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How effective are CRM investments of Australian enterprises? An investigation of senior management perspectives

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How effective are CRM investments of Australian enterprises? An investigation of senior management perspectives

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Southern Cross University

In partial fulfilment of the requirements for the degree of

Doctor of Business Administration

By Baharak Mohabbat Talab
Supervised by: Dr. Tania von der Heidt
Co-supervisor: Dr. Peter W Wong
Declaration of originality

I certify that the substance of this thesis has not already been submitted for any degree and is not currently being submitted for any other degree or degrees. I certify that to the best of my knowledge any help received in preparing this work, and all sources used, have been acknowledged in this thesis research.

Baharak Mohabbattalab
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Abstract

The customer relationship management (CRM) industry worldwide has seen overwhelming growth in recent years, as firms face pressure to keep up with their competitors, retain clients and improve results. The strength of a firm’s CRM rests on its capability to build and integrate the required resources, activities, and processes to manage customer relationships to create customer value. A widely-held view is that the best way to strengthen a firm’s CRM capability is by increasing technology resources within its technology capability. This is overly simplistic and ignores the valuable contributions that are made to technology capability by a firm’s human resources (e.g. employee acceptance) and business resources (e.g. strategic planning). Another problem is that little is known concerning the relationship between CRM technology and marketing capabilities and how they impact firm performance.

This thesis research aims to address these gaps, in order to provide a deeper understanding of (and certainty about) how technology and marketing capabilities may strengthen firm performance and enhance sustainable competitive advantage. Resource-based view (RBV) theory is drawn upon, as it emphasises that a firm requires a set of technology-related resources, as well as market-related resources, to develop its technological and market-related capabilities, respectively, to achieve its primary goals. With reference to the CRM literature, a general framework for CRM performance is developed, which integrates CRM technology capability with three higher-level marketing capabilities – market orientation, customer-linking capability and innovation capability. In exploring the CRM capabilities and the effectiveness of CRM as an investment, the focus is on Australian firms’ senior management’s perspective, i.e. management’s understanding of the strengths and limitations of their CRM, as well as how to maximise CRM performance.

Given the exploratory nature of the research and a focus on contemporary events, in-depth interviews were conducted with 18 key informants from 18 firms in Australia across 12 sectors (Financial Services, Gambling and Casinos, Retail, Computer Software, Music, Telecommunications, Food and Beverages, Higher Education, Pharmaceuticals, Facilities Services, Automotive, Logistics and Supply Chains). Thematic analysis and template analysis of the interview data was undertaken in
NVivo 11. Further, within case analysis and a within and cross sector analysis is used in order to investigate various aspects of CRM identified by the participants.

The findings reveal that the integration of CRM technology resources, human resources and business resources are crucial to assist in maximising CRM technology capability. In terms of marketing capabilities for CRM, support was found for the literature-based view that gathering and utilising customer data is a critical feature of an effective CRM system. Further, for CRM to succeed it must have many different departments working together. Most participants indicated that customer information should reside in one place and everyone should have access to that information. Finally, participants reported that their CRM contributes to ROI (return on investment) directly by generating new sales and indirectly by understanding the customer data and increasing the frequency of relevant communications. The new insights gained from the research are incorporated into an enhanced framework to transform CRM technology and marketing capabilities into firm performance. The findings of this research can assist Australian enterprises to better deploy a range of organisational and marketing resources and capabilities, in order to enhance their CRM systems and achieve more fruitful and long standing customer relationships.

**Key words:** customer relationship management, marketing capability, resource-based view of the firm, technology resources, human resources, business resources, market orientation, customer-linking capability, innovation capability.
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List of Abbreviations

BR             Business Resources
CA             Competitive Advantage
CLC           Customer-Linking Capability
CLV           Customer Lifetime Value
CRM          Customer Relationship Management
CC             CRM Capability
CT              CRM Technology
CTR           CRM Technology Resources
CTC           CRM Technology Capability
DC             Dynamic Capabilities
HR             Human Resources
IC               Innovation Capability
IT        Information Technology
MC             Marketing Capabilities
MO             Market Orientation
RBV           Resource-Based View
SCA           Sustainable Competitive Advantage
VRIO       Valuable, Rare, Inimitable, Organised
1. Introduction

This chapter ‘sets the scene’, introduces the core research problem and outlines the path that the reader will travel towards the thesis conclusion. As per Perry (2012), the research itself is explained in Chapters 2 to 5.

1.1 Background to the Research

This section provides a brief overview of the CRM phenomenon and describes the Australian CRM context.

1.1.1 The CRM phenomenon

Globalisation, increasing competition, demanding customers, maturing markets and industry convergence have forced firms to make changes in the way they compete. In the last decade, firms have been striving for greater levels of customer satisfaction, loyalty and retention (Johnson, Herrmann & Huber 2012). Successful firms strive for competitive advantage by creating the relationships with their customers (Navimipour, Rahmani, Habibizad & Hosseinzadeh 2015). Customer relationship management (CRM) is a strategy and processes of acquiring, retaining and collaborating with chosen customers that can enable a firm to achieve customer satisfaction, loyalty and retention (Soltani & Navimipour 2016). CRM engages the integration of sales, marketing, supply chain and customer service that enable a firm to deliver greater customer value (Giannakis-Bompolis & Boutsouki 2014). Through a CRM system firms can recognise, acquire and create a strong customer base by developing and nurturing mutually beneficial relationships with their customers (Navimipour & Soltani 2016). Furthermore, CRM improves market awareness, reduces costs and most importantly provides valuable information to enable data driven marketing decisions to be made which are designed to increase profitability (Kim & Kim 2009; Harrigan, Ramsey & Ibbotson 2011).

CRM can be understood from five perspectives – philosophy, a strategy, a process, a technology, or a capability (Zablah 2004). Definitions relating to each perspective are presented in Appendix 1 and are outlined below.
The philosophy of CRM holds that in order to establish strong relationships with customers, organisations must adopt a customer-centric outlook (Zablah 2004). Employees must endeavour not only to meet customers’ needs but exceed their expectations (Narver & Slater 1990). Retention of customers in this manner goes a long way in promoting loyalty. According to Javalgi, Whipple, Ghosh and Young (2005) this perspective is at the heart of CRM philosophy. CRM should be seen simply as a higher-order construct whose objective is to establish long-term, mutually beneficial customer relationships (Plakoyiannaki & Tzokas 2002).

The strategy outlook of CRM sets out to create and nurture long-term relationships with clients as a way of generating profits and increasing shareholder value (Payne & Frow 2005). It is, for the most part, a costly exercise. Attracting new customers is the most costly, where Ko, Kim, Kim and Woo (2008) claim it costs significantly more to attract new customers than it does to retain existing ones. In their article entitled ‘How to develop a CRM strategy’, Thompson and Nelson (2004) suggested that CRM strategy should encompass three ‘sections’: (1) Setting the destination for all of the firm’s CRM strategies by defining the vision of the firm and by setting the goals derived from this vision; (2) Assessing the current environment in terms of existing skills, resources, customers, competitors and shareholders all of whom should be consulted in order to determine a starting point; (3) Mapping the journey of CRM strategy implementation, typically three to five years, which for many participants may be more meaningful than the destination.

Viewed as a process, CRM focuses solely on customer interactions, which indirectly result in long-term, profitable relationships (Day & Van den Bulte 2002; Khodakarami & Chan 2014). Srivastava, Shervani and Fahey (1999) view CRM as a process that is made up of many sub-processes. For example, there are separate sub-processes for customer knowledge creation, customer segmentation and customisation. As a process, CRM activities follow the customer through their lifecycle with the firm (Parvatiyar & Sheth 2000; Khodakarami & Chan 2014).

In some quarters, it is used to devise technology-based solutions for customer management problems. To illustrate, CRM technology is often portrayed as being co-extensive with the holistic concept of CRM (Werner, Reinartz, Krafft & Hoyer 2004; Venturini & Benito 2015). Seeing CRM solely as a technology initiative is the principal reason for CRM failure (Kale 2004). Josiassen, Assaf and Cvelbar (2014)
suggested employees’ interaction with customers and firm employees, who direct
customer relationships, are needed to handle customer information.

CRM may also be seen as a capability (the nature of capabilities are discussed in
Section 2.2.3). Becker and Albers (2009) described CRM capability as an
organisation’s capacity to make effective use of its resources, activities and processes
to create customer value. Coltman (2007) developed a model of CRM capability that
represents continual investments in a combination of technical, human and business
capabilities. Coltman, Devinney and Midgley (2011) developed a model of CRM
capabilities that combines three lower-order capabilities – CRM technology resources
(CTR), human resources (HR) and business resources (BR) – to form a higher
capability, namely CRM meta-capability (‘superior CRM capability’). Similarly,
Rapp, Trainor and Agnihotri (2010) conceptualised a higher-order CRM capability
(CRM technology capability) as combination of CTR, HR and BR. The higher-order,
meta-CRM capability, which is of key interest in this thesis research, is discussed in
depth in Section 2.3. These and other models of CRM capability are presented in
Section 2.6.

The following definition by Payne and Frow (2005) captures all five above-mentioned
perspectives of CRM and is the one adopted for this thesis research. It is:

a strategic approach that is concerned with creating improved shareholder
value through the development of appropriate relationships with key customers and
customer segments, and requires a cross-functional integration of processes, people,
operations, and marketing capabilities that is enabled through information, technology,
and applications. (p. 168)

1.1.2 CRM Industry

The CRM industry worldwide has witnessed overwhelming growth in recent years.
Gartner (2016) reported that the CRM software sales globally topped $26 billion
dollars in 2015, up from around $23 billion in 2014, thus achieving a growth rate in
excess of 12% (as illustrated in Figure 1.1). Gartner predicted that the CRM market
would surpass $36 billion by 2017. Taylor (2017) noted that over 90% of firms with
12 or more staff now make use of CRM software. Borillo (2014) reported that firms
use CRM software to track the buying history of their current customers, identify
loyal customers, attract more customers and track data of individual clients to provide
individualised service.
Since 2011 more than 70% of businesses have increased purchasing on technology while only 2% of businesses have decreased their spending. CRM software continued to show the way in early 2017 with almost half of businesses intending to invest in CRM-related activities, not just to keep pace with their rivals but also as a way of boosting sales (Taylor 2017).

There are many CRM vendors such as Salesforce, SAP, Oracle, Microsoft Dynamics 365 CRM, SugerCRM, IBM, Adobe CRM, Act by Sage, Infusionsoft and NetSuite. Schaeffer (2016) consolidated the annual data reported by Gartner (2016) over the previous eight years for the leading CRM vendors (Salesforce, SAP, Oracle, Microsoft) (see Figure 1.2). There is a large gap between the top four vendors and those who come after.
It is anticipated that firms will continue to look to the CRM software market for their business solutions. For example, the Merkle Group Inc (2013) surveyed top-level executives in firms with an annual turnover of more than $1 billion about their company’s CRM initiatives. It was found that high-growth organisations are more likely than low-growth organisations to regard CRM initiatives as the key to their organisation’s success.

