mainly offers human resource management services. It began implementing CRM in 2008, with a single database. The objectives for the company to employ CRM include satisfying customers' needs, build brand loyalty and increase customer base.

They also faced challenges in implementing CRM; this included aligning customer needs with company's goals. Some of the customers were not ready to cooperate and provide essential information. Over-promising was another challenge; they had high expectations with poor implementation which led to poor services offered to customers. Identifying customer needs was also a challenge due to poor preparation and inadequate customer information.

The company was able to realize some benefits from CRM implementation. Improvement in customer loyalty was one of the benefits, this was through customer differentiation. The company was able to achieve a competitive advantage as they were able to promote, innovate and gain new customers through improved relations with their customers. It was also able to gain a better reputation as they improved their services and offerings.

The company needed to evaluate CRM system efficiency and its benefits. They employ another (external) company to assess the performance of CRM twice a year.

The company prefers to hire another company to perform this assessment so as to get accurate and unbiased results.

The results of questionnaire proved that CRM is an important tool for many Tanzanian companies operating in both business to business and business to customers. It assists companies in improving relationships with their customers. Although each company may have specific objectives for employing CRM they all are working towards improving their financial profit and increasing customer satisfaction.

## 9 RECOMMENDATIONS

CRM system has proved to be an essential tool for many companies and this has proved so in the two Tanzanian companies used as case studies for this thesis. Its implementation has not realized benefits to all companies. Through the results of case companies it was realized that several factors may challenge companies. These challenges may be avoided if company ensures all the necessary requirements for CRM implementation are met.

The company that wants to employ CRM needs to ensure that the employees are well prepared and informed. In the case companies used in this thesis not all the workers were aware of how CRM system operates. The employees can be involved through training, updating them on the progress of installation, performance reviews and user acceptance tests. It helps in reducing challenges in the initial stage of implementation. It also helps to encourage the employees to collect customer data that will lead to an effective CRM operation.

Company needs to have enough and appropriate information and be well prepared before employing CRM. Some companies have failed to achieve positive results due to poor preparations and high expectations. Companies need to understand challenges that they may face on employing CRM and strategize on how to overcome challenges that may arise.

CRM system needs to be integrated with the general strategy of the business. The company employing CRM should decide on the objectives and strategies prior to implementing CRM. After deciding then they can integrate CRM according to their strategy. Some companies employ CRM for technical needs and limit its functionality and this leads to poor results.

Single integrated database is essential as companies tend to have several databases and this may lead to confusion and unsatisfying services. If the company manages to establish a single database that is integrated in all departments then it can simplify

and improve its services to the customers. Each employee has all customer information and purchase history. This also helps company to serve customer as a team, as all workers will be aware of all interactions the customer has made with the company.

Reliable CRM vendors are important and play a part in the success or failure of the implementation. Most of the companies are introduced to CRM through vendors and at times these vendors do not provide all the necessary information and it leads to poor results or some companies declining on implementing it. It can also limit the company's ability of realizing the full potential and benefits of CRM.

Reliable database with appropriate customer information is another challenge for the companies. Many companies would like to implement CRM but they do not have sufficient information about their customers or the information is very old and likely unreliable. Employees in such companies are not encouraged to collect customer information and are not aware of the importance of such information. This makes implementation of CRM a challenge and likely to have poor results if they employ it.

Change management; most companies do not prepare their employees for changes such as implementation of CRM. Change management is the process and approach of managing people (individuals, teams and organization) from a current state to a preferred future state, so as to realize the required business outcome. Employees have to be aware on the reasons for employing CRM and how it will change (effect) their operations. This will prevent resistance to changes and lead to quick implementation.

Awareness and importance of CRM system to companies is still low. Not all companies are well aware of CRM and how it can benefit their operations. Some companies are aware of CRM but do not have sufficient information to convince them to employ CRM. There is a need to have seminars and workshops, journals, trade shows, websites and blogs that provide adequate information on CRM. This will create awareness and provide reliable and appropriate information. It will boost many companies to implement CRM and realize benefits.



Selection of appropriate CRM package that suits the company's operations is essential for effective implementation. This may occur when company decides to purchase a CRM system without conducting a proper research. This may also be due to purchasing a system based on what other companies are using without analyzing if the features of the package are suitable for company's needs. The package may not be adequate for needs of company or may be slow in its operation.

High expectations of benefits within a short period of time have led to failure in CRM implementation. Some companies are introduced to CRM through vendors/providers who magnify the expected benefits and underrate the costs that come with it. These costs may include training, consultation fees, planning, testing, replacing staff, data integration and documentation. This may result to low returns on investment.

Proper project design and management is necessary for efficient CRM operation. Company has to assess its operations to determine its weak points before implementing CRM. This will help avoiding further problems in implementation and improve it instead of using CRM to cover up the problem. This will assist it in the planning process taking into account documentation, integration and testing.

Efficient communication is important for informing the reason of CRM implementation to project management. Company has to ensure that all workers are aware of the changes, how those changes will take place and reasons of such changes. This effective communication has to continue throughout installing and implementation of the system. This will prevent resistance to change, slow adoption to new system and ensure compliance of policies and procedure.

Sufficient resources are essential for proper implementation of CRM. These resources include time, people, capital and technology. Some companies aim at saving costs by increasing employees' work load instead of employing people with right skills. They may also spend less on training activities for employees leading to poor performance. Lack of proper resources may lead to delays in implementation or failure in implementation, poor performance from employees due to long working hours over a long period of time and loss of time.

Top management dedication and involvement helps to ensure good results. Most of the time top management entrusts the CRM system implementation to lower management. This results in being unaware of important events, poor understanding of scope, size and technical side of the project and poor commitment of time and resources needed for profitable implementation. This usually results to failure of CRM implementation.

The increase in competition due to rise of new companies in many of the industries in Tanzania and elsewhere has led to CRM application in many companies. Every company is striving to achieve a profitable market share and attain a competitive advantage. CRM has become a popular tool employed for such purposes, companies are aiming at improving their relations with customers and staying ahead of their competitors.

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## APPENDIX 1

### Questionnaire:

1. What kind of customer information do you collect in your database?
2. What are your sources of data? / How does the company obtain information of the customers?
3. How do you classify your data?
4. Do you have several databases or have a single integrated database?
5. What are your touch points?
6. How do you use your customer database to increase customer satisfaction?
7. How do you use your customer database to increase customer loyalty?
8. How do you use your customer database to improve customer profitability?
9. How do you use your customer database in customer communication?
10. When did you start employing CRM strategy in your company?
11. What are your objectives for employing CRM strategy?
12. What kind of challenges do you face while implementing the CRM strategy?
13. What are the benefits of implementing the CRM system?
14. What kind of information do you need to identify and target the right customers?
15. How does the company practice customer differentiation?
16. How do you manage to get the employees' effective engagement in implementing the CRM strategy?
17. How do you assess the results of the CRM strategy?
18. Did you face any problems with the customers on the initial stage of implementation of CRM strategy?
19. Does the company use different channels to deliver their services/products? If yes, please mention them.
20. Do all the employees understand what customer data needs to be collected and how it should be stored?
21. Can employees access the same up-to-date customer information through different channels? If yes, please name the channels. If no, please explain why
22. Does the company have specific methods/channels for obtaining customer feedback regularly? If yes, please mention them.

23. Has the company faced issues related to personal data protection that may have prevented implementation of CRM strategy?

24. Generally is there anything that you would like to add in relation to objectives, strategies and benefits of CRM strategy through customer database?

Other information;

-Company background information

-Products and services

-Geographical area of operation and market

-Position of the respondent

-Name (if applicable)