The maximum potential of CRM as a complete system is not often achieved (Reinartz, Krafft & Hoyer 2004). In a study by Chang et al. (2010), the authors reported that only 30 per cent of firms that installed CRM registered better performance. Khodakarami and Chan (2014) reported that many organisations continue to invest heavily in CRM initiatives but do not fully employ the potential of CRM systems to obtain customer knowledge. Even though academics have been conducting many studies about CRM (Araujo, Pedron & Picoto 2018), there is a dearth of concrete evidence to show the direct impact of these initiatives on the organisation’s performance (Krasnikov, Jayachandran & Kumar 2009; Coltman et al. 2011; Josiassen et al. 2014). In a recent study by Araujo et al. (2018), the authors concluded the relationship between CRM and organisational performance requires more research.
1.1.3 The Australian CRM context

Australian enterprises’ success is directly attributable to the quality of the relationships with their customers. CRM provides businesses with the necessary resources to nourish and grow all their business relationships. It includes the provision of appropriate sales and marketing software that together with team collaboration enables the firm to make the most of their CRM investments.

A survey by IDC (2008) found that the adoption of CRM technologies is increasing in the Asia Pacific region with Australia as one of the leading countries. A survey by Really Simple Systems (2012) has revealed that 66% of Australian businesses have adopted a hosted CRM system. The Ovum study (2011) cited by industry journal Enterprise Innovation revealed that more than half of Australian executives forecast an increase in their CRM software budgets as well as their overall CRM budgets due in part to the general state of the Australian economy (Sims 2015). Gartner (2016) also shows that Australia was the fastest growing market among the mature Asia Pacific countries, where application software revenue totalled AU$3.5 billion and grew 7.7% from 2012. In Australia, vendors such as Salesforce held more than a fifth of the almost AU$1 billion local market in 2015.

Recently, Telsyte Australian (2017) conducted a large data and analytics market study which found that Australian enterprises are enhancing their big data analytics capability by investing further in technology to update business processes and create new products and services: ‘the demand for high volume data processing and real-time intelligence is growing strongly as organisations struggle to keep up with an explosion of data’ (Telsyte Australian 2017). As shown in Figure 1.3, their maturity model, which categorises the market into the maturity levels of static, active, tactical, strategic, dynamic and optimised, found that most (63%) enterprises are at a low maturity level. Still, the rate of organisations with ‘strategic’ to ‘optimised’ Big Data maturity has risen sharply during the past two years.
Understanding CRM implementation requires clarifications of the most important theoretical issues as well as the issues related to practice and application (Stojanov 2009). Yet there is a lack of empirical research into implementing CRM systems in Australian enterprises, especially where it involves the combination of technology-related capabilities (Bhatt & Grover 2005; Mithas & Lucas 2010; Coltman et al. 2011). Empirical studies attempting to explain the success of CRM investment have failed to fully explain these relationships (Sutton & Klein 2006; Rapp, Trainor & Agnihotri 2010; Chang et al. 2010).

1.2 Research Problem

The previous section introduced the overarching area of enquiry into the effectiveness of CRM investments of Australian enterprises from a senior management perspective. The research problem dealt with in the thesis is:

How can CRM technologies be fully integrated and complemented by organisational and marketing resources and capabilities to improve firms’ performance?

To help address this problem, the following research questions have been formulated:

RQ 1. How and to what extent do managers in Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?
RQ 2. How and to what extent do managers in Australian enterprises integrate CRM technology capability and non-CRM marketing capabilities?

RQ 3. How do Australian managers perceive the customer lifetime value-related and financial outcomes they obtain through their current CRM (comprising CRM technology capability and non-CRM marketing capability)?

As a starting point to answer these research questions, a review of the literature concerning resource-based view (RBV) of the firm, CRM technology capability and marketing capabilities is provided in Chapter 2.

1.3 Justification for the Research

The research problem is important on four theoretical and practical grounds.

1. Lack of empirical research into CRM technology capability

The literature is relatively silent in terms of evaluating the links between CRM technology and organisational activities and firm performance. The majority view is that the best way to strengthen a firm’s CRM capability is by increasing its IT resource capability. This is overly simplistic and ignores the valuable contribution that should be made by a firm’s human and business resources. When it comes to CRM, the role played by an organisation’s human resources is more pivotal than that offered by the addition of IT resources alone. In striving to achieve world’s best practice a firm needs to possess world’s best people and in this case that means employees who are committed to the principles and mechanisms underpinning the effective use of CRM. Further, without appropriate organisational processes, human resources will not be able to synchronise their CRM and organisational requirements. There is a gap in the literature when it comes to finding support for this important suggestion.

2. Lack of empirical research into integration of CRM technology and marketing capabilities

Given the extensive use of IT within marketing nowadays, it is vital to discover the interface between the firm’s IT and marketing capabilities and demonstrate how these capabilities can strengthen firm performance and enhance a sustainable competitive
advantage. Further, it is critical to determine whether the integration of CRM technology capability with three essential marketing capabilities (i.e., market orientation, customer-linking capability and innovation capability) may improve firm performance.

3. Lack of empirical research into implementing CRM in Australian enterprises

Australian enterprises invest extensively in CRM technology, although Australian enterprises are not optimising their benefits, and implementing them is slow. There is also a lack of an empirical and systematic approach into implementation of CRM among Australian enterprises. This is where understanding of CRM implementation requires identification of the most important theoretical issues before issues related to practice can be addressed.

4. The significance of CRM investments in technology

As mentioned in Section 1.1, company investments in CRM systems are substantial and growing because businesses anticipate improved firm performance and enhanced competitiveness. Therefore it is important to know how well these investments have been made and whether there is room for improvement.

1.3.1 Expected research contributions

It is expected that this thesis will provide two major contributions to both theory and practice. The findings will:

- Provide a greater understanding of how the components of CRM are integrated. The general framework for CRM performance to be developed will clarify how, and across which, mechanisms the integration of CRM technology capability and marketing capabilities occurs to improve firm performance.

- Assist Australian enterprises to implement effective CRM activities to better deploy a range of organisational and marketing resources and capabilities, in
order to enhance their CRM systems and achieve more fruitful and long standing customer relationships.

1.4 Research Methodology

1.4.1 Research Paradigm

The methodological approach used to address the research problem and related research questions is introduced here, and discussed in detail in Chapter 3.

This thesis research is exploratory in nature as it sets out to document the effectiveness of CRM investment by Australian enterprises. This study does not attempt to test theories. The main purpose for this research is to understand the lived experience of the participants with respect to CRM adoption.

This thesis research is a qualitative study and adopts a realism paradigm within an interpretivist epistemology. Although, it has a more objective orientation than the subjective orientation. Similar to interpretivist paradigms, as noted by Donnellan (1995) realism is primarily inductive (i.e. theory construction and theory building), rather than deductive (i.e. theory testing and theory verification).

There remains much uncertainty about how CRM investment might improve Australian enterprises’ performance. Cross-sectional design is employed in qualitative research, typically by using semi-structured or unstructured interviews with a number of participants at a single point in time (Bryman 2004). Mann (2003) noted that cross-sectional studies take only a snapshot of the situation and so may provide differing results if the snapshot had been taken at another point in time. This research proposes to take a snapshot of the phenomenon studied within a particular time rather than seeking a longitudinal view. The current research is an explanatory study and is not concerned with measuring changes over time or establishing causal relationships. Rather, this study is interested in exploring the effectiveness of CRM as an investment in the eyes of senior management. Moreover, the investigator undertakes to establish to what extent management understands how to maximise CRM practice. Hence, a cross-sectional sample would be the research method of choice in this research.
There are some who would suggest that quantitative criteria such as reliability and validity be utilised to assess their worthiness (Angen 2000; Yin 2009). For each of the criteria that are the hallmarks of good qualitative research there are a number of tactics that can be used to ensure the integrity of the study. For example, primary data is being collected by interviewing the sampled respondents using a semi-structured format. The interviews are to be taped and transcribed later for data analysis. To ensure data integrity, a transcribed interview copy is to be sent to the participant for validation prior to data analysis. This is what Guba and Lincoln (1985) refer to as member checking and is a way of enhancing the credibility of the researcher’s findings.

1.4.2 Sampling

The current research used a combination of purposive sampling and snowball sampling. Specific to the current research, there were several desired attributes or characteristics of the participants, including:

- Individuals and firms that are extensive users of CRM and invest heavily in CRM technology.
- Individuals and firms who have participated or who are currently participating in or managing CRM activities.
- Individuals and firms located within Australia.
- Individuals in managerial or executive positions within the firm and who are involved with CRM in terms of day to day decision making.
- Snowball sampling is used because due to the sensitive nature of the CRM activities and intense competition among Australian enterprises, the target population was difficult to access.

1.4.3 Data Analysis Procedures

Secondary data were gathered through a widespread review of the literature, as will be described in detail in Chapter 2. Primary data were obtained from participants using semi-structured interviews. In preparation for data analysis, all transcripts were professionally transcribed and were reviewed prior to coding. Each transcript was reviewed while listening to the corresponding interview recording and any mistakes were corrected immediately in a new version, in which notes that were taken during
the interview were also integrated as pop-up dialogue boxes in Microsoft Word. Once all the transcripts were edited, they were subsequently imported into NVivo 11 for organisation and coding purposes. In this research, within sector analysis, thematic analysis and template analysis were chosen to analyse the interview dataset and develop coding.

### 1.4.3.1 Within Sector Analysis

Adopting ‘within case analysis’ strategy allows the researcher to cope with the vast amount of data which is often produced in the semi-structured interviews process (Richards 2014). Further, Richards (2014) also recommends that the within case analysis be merged with a cross case comparison to help researchers identify themes, concepts and relationships between variables. Therefore, the data analysis for this thesis research follows a within sector analysis merged with a cross sector analysis.

Further, Miles et al. (2013) clarify two different approaches when conducting a cross case analysis namely: case-oriented approach and variable-oriented approach. Adopting a variable-oriented approach is more relevant to current thesis research as the researcher identified a priori themes based on the literature review and intended to examine these themes and their interrelationship across the different sectors. Therefore, the researcher adopts a cross sector analysis with a variable-oriented approach which follows a series of comparisons and contrasts between the various sectors against key factors of interest for each of the major research questions.

### 1.4.3.2 Thematic Analysis

Thematic analysis is a flexible method that helps researchers search for common patterned meanings, stories and themes within a person’s interview (Boyatzis 1998). Moreover, thematic analysis is seen as a method that reflects the experience and reality of the participants. It also examines the way that experiences, events, and meaning can be socially constructed. This is consistent with the realism methodology chosen for this research. The research questions are the combination of individual experiences and perceptions of CRM technology capabilities and its integration with market related capabilities. In addition, the research questions focus on the capturing of existing practices that underpin the CRM technology capabilities and its integration
with market capabilities. The research questions also explore and address the factors that are thought to influence the improvement of firm performance. Therefore, thematic analysis is an appropriate analytical method for identifying the common patterns and themes within the coded data. Initially, the researcher used the thematic analysis that involved open coding of the individual transcripts in such a way as to allow for interpretative process.

1.4.3.3 Template Analysis

Next, template analysis was chosen to develop themes more in depth, especially where they relate directly to the research questions. The key endeavour of the template analysis is the development of a coding template based on the dataset that can be applied to further data, and modified and reapplied again (Brooks, McCluskey & Turley 2015). Template analysis allowed the researcher: 1) to produce an initial version of the template on the basis of the dataset along with the relevant literature, 2) to define themes in the initial version of the template, and 3) to use four or more levels of sub-themes to capture the richest and detailed aspects of the data. Hierarchical coding was used to analyse the texts at different levels and develop many levels of useful themes. Further, the researcher used parallel coding to classify the same section of the text within more than one code at the same level. This led to a new version of the template.

1.5 Delimitations of Scope

This thesis has several delimitations that were set to create boundaries around the research and make it manageable. There are two main ways in which the thesis research has been scoped:

Firstly, this thesis research focuses on Australian enterprises only. The two reasons for doing so are: 1) Australian organisations are extensive users of CRM technology and invest extensively in CRM technology (Gartner 2016); 2) To the best of the author’s knowledge there are no empirical scholarly studies into senior management perspectives of effective CRM implementation in Australian enterprises. Existing studies of CRM implementation (Coltman 2007; Coltman et al. 2011; Ang & Buttle 2005) have been undertaken in Australia, although none of these studies provided a
framework which integrates CRM technology with organisational and marketing resources and capabilities.

Secondly, the research focuses on the mechanisms that are shown to facilitate the effectiveness of CRM technology and the subsequent achievement of a firm’s performance goals. Data were collected by way of semi-structured interviews with senior managers of large enterprises in three Australian states – New South Wales, Victoria and West Australia. It was not intended to portray the findings as being representative of anything other than the views of those who constituted the sampling frame in this study. In view of these delimitations, the number of interviewees was not specified and so, consistent with a qualitative study, interviewing was terminated when no new information was forthcoming and the data collection process was deemed to be at saturation point.

1.6 Definitions

Researchers seldom state terms in a uniform manner. Hence, it is essential to offer operational definitions for this thesis. Main terms used in this research are defined in Table 1.1.

<table>
<thead>
<tr>
<th>Terms</th>
<th>Definitions</th>
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<tbody>
<tr>
<td>Capabilities</td>
<td>Refers to ‘complex bundles of skills and collective learning, exercised through organizational processes that ensure superior coordination of functional activities’ (Day 1994, p. 38).</td>
</tr>
<tr>
<td>Business resources (BR)</td>
<td>Refers to any move to introduce a new capability into the firm’s business plan (Powell &amp; Dent-Micallef 1997).</td>
</tr>
<tr>
<td>Customer relationship management (CRM)</td>
<td>Refers to ‘a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments, and requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications’ (Payne &amp; Frow 2005, p. 168).</td>
</tr>
<tr>
<td>CRM technology</td>
<td>Refers to an organisation’s utilisation of a broad range of...</td>
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resources (CTR) | technologies that can facilitate the creation and maintenance of strong bonds with its customers (Coltman et al. 2011).
--- | ---
Customer-linking capability (CLC) | Refers to the capabilities that allow the firm to understand customers’ needs and requirements and thus develop long lasting relationships with customers (Day 1994).
Human resources (HR) | Refers to the organisation’s intellectual capital as well as the knowledge and skill sets of its employees that can be related directly to CRM initiatives (Coltman 2007).
Innovation capability (IC) | Refers to organisational capabilities that represent the deployment of resources with a new ability to build value (Yang, Marlow & Lu 2009).
Marketing capabilities (MC) | Refers to ‘an organization’s repeatable pattern of actions to carry out the marketing-related needs of the business effectively’ (Chang et al. 2010, p. 850).
Market orientation (MO) | Refers to an organisational culture that includes three behavioural factors: 1) a customer orientation, 2) intelligence gathering, and 3) inter-functional coordination (Narver & Slater 1990).

*Source: Developed for this research*

### 1.7 Outline of the Thesis

This thesis research is offered in the five-chapter format as recommended by Perry (2012). Figure 1.4 presents an outline of the thesis.

*Figure 1.4. Outline of the thesis*

Chapter 1 - Introduction

Chapter 2 - Literature Review

Chapter 3 - Methodology

Chapter 4 - Data Analysis and Presentation of Findings

Chapter 5 - Conclusions and Implications

Chapter 1 comprises a background to the study, and a research problem. It also includes justification for the research, and the research methodology used. The
delimitations of scope and definitions of key terms are presented, followed by an outline of the thesis and a brief conclusion.

Chapter 2 starts with an introduction of the chapter and review of the first parent discipline of resource-based view. The researcher reviewed literature relating to the second parent discipline of marketing capabilities and an immediate discipline of customer relationship management. The literature reviewed helped to identify research gaps and research issues. Finally, a brief summary is presented.

Chapter 3 explains the research methodology adopted for the study and starts with an introduction to the methodology. In the philosophical stance the researcher explains different research paradigms and nominates constructivism as the most appropriate paradigm to achieve the objectives of this thesis research. The methodology of the thesis also justifies why a qualitative approach was adopted for the study. Thesis procedures are illustrated and justified followed by ethical considerations. Next, limitations of the semi-structured interviews are offered, and finally, a summary of the chapter.

Chapter 4 entails an analysis of the data collected from Australian enterprises. It starts with an introduction and profile of respondents. Description of the data analysis methods is presented. The next section relates the findings to the three research questions. Finally, a summary of the chapter is presented.

Chapter 5 begins with an introduction to the chapter and the conclusions about the research questions, followed by discussion of the research problem presented. Implications for theory and practice are also reviewed. In addition, the researcher explores delimitations and limitations of the research that may provide suggestions for further research. Finally, a summary of the chapter is presented.

### 1.8 Conclusion

This chapter laid the foundations for the thesis. It explained the background to the research (Section 1.1) and stated the research problem (Section 1.2). The research problem raised several main points regarding the most suitable mixture of capabilities to effectively exploit investment in CRM that this research seeks to answer. Consequently, the researcher formulated three main research questions. In Section 1.3
the significance of the research was justified. Then, research methodology adopted in this study (Section 1.4), delimitation of the scope (Section 1.5) and definitions adopted by researchers (1.6) were presented. Finally, an outline of the thesis was offered in Section 1.7.
2. Literature Review

2.1 Introduction

This chapter builds the theoretical foundation on which the thesis research is based. The objectives of this chapter are threefold:

1) To carry out a detailed literature search of domains relating to CRM, in order to understand the key theoretical and practical issues relating to the research problem: **How can CRM technologies be fully integrated and complemented by organisational and marketing resources and capabilities to improve firm performance?**

2) To identify gaps in the current literature, which in turn allows for the identification of a number of key research issues and questions. The relevant issues will be used to inform the conceptual framework of the present research.

3) To develop a theoretical framework that permits the researcher to conceptualise the study’s major variables and their interrelationships. According to Perry (2012, p. 17), a major objective of this chapter is ‘to build a theoretical foundation upon which the research is based by reviewing the relevant literature to identify research issues which are worth researching because they are controversial and have not been answered by previous researchers’.

This chapter follows Perry’s (2012) recommended approach and is presented in the nine sections, as outlined in Figure 2.1, ‘Resource-Based View’ is discussed in Section 2.2 and ‘CRM Technology Capability’ in Section 2.3. ‘Marketing Capabilities’ are covered in Section 2.4. CRM-related performance outcomes are discussed in Section 2.5, and Section 2.6 reviews five recent studies in the CRM literature which link CRM with marketing capabilities. While the literature makes significant contributions to an understanding of RBV, CRM technology capability and marketing capabilities, several material gaps are evident and these are identified and discussed in Section 2.7. The research questions and conceptual framework relating to implementing CRM technology capability are presented in Section 2.8. A conclusion of the chapter is presented in Section 2.9.
# Literature Review - Chapter 2

### Figure 2.1. Chapter Two Overview

<table>
<thead>
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<th>Section</th>
<th>Content</th>
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</tbody>
</table>
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- 2.2.2 Resources  
- 2.2.3 Capabilities  
- 2.2.4 Criticism of the RBV Strategy  
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| **2.3 CRM Technology Capability** | - 2.3.1 CRM Technology Resources  
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- 2.6.4 A Model of CRM Technology Transformation into Organisational Performance by Chang et al. (2010)  
- 2.6.5 A Model of Dimensions of CRM and Innovation Capability by Ghafari et al. (2011)  
- 2.6.6 Conclusions about Five CRM Models |
| **2.7 Research Gaps**         |                                                                         |
| **2.8 Conceptual Framework**  | - 2.8.1 Research Questions  
- 2.8.2 Conceptual Framework |
| **2.9 Conclusion**            |                                                                         |
2.2 Resource-Based View of the Firm

As illustrated in Figure 2.1, the theoretical framework for this research is the resource-based view (RBV) of the firm. This section explains what is meant by the RBV of the firm and demonstrates its application to marketing theories and ideas. This section covers definitions and related concepts and models of RBV, as depicted in Figure 2.2.

Figure 2.2. Overview of aspects of “Resource-Based View of the Firm”

2.2.1 RBV of the Firm – Definitions and Origins

A RBV of the firm promotes strategic management as a tool for examining the relationships between distinctive firm resources and a firm’s performance (Gibbert 2006). Historically, RBV has its origins in classical economics (Ricardo 1817). Ricardo introduced two major variables that constitute the outcomes of RBV namely: comparative advantage and economic rents. Comparative advantage occurs when one country can produce a specific product using fewer complementary resources to create the product than other countries (Sloman 2006). Economic rent represents the difference between the selling price of a product and its cost price (Harvey 1998).
This is particularly the case for products that are scarce or difficult to copy for rivals (Ricardo 1817), such as a strong brand image or an advantageous location (Collis & Montgomery 1997). It follows that the firm that can boast the possession of these factors is likely to secure a comparative advantage along with an increase in rent.

Penrose (1959) examined the modern foundations of RBV with his work named, ‘The Theory of Growth of the Firm’. Its longevity is testament to its relevance to today’s modern organisation (Nair, Trendowski & Judge 2008). For example, Penrose (1959) highlighted the importance of achieving competitive advantage. Others turned their attention to the value of creating economic rents (Kor & Mahoney 2004). The competitive advantage (CA) of a firm is a function of how well it can disseminate its valuable resources internally throughout the firm (Runyan, Huddleston & Swinney 2007). Another feature of the RBV of the firm is the concept of tacit information (Polanyi 1966), which refers to the information derived from unique experiences of its employees (Falconer 2006), and which makes attempts by rival firms to capture this type of information very difficult (Schneider & Lieb 2004).

RBV was developed into its contemporary form during the 1980s and 1990s and has been favoured by scholars due to its elegant simplicity (Kraaijenbrink et al. 2010). Central to RBV is that to achieve a sustained competitive advantage (SCA), a firm must not only acquire but control a unique set or sets of resources. The term ‘sustained advantage’ (SA) means when an advantage has been established, a firm is able to successfully resist its competitors’ attempts to erode that advantage (Porter & Kramer 2002).

An organisation’s resources can be categorised as physical, humanistic or how the organisation is set up in terms of its processes, policies and procedures (Galbreath 2005). According to RBV, any resources that do not contribute to the firm’s core strategic advantage should be outsourced (Schoenherr 2010). Nevertheless, RBV scholars have preached caution in that firms must ensure that resources should not be outsourced without first comprehending their impact upon the firm’s overall strategic advantage (Foss, Stone & Ekinci 2008). This is because in order to leverage competencies to achieve strategic advantage, organisations must first have the capabilities to exploit its resources (Newbert 2007).

In the context of outsourcing or collaborating with external parties, firms firstly need
to learn new skills or relearn new processes to ensure that they (the firms) do not lose any critical knowledge or the capability of developing new ones (Reitzig & Wagner 2010). Secondly, firms need to be cautious when selecting collaborators because only those who are competent will add to the firm’s strategic advantage (Foss et al. 2008). The external collaborator can be viewed as a potential valuable resource to the firm and therefore the relevant RBV criteria can be applied during the vendor selection process. Failure to do so might result in unintentional negative consequences to the firm and might cause the firm to lose a valuable asset, experience poor firm performance or damage its CA. Literature has shown that outsourcing failures has been attributed to incompetent and opportunistic vendors (Gorla & Lau 2010).

As a result of the review of the RBV literature, two factors feature prominently, and they are: resources and capabilities. Together, these two factors account for differences in a firm’s performance. Before looking at the contribution of resources and capabilities in achieving SCA for the organisation it may be useful to distinguish between these parallel variables.

### 2.2.2 Resources

Resources are defined as a ‘bundle of assets, capabilities, organisational processes, firm attributes, information and knowledge’ (Barney 1991, cited in Hooly et al. 1998, p. 99). They are the ‘foundation of a firm and the basis for a firm’s capabilities’ (Wang and Ahmed 2007, p. 35). According to Ray and Ramakrishnan (2006), the term ‘resources’ should initially be seen in the context of strategic management because it is a precursor to the subsequent discussion on capabilities. Per Ljungquist (2007), resources are vital to a organisation's value-adding process. Resources are the core of the organisation where all activities are constructed and are comprised of tangible and intangible resources. According to Wernerfelt (1989), tangible assets are composed of an organisation’s fixed and current assets. Intangible assets, on the other hand, refer to intellectual property (e.g. trademarks and patents), company networks, brand and reputation (Hall 1992). An organisation’s resources can be classified as physical, humanistic or how the organisation is set up (Galbreath 2005). The resource portfolio of the organisation showing different types of resources (Galbreath 2005) is presented in Figure 2.3.
2.2.2.1 Characteristics of Resources

Much has been written to describe the attributes that resources must possess if the organisation is to achieve high performance objectives (Chmielewski & Paladino 2007). Grant (1991) identifies four attributes of resources that, along with a firm’s capabilities, enables that firm to achieve sustained competitive advantage. These attributes include:

Durability, which represents a firm’s capability to sustain competitive advantage over the long term (Carter & Ruefli 2006).

Transparency, which holds that whenever a firm sets out to copy the processes of a competitor, it must initially establish the same capabilities that have contributed to the rival’s CA. This includes the identification of the resources needed to replicate these capabilities; however, this may be less obvious where a rival firm possesses multiple competencies and capabilities that interact to SCA.

Transferability, which points out the difficulties associated with acquiring the same resources and capabilities of a rival firm. These difficulties in transferability help safeguard the competitive advantage enjoyed by an organisation’s rivals.

Replicability, which refers to the degree a rival’s resources and capabilities are difficult to replicate. According to Barney (1991) these difficult to replicate resources
often exhibit one or more of the following four characteristics: rareness, inimitability, non-substitutability and value. These four core attributes are frequently mentioned as VRIN attributes (Eisenhardt & Martin 2000). As a result, VIRN became an acronym synonymous with RBV. In its later iterations, ‘organisation’ was added by Barney (1991), resulting in a newer acronym, VRIO (Schoenherr 2010). This change suggested that resources are increasingly mobile and hence non-substitutable. This turns out to be a situation that is rarely met. In addition, there was a requirement to reflect the significance of absorptive capacity (Cohen & Levinthal 1990). According to Herstad, Bloch and Ebersberger (2008) absorptive capacity refers to the ability to identify, assimilate and use external knowledge to enhance internal capabilities for commercial effects.

Further, a simplistic resource categorisation advance by Fahy and Smithee (1999) that involve three factors include: value, barriers to duplication and appropriability. The relevance of these factors for achieving SCA is explored in more detail as follows:

**Value**: Value to customers is an important component of CA (Fahy & Smithee 1999). Valuable resources have the capacity to contribute to increased levels of efficiency and, therefore, firm performance (Barney 1991). The utilisation of valuable resources can only occur if a firm maximises opportunities and minimises threats (Meso & Smith 2000). Barney and Wright (1998) suggest that when organisations either cut the cost of product or service offering or by differentiating themselves, value creation is accomplished. According to Fahy and Smithee (1999), resources that do not provide value to an organisation do not contribute to the achievement of competitive advantage.

**Barriers to Duplication**: Fahy (2000) cites three obstacles to duplication: imitability, non-substitutability and rarity. Rarity, is the most important attribute a firm needs to possess if competitive advantage is to be achieved (Barney 1991).

**Appropriability**: Kay (1993) stated that appropriability accrues when a firm is able to convert value to profit. Further, appropriability states that possession of a sustainable competitive advantage-enabling resource does not guarantee increased firm performance (Becerra 2008). For example, unexpected costs resulting from employee demands for wages and benefits diminish firm performance (Coff 1999). Ray, Barney and Muhanna (2004) suggest that the inability of a firm to create value from its
resources will result in reduced motivation to expend further effort to create value (Lepak et al. 2007).

2.2.3 Capabilities

In light of the above is a growing realisation that the possession of vital resources, in and of themselves, will not bring about SCA; they must create transformative processes that enable those resources into sources of SCA (Branco & Rodrigues 2006). One such transformative process involves the co-ordination of resources in such a way as to increase the capabilities of the firm (McGrath 2008). According to (Chan 2005) a firm’s capabilities determine what it can achieve by utilising human and non-human resources to achieve SCA. These capabilities are thought to be ingrained in the organisation’s culture such that they cannot be sold, traded or imitated without considerable difficulty (Ozsomer & Gencturk 2003).

Capabilities have been defined as ‘complex bundles of skills and collective learning, exercised through organizational processes that ensure superior coordination of functional activities’ (Day 1994, p. 38). There is a key difference between resources and capabilities as suggested by Grant (1991). As discussed earlier, resources like tangible assets (employee skills, capital equipment, patents and brand names) are, in and of themselves, not productive, but taken together constitute an organisation’s capabilities (Russo & Fouts 1997). According to Fahy (1996), organisations with high capabilities exhibit three key characteristics, including (1) fully developed capabilities which are idiosyncratic to a firm, (2) capabilities which are developed over a period of time, and (3) capabilities which are not easily transferable from one organisation to another. To reiterate, capabilities are the accumulation of a firm’s knowledge that enables them to perform daily processes effectively using hard-to-imitate skills (Day 1994).

A study by Galbreath (2005) concluded that amongst all resources available to firms, intangible resources have the highest and most important contribution to the firm’s success. Teece, Pisano and Shuen (1997), Day (1994) and Galbreath (2005) all agree that capabilities have within them high levels of causal ambiguity, which are effective barriers against imitation. Competitors face high levels of uncertainty when attempting to imitate due to lack of information, experience and knowledge bases as a
result of what Coates and McDermott (2002) refer to as ‘causal ambiguity’. The concept of causal ambiguity suggests that strategic advantages are not determined by any single asset under the firm’s control, but rather the result of the interaction of assets (McIvor 2009). This ambiguity makes it difficult for external entities such as competitors to either access or assess a rival firm’s strategic advantage. It follows, therefore, that firms seeking to gain CA need to bear in mind that the advantage only manifests itself or is more sustainable when resources are used in combination (McIvor 2009). Consequently, cultivating organisational resources such as its unique culture, innovative business practices and human resource management policies that promote learning can have greater impact on the success of firms because of their influence on the development of the firm’s capabilities (Galbreath 2005).

Vorhies, Morgan and Autry (2009) suggested that an organisation’s capacity to deliver its resources through its capabilities might be more important than simply utilising existing resources to drive performance. Therefore, the integration of the firm’s resources and capabilities has been acknowledged as advantageous to its competitiveness. In fact, judicious use of high-level capabilities can be used to overcome resource deficiencies and even outperform rival firms with similar resources (Morgan, Slotegraaf & Vorhies 2009; Krasnikov & Jayachandran 2008; DeSarbo, Di Benedetto & Song 2007). One is inclined to agree with Ketchen, Hult and Slater (2007), who argued that resources only develop value to the extent organisations make efficient use of their capabilities to use these resources to augment organisational performance. Although, as Ngo and O’Cass (2012) and Sok, O’Cass and Miles (2016) claimed, RBV has not identified the kinds of actions that are crucial to how the resources that are existing can be used to add value. On the other hand, the relationship between the organisation’s resources and capabilities has not been fully studied (Sok et al. 2016).

### 2.2.3.1 Dynamic Capabilities

Scholars (Markides & Williamson 1996; Ambrosini & Bowman 2009) are of the view that a firm’s capabilities are necessary, but not sufficient, for the development of SCA. In addition, firms should concentrate on developing dynamic capabilities (DC). Teece et al. (1992) claim that dynamic capabilities assist the organisation to expand
its core competencies over a period of time. It is impossible for rival firms to acquire the necessary ‘know-how’ of an organisation’s dynamic capabilities without acquiring the firm (Pettus 2001). In dynamic markets, possessing the necessary resources may not be sufficient to maintain SCA; indeed, firms are required to constantly update their capabilities by acquiring new resources as well as reconfiguring existing ones that will allow them to respond to rapidly changing markets (Wilson, Daniel & McDonald 2002).

Cavusgil et al. (2007) point to a number of features that together enable a firm to form new methods of CA through diverse unique processes, asset locations and elected evolutionary paths. This includes routines, learning, path dependence, asset positions, replication and best practice. To illustrate, the decision path that a firm adopts will affect how the firm develops DC (Teece et al. 1997).

Wang and Ahmed (2007) claim that dynamic capability represents the capability for the generation of long-term firm performance. Elsewhere, Sum Chau and Witcher (2008) also observe DC as a set of higher-order capabilities which, properly developed, have the capacity to influence lower-level capabilities. Eisenhardt & Martin (2000) conclude that DCs can enhance SCA by integrating current resources as part of the continued growth of organisational capabilities (Hou 2008). DCs allow the firm to increase its ability to innovate (Lee & Kelley 2008). Thus, DCs are of significant relevance, particularly in responding to rapid changes in the business world (Carbonara & Caiazza 2008).

### 2.2.4 Criticisms of the RBV Strategy

RBV has several critics. Priem and Butler (2001) identify a number of reasons as to why the RBV is unsuitable as a strategic planning tool. To begin with, RBV, according to Barney (1991), is self-evident and therefore tautological. It is suggested that the concept of tautology enables other organisations to arrive at the same outcomes. If this were the case, SCA would not be possible. According to this view, therefore, RBV has limited utility as a planning tool.

Priem and Butler (2001) invoke the concept of operational validity (Thomas & Tymon 1982) as an additional factor with which the RBV has to argued in order to
prevent being labeled as a tautology. Priem and Butler (2001) see operational validity as being reflected in the ability of an organisation’s management to identify key independent variables and to empirically test relevant propositions derived from the theory. The main focus is on Barney’s (1991) notion of CA that comes about as a result of value creation using resources that are unique and therefore valuable. Further, Priem and Butler (2001) discuss, however, that this definition is also tautological, a finding which accords with the work of Thomas and Tymon (1982).

Elsewhere, it is thought that the RBV is unable to recommend prescriptive action plans particularly where the organisational landscape is littered with rapidly changing threats and opportunities (Barney 2002). Resources are deemed to be of some value when they assist the firm to grasp opportunities and minimise threats.

Per Barney (2002), the ramifications of these sudden and relatively unpredictable changes are such that the achievement and the preservation of SCA becomes a major challenge, particularly since, for the most part, large environmental shifts are outside the control of any one organisation. Priem and Butler (2001) likewise debate that forces outside of the RBV model help shape resource value. Resources are seen to be of some value to firms when they facilitate the exploitation of opportunities and the neutralisation of threats (Wernerfelt 1984). Finally, the continual fluctuation in the value of resources will lead to unpredictable outcomes in RBV analyses (Priem & Butler 2001).

Other issues have been raised with the RBV and the nature of the firm. According to Barney (2002) the unit of analysis for the RBV is the organisation itself. Elsewhere, Penrose (1959) views firms as a constellation of resources and capabilities. Hence, any account of the potential financial return on these resources needs to be undertaken a single resource at a time (Barney 2002). It is not always easy to gain access to this data, particularly when the resources in question are a source of SCA.

The same reasoning applies to capabilities (Barney 2002), but is further complicated by the fact that so far as capabilities are concerned, no one of them can be held up to be the ultimate capability. Moreover, a capability will eventually be absorbed by a higher-order or a meta-capability. Thus, the process is continuous and endless. For example, a firm that strives to develop a meta-capability is well positioned to innovate indefinitely as but one way of achieving a SCA. Indeed, this proposition, drawn from
the DC literature, portrays the capacity of the DC to forge new capabilities (Winter 2003).

2.2.5 Linking RBV and CRM

According to the RBV literature, researchers have come to view a firm’s capabilities as important antecedents to achieving its organisational goals and to securing competitive advantage (Greenley, Hooley & Rudd 2005; Ghosh, Liang, Meng & Chan 2001; Ruiz-Ortega & Garcia-Villaverde 2008). For example, capabilities related to marketing are the key drivers of an organisation’s performance outcomes (Slotegraaf & Dickson 2004). As firms implement CRM strategy, they become market oriented (Araujo et al. 2018). Day (2003) reiterates that market-driven firms can acquire capabilities such as market sensing, diagnosing current capabilities, redesigning of processes and organisational structure, and using information systems such as CRM technology to succeed in marketing and business goals.

Desai, Sahu and Sinha (2007, p. 45) assert that ‘information technology competence is an important moderator of the relationship between dynamic capability and competitive performance’. Indeed, CRM technology enables a firm to make effective use of its resources, activities and processes to create customer value (Araujo et al. 2018). While some progress has been made towards demonstrating the effectiveness of CRM technologies (Jayachandran et al. 2005; Ray et al. 2005), it is unclear precisely what resources and capabilities are required for CRM technology to build customer relationships. Certainly, there is great need to document the activities that enable an organisation to identify and meet its customers’ needs (Rapp et al. 2010).

Few studies (i.e. Day & Bulte 2002; Coltman 2007; Coltman et al. 2011; Rapp et al. 2010) have applied RBV in the context of CRM in their arguments that VIRN resources and capabilities drive CRM success (Desai, Sahu & Sinha 2007). Wahlberg, Strandberg, Sundberg and Sandberg (2009, p. 12) emphasised that research on CRM with a RBV is needed because ‘this approach is at the core of the present strategy discourse and it is an approach that corresponds well with the CRM approach together with its emphasis on information and communication technology (ICT) enabled marketing’. Building on an extended RBV, this study explores how CRM technology can be combined with a range of organisational and marketing resources and capabilities to bring about fruitful and long-standing customer relationships.
2.2.6 Conclusions about RBV for the Thesis Research

The RBV view described in Section 2.2 provides a suitable theoretical foundation for the thesis research because:

- RBV has been used extensively to evaluate the strategic value of IT and how it fits with the firm’s resources, capabilities and work processes (Melville et al. 2004; Mishra et al. 2007; Ray et al. 2005; Rapp et al. 2010; Coltman et al. 2011).
- This thesis research intends to examine the effects of technology, human and information resources across the firm’s delivery systems, which are captured in the RBV (Coltman et al. 2011).
- RBV is especially appropriate for understanding the firm’s ability to integrate all of its resources in the delivery of its services and engaging in innovative activities (Sirmon, Hitt & Ireland 2007).
- RBV’s emphasis within VRIO on an organisation is appropriate for this research as it adopts ‘organisation’ as a criterion for competitive advantage, as opposed to the traditional ‘nonsubstitutable’ with the purpose of exposing the significance of a firm’s attributes.

It follows that RBV is a suitable theoretical framework for the investigation of CRM capability (Coltman et al. 2011). Emphasis is placed on the organisational component of the theory, which leads to the importance of synergising both technology-related and market-related capabilities to achieve sustained competitive advantage (Herzog 2011).

2.3 CRM Technology Capability

Section 2.2 provided insights into the theoretical framework of RBV adopted in this thesis research. This section reviews the literature related to CRM technology capability (CTC). The primary objectives of this section are as follows: 1) explicate and clarify the context of the phenomenon of CTC, 2) identify gaps in the extant research concerned with the study of CTC, 3) inform a theoretical base for this research, and 4) identify a more dynamic CTC.

CTC is the merging of three types of resources, namely: technological resources, human resources and business processes (Day 1994; Powell & Dent-Micalef 1997; Bharadwaj 2000; Ko et al. 2008; Coltman & Dolnicar 2007; Rapp et al. 2010;
Coltman et al. (2011). In this thesis research CRM technology capability is conceptualised similarly to Coltman et al. (2011) and Rapp et al. (2010), who investigated the contribution by each of the three lower-level capabilities (CRM technology resources, human resources and business resources) before merging them into one overarching construct, namely CRM technology capability. Each of these three lower-level resources is discussed in the sections below, as outlined in Figure 2.4.

Several studies have proposed that general technology resources alone are not enough to deliver substantial performance advances (Bharadwaj 2000; Bohling et al. 2006; Borges, Hoppen and Luce 2009; Coltman 2007; Melville, Kraemer and Gurbaxani 2004; Rapp et al. 2010). Instead, specific technology resources must be used in conjunction with other resources and capabilities of the organisation (Coltman 2007).

Becker and Albers (2009) saw CRM capability (CC) as an organisation’s capacity to acquire and integrate the resources needed to create customer value. Leonard (1998) considered technological capabilities as being tied to technical systems, managerial systems, human skills and values. Likewise, Coltman and Dolnicar (2007) proposed that CTC should be seen as a multi-faceted concept that encompasses technology as well as other complementary resources. They found that CTC should be integrated with customer-centred systems to secure competitive advantage over rival firms.
Several scholars (Aral & Weill 2007; Mithas et al. 2010; Bhatt & Grover 2005; Coltman et al. 2011) agree that there is dearth of studies designed to examine how and which capabilities combine to provide business value. Because the capability view of CRM has not attracted much attention in the literature (Zablah 2004) there is shortage of information about which CRM capabilities should be linked to improved business performance (Wang & Feng 2012). Therefore, a major objective of the present this study is to address this gap by focusing on the capability perspective of CRM.

2.3.1 CRM Technology Resources

The CRM technology resources (CTR) represent an organisation’s utilisation of a wide range of technologies that can facilitate the creation and maintenance of strong bonds with its customers (Coltman 2007; Coltman et al. 2011). The rapid development of technology has paved the way for the wholesale adoption of CRM among businesses (Massey, Montoya-Weiss & Holcom 2001). In several quarters, authors see CRM solely as a tool which is used in sales and marketing systems alike with the express purpose of developing customer relationships. Thus, as cited by Shumanov and Ewing (2007), technological tools play a pivotal role in promoting the integration of a number of contact points with the customer. These interactions serve to strengthen the relationship bonding process (Plakoyiannaki & Tzokas 2002).

It is crucial that CRM managers possess an appreciation of just how CRM technology (CT) benefits the organisation. To illustrate, Crosby and Johnson (2001) claim CRM software technology underpins several key organisational processes. To begin with, innovations such as the automation of certain business operations (e.g. order management) helps streamline the CRM process. Secondly, the automation of business performance processes (e.g. data mining and warehousing) occurs with the judicious use of hardware and software. Finally, the growth of electronic communication processes (e.g. email) facilitates the coordination process.

CT links its front office activities which are visible to the customer (e.g. sales) with its back office operations (e.g. human resources) (Fickel 1999) which are not readily visible to the customer. Collectively, these activities are referred to as a company’s touch points, which although controlled by separate organisational systems, nevertheless are integrated around a communally held view of the customer (Eckerson
Gathering information about its customers is vital for the organisation’s creation and maintenance of good customer relations. Initially this information was stored on an electronic database to assist marketers create new knowledge about consumer trends (Sisodia & Wolfe 2000), which then can be shared amongst everyone in the firm. Data is archived in data warehouses, which can be thought of as a huge reservoir of corporate information (Dyche 2002). Analytical CRM sees the effective use of data in two important ways: to produce added value to the customer, and to assist management with the necessary information upon which to make decisions (Anderson, Jolly & Fairhurst 2007). Thus, data warehousing is a useful technological tool to identify data that meets the analytical needs of various departments across an organisation (Anderson et al. 2007). Data warehousing technology allows data to be collected, and easily. This kind of technology enables the analysis of customers’ data with a view to creating a number of differing reports by product, geographic region or individual customer (Han, Kamber & Pei 2006). Turning to data mining, which is a statistical process of analysing data accumulated in a data warehouse (Decker 1998), its value lies in its ability to explore relationships between two or more variables in a way that supports decision-making. Data mining enables companies to assess the manner in which CRM programs influence customer satisfaction and, ultimately, profit. So, it can be seen that data mining is used to forecast certain behaviours. By analysing customer behaviours, an organisation can shape its marketing strategies to suit customers’ demands.

To be successful, CRM must demonstrate the capability to take data from existing resources and integrate them in a way that increases customer value and, ultimately, firm performance (Coltman et al. 2011). It is vital to understand that business value is not driven by technology alone, but is also a function of the incorporation of human skills and knowledge when analysing that information.

From a review of the literature, Rigo, Pedron, Caldeira and Araújo (2016) identified several critical success factors for CRM adoption related to technology. These are presented in Table 2.1.
### Table 2.1. CRM Critical Success Factors related to technology

<table>
<thead>
<tr>
<th>Critical Success factor</th>
<th>Description</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Implementing a central customer information database</td>
<td>By using a central customer database, all members of the organisation access useful details regarding customers.</td>
<td>Adebanjo (2003); Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Ngai et al. (2009); Bull (2010); Chang et al. (2010); Rapp et al. (2010); Zhou (2012).</td>
</tr>
<tr>
<td>2. Programming automated scripts in computer languages, based on known solutions</td>
<td>The efficiency and quality of call centre and helpdesk supports can be improved by using predefined computer language procedures.</td>
<td>Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009); Chang et al. (2010).</td>
</tr>
<tr>
<td>3. Developing a central data warehouse including analytical tools</td>
<td>Through information technology specific knowledge about customer needs can be created. Old and new data can be analysed to discover customer characteristics, expectations and preference tendencies.</td>
<td>Light (2003); Chen and Popovich (2003); Adebanjo (2003); Mendoza et al. (2007); Rahimi and Berman (2009); Ngai et al. (2009); Chang et al. (2010); Rapp et al. (2010).</td>
</tr>
<tr>
<td>4. Configurable and easy-to-use CRM software</td>
<td>CRM software must be configurable according to business requirements and be user-friendly.</td>
<td>Adebanjo (2003); Light (2003); Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009); Chang et al. (2010); Beldi et al. (2010).</td>
</tr>
</tbody>
</table>

Source: Rigo et al. (2016, p. 50)

A number of empirical studies have investigated CTC. For example, Coltman et al. (2011) studied CTC by focusing on several factors such as: 1) the relational databases or data warehouse which provides customer histories and purchasing activity, 2) when interacting with the organisation, customers see one seamless face (but the CRM software allows the firm to differentiate among customer profitability), and 3) the ability to adapt IT applications and respond to unplanned customer demands.

Elsewhere, Rapp et al. (2010) investigated CTC by focusing on six main factors such as: 1) the technology within the firm is capable of providing front-line employees with customer information, 2) supporting marketing planning and budgeting, 3) allowing customer support employees to access data on customer interactions, 4) assessing channel member performance, 5) integrating customer information from different contact points (e.g., mail, web, fax, etc.), and 6) tracking customer information.
2.3.2 Human Resources

In today’s competitive business world, it is not uncommon to hear that if a firm wants to show world’s best practice it needs to ensure that it has world’s best people. Human resources (HR) has moved from being essentially an employee function to one of strategic importance to the whole firm. Two aspects of HR that have come to the fore in recent times are employee development and knowledge management, especially when organisation-wide initiatives such as CRM are set in motion (Coltman & Dolnicar 2007).

Broadly speaking, HR can be thought of as the organisation’s intellectual capital as well as the skill sets of its employees. This knowledge and these skills can be related directly to CRM initiatives (Coltman 2007). Several studies have shown that HR are major contributors to IT implementation (Leonard 1998; Day 1994; Bharadwaj 2000; Powell & Dent-Micaleff 1997; Ko et al. 2008; Coltman & Dolnicar 2007; Rapp et al. 2010). Therefore, the skills and knowledge that staff utilise in converting raw data to customer knowledge is important to the outcome of the CRM initiative. It follows that making sense of front office data calls into play human judgement (Coltman et al. 2011).

A recent study by Iriana, Buttle and Ang (2013) found that the organisational culture is a significant element in achieving CRM economic outcomes. They found that two types of organisational culture – such as adhocracy and hierarchy – positively contribute to the CRM economic outcomes. They defined adhocracies as:

> a dynamic, entrepreneurial, creative place to work. People are prepared to take risks. The leaders themselves are considered risk takers and innovators, who believe that the major task of management is to foster entrepreneurship, creativity, and activity on the edge’. (p. 481)

On the other hand, a hierarchy culture was defined as:

> a formalised and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators who are efficiency minded. Maintaining a smooth-running organisation is critical – formal rules and policies hold the organisation together. (Iriana et al. 2013, p. 482)

Iriana and Buttle (2004, cited in Iriana et al. 2013, p. 468) identified several concerns related to the people (i.e. HR) that affect the success of CRM programs, including: 1) senior management’s leadership during technology implementation, 2) people’s
readiness to support the initiative, and 3) their willingness to share customer-related
data across organisational silos.

A number of empirical studies have investigated complementary HR in the context of
CRM. For example, Rapp et al. (2010) investigated complementary HR by focusing
on some important factors such as: 1) top management involvement, 2) top
management support of technology initiatives, 3) firm has openly involved new
technology, 4) employees accept change readily, and 5) having few problems fitting
information technologies within business culture. Elsewhere, Coltman et al. (2011) used
the following elements to examine complementary HR: 1) assisting staff in extracting,
manipulating, analysing and presenting data in the organisation, 2) extensive
documentation and procedures, 3) sophisticated models are frequently used to analyse
customer data, 4) formal procedures for cross-selling and up-selling to customers,
and 5) employees involved in data gathering and analysis have extensive knowledge
of the business issues.

Rigo et al. (2016) recognised that there are several people factors thought to be
critical to successful CRM adoption. These are contained in Table 2.2 below.

<table>
<thead>
<tr>
<th>Critical Success factor</th>
<th>Description</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Top Management commitment</td>
<td>Top managers need to be strongly involved in the implementation of CRM solutions.</td>
<td>Xu et al. (2002); Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009).</td>
</tr>
<tr>
<td>2. Communication of CRM strategy</td>
<td>It is important for organisations to share their values and goals with employees. CRM strategies need to be clearly communicated throughout the whole organisation.</td>
<td>Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009); Brito (2011).</td>
</tr>
<tr>
<td>3. Customer services should take advantage of employees’ personal characteristics</td>
<td>Organisations can add value to customer relationship by making the best use of customer service personnel.</td>
<td>Sin et al. (2005); Mendoza et al. (2007); Bull (2010); Lin, Chen, and Chiu (2010); Shang and Lin (2010).</td>
</tr>
<tr>
<td>4. Customer-centric organisational culture</td>
<td>CRM strategy enables organisations to share a top-down customer-centered view.</td>
<td>Adebajjo (2003); Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Lin et al. (2010); Rahimi and Berman (2009); Chang et al. (2010); Shang and Lin (2010); Rapp et al. (2010); Beldi et al. (2010).</td>
</tr>
<tr>
<td>5. End-users need to be considered throughout the whole process of CRM implementation</td>
<td>Users’ requirements and expectations must be considered from the beginning of a CRM project.</td>
<td>Chen and Popovich (2003); Mendoza et al. (2007); Rahimi and Berman (2009); Chang et al. (2010); Shang and Lin (2010); Sindakis, Depeige, and Anoyrkti.</td>
</tr>
</tbody>
</table>
6. Managing stakeholders’ expectations is a key factor for CRM system acceptance

Managing the expectations of all stakeholders of a CRM project increases their motivation and minimises their resistance to CRM software.

Xu et al. (2002); Light (2003); Mendoza et al. (2007); Rahimi and Berman (2009); Shang and Lin (2010).

7. Integrating all departments involved in CRM

A multi-department and multidiscipline project team enhances communication and information sharing between organisational departments.

Chen and Popovich (2003); Mendoza et al. (2007); Pedron & Saccol (2009); Rahimi and Berman (2009); Shang and Lin (2010).

8. Entire organisation needs to work towards a common goal

A CRM project is an important step to define a set of goals centered on customer relationship.

Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Chang et al. (2010); Shang and Lin (2010); Rapp et al. (2010).

9. Training people

Training employees to use the CRM software is important to ensure good results as well as to reduce resistance to change.

Chen and Popovich (2003); Mendoza et al. (2007)

Source: Rigo et al. (2016, p. 47)

2.3.3 Business Resources

Business resources (BR) generally refer to any assets or functions a business uses in day to day routines (Powell & Dent-Micallef 1997). Many organisations will be indistinguishable in terms of the technology they possess as well as the skills they can lay claim to. What separates them is often related to the business processes and systems used to deliver the CRM activities (Barney & Mackey 2005).

BR should be considered as complementary to HR and IT resources (Coltman et al. 2011). A number of empirical studies have examined the complementary role of BR (Coltman 2007; Coltman et al. 2011; Rapp et al. 2010). For example, Rapp et al. (2010) posit four key success factors for CRM-related BR: 1) Clear priorities are set for technology projects; 2) The effectiveness and the success of technology projects are regularly measured; 3) There is a formal strategic plan for technology initiatives, and 4) Technology plans are integrated into the overall business plan. Powell and Dent-Micallef (1997) examined the relationship between IT and BR by focusing on six complementary BR: supplier relationship, IT training, business process design, team orientation, bench-marketing and IT planning.

Rigo et al. (2016) identified several critical success factors for CRM adoption that are related to business processes (see Table 2.3).
### Table 2.3. CRM Critical success factors related to business process

<table>
<thead>
<tr>
<th>Critical Success Factors</th>
<th>Description</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Building a holistic customer-oriented approach</td>
<td>Organisations should build an approach that integrates strategic areas such as sales, customer service, marketing, customer support.</td>
<td>Plakoyiannaki and Tzokas (2002); Light (2003); Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009); Chang et al. (2010); Shang and Lin (2010); Rapp et al. (2010).</td>
</tr>
<tr>
<td>2. Identifying corporate needs and translating general goals into CRM requirements</td>
<td>Business objectives and goals must be clearly identified and properly translated into CRM requirements in order to choose the right CRM software.</td>
<td>Light (2003); Chen and Popovich (2003); Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009); Payne (2005); Bull (2010); Chang et al. (2010); Shang and Lin (2010); Rapp et al. (2010); Pedron, et al. (2016).</td>
</tr>
<tr>
<td>3. Automating decision-making and re-engineering processes when necessary</td>
<td>It is important to define or redefine business processes and include rules for process automation and decision-making.</td>
<td>Khodakarami and Chan (2014); Chen and Popovich (2003); Light (2003); Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009); Shang and Lin (2010); Rapp et al. (2010); Lin et al. (2010).</td>
</tr>
<tr>
<td>4. Defining clear and measurable business objectives for each phase of the CRM software implementation</td>
<td>It is important to define specific objectives as measures to be achieved at the end of each phase of the CRM software implementation.</td>
<td>Adebanjo (2003); Light (2003); Mendoza et al. (2007); Rahimi and Berman (2009).</td>
</tr>
<tr>
<td>5. Learning from campaign failures/successes and analysing customer database</td>
<td>An analysis of previous campaigns and customer databases will help to improve processes and customer data</td>
<td>Sin et al. (2005); Chang et al. (2010); Beldi et al. (2010).</td>
</tr>
<tr>
<td>6. Technical competencies are multifunctional</td>
<td>It is important to involve IT in CRM processes.</td>
<td>Adebanjo (2003); Chen and Popovich (2003); Mendoza et al. (2007); Chang et al. (2010); Rapp et al. (2010).</td>
</tr>
<tr>
<td>7. Develop one-to-one marketing strategy</td>
<td>One-to-one marketing allows organisations to develop customised solutions for customers in order to gain their loyalty and satisfaction.</td>
<td>Sin et al. (2005); Mendoza et al. (2007); Rahimi and Berman (2009); Chang et al. (2010); Brito (2011).</td>
</tr>
<tr>
<td>8. Integrating innovation capabilities</td>
<td>Thinking innovatively helps to develop an efficient CRM strategy.</td>
<td>Chen and Popovich (2003); Mendoza et al. (2007); Lin et al. (2010); Chang et al. (2010).</td>
</tr>
</tbody>
</table>

*Source: Rigo et al. (2016, p. 49)*

### 2.4 Marketing Capabilities

Marketing capability (MC) is defined as ‘an organisation’s repeatable pattern of actions to carry out the marketing-related needs of the business effectively’ (Chang et al. 2010, p. 850). MC help a firm to create and retain a strong bond with customers (Song et al. 2007) and create a solid brand image that facilitates a firm to attain strong
This section reviews and analyses the literature related to MC. The main objectives of this section are 1) to explicate and clarify the context of the phenomenon MC, 2) to explicate and explain three higher-level marketing capabilities related to this research, namely “market orientation” (MO), “customer-linking capability” (CLC), and “innovation capability” (IC), and 3) to identify gaps in extant research concerned with the study of marketing capabilities, market orientation, customer-linking capability, and innovation capability. The structure of this section is outlined in Figure 2.5.

Figure 2.5. ‘Marketing Capabilities’ Overview

2.4 Marketing Capabilities

2.4.1 Types of Marketing Capabilities

2.4.2 Market Orientation
- 2.4.2.1 CRM and Market Orientation

2.4.3 Customer-Linking Capability
- 2.4.3.1 CRM-Related Customer-Linking Capability

2.4.4 Innovation Capability
- 2.4.4.1 Product and Service Innovation
- 2.4.4.2 Process Innovation
- 2.4.4.3 Marketing Innovation
- 2.4.4.4 CRM-Related Innovation Capability

2.4.1 Types of Marketing Capabilities

The current literature supports the importance of MC to the understanding of firm strategy and performance (Capron & Hulland 1999; Grewal & Tansuhaj 2001; Hooley, Greenley, Cadogan & Fahy 2005; Vorhies & Morgan 2005; Merrilees, Rundle-Thiele & Lye 2010). Initial studies characterise MC as the total sum of mid-level marketing activities and processes that includes the marketing mix of elements, market management and market research (Vorhies & Morgan 2005; Weerawardena...
2003), and advertising and distribution (Vorhies & Harker 2000; Vorhies 1998). As suggested by Vorhies & Morgan (2005), a limitation of characterising MC as the total the sum of mid-level marketing activities is that it hampers the understanding of higher-order capabilities such as customer relationship management, innovation and brand management. Therefore, the authors suggested that future research needed to integrate several higher-order capabilities.

Hooley et al. (2005) assessed several higher-level MCs, including customer relationship, brand reputation, and innovation and marketing. Furthermore, Merrilees et al. (2010) conducted a broader approach to examining the impact of two major, higher level MC – innovation and branding – to marketing performance. Yet there is limited research which centres on evaluating two or more higher-level MC (Merrilees et al. 2010). Most studies focus on either a single higher-order or mid-level MC (Berthon, Ewing & Napoli 2008; Wong & Merrilees 2008; Weerawardena, O’Cass & Julian 2006; Krasnikov & Jayachandran 2009; Vorhies & Morgan 2005).

According to RBV, to be successful an organisation will require a set of technology-related resources as well as market-related resources to develop its technological and market-related resources, respectively (Danneels 2002; Dougherty 1992; Herzog 2011). This thesis research examines how CRM technology and complementary firm resources and marketing capabilities are combined to improve firm performance. Therefore, for the purpose of the thesis research, four higher-level marketing capabilities, namely market orientation (Coltman 2007; Chang et al. 2010), customer-linking capability (Day 2003; Rapp et al. 2010), innovation capability (Ghafari et al. 2011; Christofi et al. 2015) and customer relationship management will be integrated. Because this thesis investigates how CRM technology can be combined with a range of organisational and marketing resources and capabilities to bring about fruitful and long standing customer relationships, the aim is to integrate CRM technology capability with the other three higher-level marketing capabilities. Each of these are discussed in respective sub-sections: 2.4.3, 2.4.4 and 2.4.5.

### 2.4.2 Market Orientation

Throughout the 1980s and 1990s, market orientation (MO) has featured strongly in
the marketing literature (Arndt 1985; Narver & Slater 1990; Kohli et al. 1993; Slater & Narver 1994). Over the past few decades, the marketing concept has evolved to become the central ingredient of a successful organisation’s culture (Hunt & Morgan 1995; Slater & Narver 1995). Table 2.4 shows the research results of empirical studies related to the MO-performance relationship as per Liao, Chang, Wu and Katrichis (2011). As can be seen, all but two of the 22 studies found that MO positively influenced performance – directly, or indirectly as a moderator or mediator.

**Table 2.4. The list of studies and research results related to MO-performance relationship**

<table>
<thead>
<tr>
<th>MO is positively related to performance</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narver and Slater (1990); Pitt, Caruana, and Berthon (1996); Chang and Chen (1998); Doyle and Wong (1998); Raju, Lonial, Gupta, and Ziegler (2000); Slater and Narver (2000); Harris and Ogbonna (2001); Pulendran, Speed, and Widing (2003); Qu and Ennew (2003); Santos-Vijande et al. (2005); Martin-Consuegra and Esteban (2007); Farrell, Oczkowski, and Kharabsheh (2008); Panigyrakis and Theodoridis (2007); Singh (2009)</td>
<td>Positive relationship</td>
</tr>
<tr>
<td>Caruana, Pitt, and Ewing (2003); Nwokah (2008)</td>
<td>Weak relationship</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MO is positively related to performance (moderating effects)</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slater and Narver (1994)</td>
<td>Limited support for a moderating role of competitive environment on MO-performance relationship. MO has a positive impact on sales growth when the competitive intensity is medium to high. MO has an increased effect on ROI in conditions of low market dynamism.</td>
</tr>
<tr>
<td>Competitive intensity</td>
<td></td>
</tr>
<tr>
<td>Market dynamism</td>
<td></td>
</tr>
<tr>
<td>Baker and Sinkula (1999)</td>
<td>Learning orientation</td>
</tr>
<tr>
<td>A strong learning orientation is prerequisite to the superior market-oriented processes for creating or sustaining a competitive advantage.</td>
<td></td>
</tr>
<tr>
<td>Wong and Ellis (2007)</td>
<td>Product life cycle</td>
</tr>
<tr>
<td>MO-performance relationship is found to be strongest in the growth stage and weakest in the introductory stage of the product life cycle.</td>
<td></td>
</tr>
<tr>
<td>Tsai, Chou, and Kuo (2008)</td>
<td>Technological turbulence</td>
</tr>
<tr>
<td>Competitive intensity</td>
<td></td>
</tr>
<tr>
<td>MO-performance relationship is under a low level of technological turbulence or competitive intensity.</td>
<td></td>
</tr>
<tr>
<td>Zahra (2008)</td>
<td>Industry context</td>
</tr>
<tr>
<td>Turbulence and hostility</td>
<td></td>
</tr>
<tr>
<td>The relationship between MO and performance is moderated by industry context, turbulence and hostility.</td>
<td></td>
</tr>
</tbody>
</table>
MO is positively related to business performance (mediating effects)

<table>
<thead>
<tr>
<th>Scholars (Years)</th>
<th>Mediator</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Han et al. (1998)</td>
<td>Innovation</td>
<td>MO makes a significant contribution to performance through innovations.</td>
</tr>
<tr>
<td>Matear, Osborne, Garrett, and Gray (2002)</td>
<td>Innovation</td>
<td>MO is found to contribute to performance through innovation.</td>
</tr>
<tr>
<td>Wang and Wei (2005)</td>
<td>Learning orientation, Quality orientation</td>
<td>Learning orientation and quality orientation could be very critical in mediating the effects of MO on performance.</td>
</tr>
<tr>
<td>Demirbag et al. (2006)</td>
<td>TQM implementation</td>
<td>MO has a positive and significant impact on organisational performance through TQM implementation.</td>
</tr>
<tr>
<td>Taylor et al. (2008)</td>
<td>Relationship commitment</td>
<td>MO has a positive and significant impact on organisational performance through TQM implementation. Sales staff with MO would lead to higher relationship commitment and drives improved business performance.</td>
</tr>
</tbody>
</table>

There is no significant relationship between MO and business performance

<table>
<thead>
<tr>
<th>Scholars (Years)</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caruana, Pitt, and Berthon (1999)</td>
<td>NO significant relationship</td>
</tr>
<tr>
<td>Lonial et al. (2008)</td>
<td>NO significant effect on financial performance</td>
</tr>
</tbody>
</table>

*Source: Liao et al. (2011, p. 304)*

MO studies, according to Homburg and Pflessers (2000), can be separated into two camps: behavioural and cultural. The behavioural camp focuses its studies on activities such as intelligence generation, which collects and generates information about the environment in which the firm operates; intelligence dissemination is used to propagate the collected information throughout the firm (Kohli & Jaworski 1990).

Narver and Slater (1990) discussed a related account of MO. They viewed MO as being strongly related to the firm’s organisational culture and is generally thought to contain three behavioural components: 1) a customer orientation, 2) intelligence...
gathering, and 3) inter-functional coordination, which means combining all resources within the firm’s departments in order to create value for its customers. As an example, Ghoshal and Westney (1991) found that a departmental willingness to share information contributed strongly to the concept inter-functional coordination. Fiol and Lyles (1985) found that a corporate culture in which all departments are agile and are willing to accept changes increases the probability that inter-departmental learning will occur throughout the organisation. This is reflected in the ability to acquire, interpret and disseminate new knowledge which is essential in a market-oriented firm.

Other studies of market orientation focus on competitor-centred versus customer-centred firms. Day (1994), for example, perceived MO as a trade-off between the two concepts. When combined with information technology, MO is able to assist the organisation to process information faster than their competitors. MO has four outcomes according to a study by Jaworski and Kohli (1996): organisational performance, innovation consequences, employee consequences and customer consequences. The study concluded that there is a positive correlation between MO and managers’ perception of the firm’s performance. A market oriented firm is better at market-sensing and CLC’ both of which lead to superior performance for the firm (Day 1994; Hult & Ketchen 2001). Customer consequences include perceived quality, customer loyalty and customer satisfaction (Kirca, Jayachandran & Beardon 2005). MO improves customer-perceived quality by creating superior customer value (Brady & Cronin 2001). Customer satisfaction and customer loyalty are effected by MO through the firm’s superior ability to anticipate customer needs and produce the appropriate products and services to meet those needs (Jaworski & Kohli 1993). Innovation consequences include the organisation’s ability to develop and implement new ideas and processes (Hult & Ketchen 2001). MO improves innovation because it helps a firm to focus on satisfying customer needs and in so doing leverages strategic market intelligence (Han, Kim & Srivastava 1998). MO also influences several other employee variables, such as team morale, motivation to satisfy customer needs and ultimately heightened levels of job satisfaction (Kirca et al. 2005).
2.4.2.1 CRM and Market Orientation

Successful CRM projects require organisations to be customer oriented and, therefore, market oriented (Jayachandran et al. 2005). For example, Garrido-Moreno and Padilla-Meléndez (2011) observed the relationships between knowledge management (KM) and successful CRM implementation. They found that having KM capabilities is essential, but not sufficient, for the success of CRM activities, and organisational factors such as customer orientation have just as much impact on CRM outcomes.

Customer orientation is a culturally shared concept that determines what shall be done and by whom. It reflects the values and beliefs of the organisation that enables it to place its customers’ needs first (Day & Van den Bulte 2002). So, it may be seen that the organisation’s implementation of CRM activities will be determined by its customer orientation, which in turn may intensify the firm’s CRM capabilities and hence improve firm performance (Chang et al. 2010).

Another finding by Bose (2002) was that firms who successfully adopt CRM seek to transit from a product orientation to a MO. Several studies examined the relationship between CRM and MO (Shang 2011; Coltman 2007; Chang et al. 2010). Chang et al. (2010) is discussed in detail in Section 2.6.4. In a study by Shang (2011), it was found that the use of CRM shapes the user behaviour into a more market oriented stance in delivering process results as well as collaboration across internal functions. Coltman (2007) (discussed in detail in section 2.6.1) also examined the role MO plays as a mediator in the link between a firm’s CTC and its performance. His findings indicated that CTC is stronger on proactive MO than it is on reactive MO and he suggested CRM activities must concentrate on the less visible customer needs that are associated with a proactive MO in order to be successful.

As has already been established, some studies linking CRM and MO focus on the customer orientation dimension of MO (Rapp et al. 2010; Wang & Feng 2012; Garrido-Moreno & Padilla-Meléndez 2011). Studies such as Gatignon and Xuereb (1997), Im, Hussain and Sengupta (2008) and Kennedy et al. (2003) emphasised that each dimension of MO should be examined individually since each dimension might be different, although, several studies (Narver & Slater 1990; Hunt & Morgan 1995; Day & Nedungadi 1994; Kohli & Jaworski 1990) have stressed the significance of combining customer orientation and competitor orientation because marketing
strategy requires a balanced focus on customers and competitors.

Other researchers have emphasised the role of interdepartmental dynamics in MO (Morgan & Hunt 1995). Superior levels of interdepartmental connectedness increases market orientation through the greater use and sharing of information (Kennedy et al. 2003). Ghoshal and Westney (1991) found that an organisational culture that is willing to share information across the board facilitates organisational learning, which is of paramount importance to a market-oriented organisation. Several CRM studies also emphasised the impact of information sharing between organisational departments on CRM success (Chen & Popovich 2003; Mendoza, Marius, Pérez & Grimán 2007; Pedron & Saccol 2009; Rahimi & Berman 2009).

An effective CRM strategy must involve and integrate all business activities that involve interaction with customers to provide rapid and accurate insight information, optimise the interaction with customers, increase the productivity and efficiency, and integrate dissimilar platforms.

Likewise, the integrated information that is shared with employees and customers is applied to the business applications, including sales automation, marketing management, customer services and support, research and engineering automation, data analysing and report generation, and data mining/data warehouse (Lin 2007). Yet there is a lack of empirical study linking CRM and market orientation focusing on three dimensions of market orientation.

2.4.3 Customer-Linking Capability

Day (1994) refers to customer linking capabilities (CLCs) that allow the firm to understand customer needs and requirements and thus to develop long lasting relationships with customers. He cited that these CLCs are among the most valuable assets of any organisation because CLC takes a considerable amount of time to develop.

In measuring the marketing resources and measuring the impact of these resources on the outcomes of business performance, Hooley et al. (2005) concluded that CLC, firm resources and marketing capabilities combined to impact performance outcomes.
Their study focused on the impact of CLC in relation to five key factors: 1) superior levels of customer service and support, 2) relationships with key target customers, 3) understanding customers’ demands and needs, 4) skill at creating relationships with customers, and 5) the ability to create and sustain relationships with customers. Their study showed that marketing capabilities exert both a direct and indirect impact on performance outcomes and customer satisfaction.

For the purpose of the current thesis research, the researcher identified several key factors from the CLC literature, such as front-line employees (Keeffe, Russell-Bennett & Tombs 2008), co-operation (Herington, Johnson & Scott 2009), commitment (Barry, Dion & Johnson 2008), relationship strength (Claycomb & Frankwick 2008), trust (Ojasalo 2008), customer advocacy (Lacey & Morgan 2009), customer co-creation (Frow & Payne 2007), and CRM technology (Rapp et al. 2010).

**Front-line employees** are vital to the success of any service organisation (Wilson, Zeithaml, Bitner & Gremler 2012). The interaction of front-line employee with customers is critical for the formation of valuable relationships (Stading & Altay 2007), which establish customer perceptions of the firm and determine the level of customer satisfaction and loyalty (Wilson et al. 2012). It is evident that the quality of the relationship between the customer and employee is of vital significance (Li & Ho 2008) in the development of SCA (Tseng & Huang 2007).

**Co-operation** involves actions adopted by a firm to realise mutually agreed upon outcomes, encouraging both parties to co-operate with the view to strengthening teamwork within the firm (Anderson & Narus 1990). Metcalf, Frear and Krishnan (1992) described categories of co-operation in terms of the levels at which the actions are undertaken by both parties (Wilson 1995). This mutual recognition and understanding of each other’s objectives helps preserve the relationship (Powers & Reagan 2007) as well as instigate changes in business practices of the firm (Metcalf et al. 1992).

**Commitment** is a desire to persevere with a relationship even in the face of conflict (Moorman et al., 1993). It includes a determination to honour a pact between its participants (Dwyer, Schurr & Oh 1987). Hansen et al. (2003) categorised commitment in two distinct dimensions: calculative and affective commitment.
Calculative commitment is strictly a relationship that builds on cost-benefits analysis (Gounaris 2005), for example, when a customer initiates a transaction from a service provider. Another type of commitment is emotionally based and is known as affective commitment, which is the willingness to develop and foster a steady relationship with the organisation (Anderson & Weitz 1992) resulting in deeper levels of trust and well as commitment (Morgan & Hunt 1994).

**Relationship strength** as defined by O’Toole and Donaldson (2002) is the state of the interaction between the customers and the organisation. The authors identified four types of relationship as discrete, hierarchical, recurrent and relational. A discrete relationship exists whenever organisations do not want to develop personal relationships, but choose to focus instead on the completion of transactions with customers (Donaldson & O’Toole 2002). A hierarchical relationship is defined as such when the dominant partner has a major influence on the type of interaction between the two partners (O’Toole & Donaldson 2000).

Recurrent relationships set the stage for the building of trust between both parties. This occurs as a result of the parties engaging in jointly beneficial actions (Ring & Van de Ven 1992). Donaldson and O’Toole (2002) regard this as a blend of both discrete and bilateral types of recurrent relationships. It is here that extra attention is placed upon operational issues and business transactions and both parties work collaboratively for mutual benefits. These relationships can bring about enhanced competitive advantage for both organisations (Donaldson & O’Toole 2002).

**Trust** is the vital emotional disposition (Rousseau, Sitkin, Burt & Camerer 1998) that plays an essential part in the development of valuable customer relationships (Morgan & Hunt 1994). Trust is considered a major ingredient in the forging of long term relationships (Ojasalo 2008). Thus, trust is intrinsically linked to customer commitment and long term orientation (Ganesan 1994). When firms deliver their promises to customers, their actions build or enhance the trust between themselves and their customers, and trust acts as risk-reduced factor in future dealings with the customers (Ojasalo 2008; Smith & Barclay 1997). There are two types of trust: risk aversion trust and benevolence. Dwyer et al. (1987) found that risk aversion in commercial activities makes the assumption that neither party will exploit the other’s vulnerability, even when these organisational deficiencies are not easily observed (Dwyer et al. 1987). In contrast, Canning and Hammer-Lloyd (2007) defined
benevolence as a genuine concern by one party for the wellbeing of the other party, especially in their commercial dealings which are motivated by mutual gains. Dispute resolution proceeds more smoothly in an atmosphere of trust since trust minimises the occurrence of dysfunctional behaviour (Anderson & Narus 1990).

**Customer advocacy** are activities that involve gathering information from customers to understand their demands and purchasing preferences and patterns so that heightened levels of satisfaction can be designed for the customers (Seiling 2008). Customer advocacy encourages the forging of stronger relationships based on trust and commitment. To achieve this outcome, openness and collaboration should be present (Lawer & Knox 2006). Urban (2004) defined customer advocacy as a type of alliance that requires bidirectional communication between the two partners. In this way, customer advocacy will reciprocate with trust and long lasting loyalty.

**Customer co-creation** is defined as ‘customers’ behavioural manifestations toward a brand or firm, beyond purchase, resulting from motivational drivers’ (Van Doorn et al. 2010, p. 253). Elsewhere, Galvagno and Dalli (2014, p. 644) define co-creation as ‘the joint, concurrent, peer-like process of producing new value, both materially and symbolically’. Hence, customer co-creation affords organisations the opportunity to co-create value through the sale of co-produced products and services (Payne et al. 2008). This allows customers an opportunity to have a say about the design of the proposed offering and promotes customer loyalty, and, at the same time, reduces business costs (Sheth et al. 2000).

### 2.4.3.1 CRM-Related Customer-Linking Capability

Day (2003) was one of the first researchers to explore the relationship between CRM and CLC. He stated that CLC of a firm consists of three organisational components, namely organisational orientation, configuration and information. Each of these components is explored in more detail below.

1) **Organisational orientation** is the corporate willingness of an organisation in assigning a high priority for customer retention, empowering its employees to provide a high-quality customer service to its customers. The openness of the organisation in disseminating customers’ information within the organisation is also an important factor affecting organisation orientation. It is found that the information silo, in which
critical and useful customer information such as its purchasing history and demand is withheld by an individual or a small group of employees, is hampering the organisation to transform that information into corporate knowledge that in turn can be shared with other employee groups within the organisation (Day 2003).

2) **Organisation configuration** consists of three elements: metrics, incentives and structures, and it describes the structure of the business, the marketing strategy adopted in regards to the personalisation of its products or services, and an incentive system for staff who build positive relationships with customers. Incentives are considered an important tool for staff to maintain its focus on customer services. Companies with highly developed configurations are designed to ensure that their customers have a seamless interaction with all employees. This cuts down on customers having to deal with different employees within the company when conducting a transaction. Companies organised around customers, as opposed to products, have proven to be more accountable than those who are organised around traditional configurations (Day 2003).

3) **Information** - Many firms adopt information technology such as CRM technology. CRM technology can assist firms to develop a comprehensive overview of their customers, organise internal data to reduce costs and allow sales people to conclude transactions faster as well as promote their marketing programs. Although CRM technology can promote these outcomes, the measure of success depends upon how well the firm has been able to adjust to the needs of its customers (Day 2003).

Customer-linking capability fosters firm and customer relationships by encouraging staff to concentrate on the customers’ needs by coordinating the flow of information from across the organisation (Day 2003). Hunter and Perreault (2007) argue that the key to the successful transfer and analysis of this information is the adoption of the newer communications technologies. Further, this technology permits the forging of new behaviours that facilitate relationship-building with the customers. It is easy to see the importance of information sharing to the relationship-building process (Day 1994). Similarly, Mithas et al. (2005) claim that CRM strategies lead to an increase in the dissemination of customer knowledge across the organisation that is gleaned from repeated interactions with the customers.
Empirical examination of a customer-linking capability and CRM is limited (Day & Van den Bulte 2002; Day 2003; Rapp et al. 2010). Rapp et al. (2010) illustrated how CRM technology and complementary resources are pooled to build capabilities that promote long lasting relationships with customers. The authors uncovered that there is a positive relationship between CLC and customer relationship performance. They further examined how the rapidity of changes in the external environment affects CLC and customer relationship performance. Rapp et al. (2010) also suggested that CRM technologies can develop CLC, although overall, limited research has been done to study the relationship between CRM technology and CLC. They also indicated that further research is needed to learn more about how CRM technologies and an array of organisational resources combine to develop CLC. For the purpose of the current research, the researcher has adopted one higher-level capability – customer-linking capability – from Rapp et al. (2010). Their model of CLC with complementary role of customer orientation and CRM technology is discussed further in Section 2.6.3.

### 2.4.4 Innovation Capability

Innovation, on a broad level, represents the successful implementation of new ideas that transform existing products, processes or services into profitable ones (Johannessen, Olsen & Lumpkin 2001). Drucker (1985) saw the capacity to be innovative as a useful strategy to bring about changes in the way a firm’s services or products are offered that are superior to those offered by its competitors (Hunt & Morgan 1995). Hence, innovation can be considered as an organisational capability because it entails the deployment of resources that have the ability to add value to the firm’s products and services (Yang et al. 2009). Greater innovation capabilities (IC) produce higher innovative outputs which will yield higher sales growth (Yuming & Desheng 2010), attract new customers and improve efficiency (Fosfuri & Giarratana 2009).

Gumusluoglu and Ilsev (2009) refer to organisational innovation as the development of new products and services that add value to the organisation. As such it constitutes a source of SCA for the organisation (Camisón & Villar-López 2014). Elsewhere, Gunday, Ulusoy, Kilic and Alpkan (2011) saw organisational innovation as a mechanism to introduce new business practices as well as developing new ways to deal with external relationships such as companies or public institutions (Camisón &
Villar-López 2014). Organisational innovation has been successful in the way that it delivers on an operational efficiency front. The resulting improvements in acquiring market share along with improved productivity has been documented by Laforet (2013). According to the same author, there is an ancillary benefit of organisational innovation in terms of providing a satisfying work environment which in turn boosts employee job satisfaction and self-fulfilment.

Research studies on organisational innovation can be split into two categories, namely radical and incremental innovation (Chandy & Tellis 2000; Henderson & Clark 1990). Radical innovation is accompanied by fundamental changes in technology or knowledge as a result of new discoveries. Incremental innovation refers to major changes resulting from existing technology or knowledge (Garcia & Calantone 2002). For the most part, the literature sees marketing innovation as being a form of incremental innovativeness (Grewal & Tansuhaj 2001).

Schumpeter (1934, cited in Armbruster, Bikfalvi & Kinkel 2008, p. 644) lists four types of innovation: ‘product innovation, process innovation, marketing innovation and organisational innovation’. In a study by Ghafari, Karjalian and Mashayekhnia (2011), the authors concentrated on five types of innovation, concerning product, service, process, organisational and marketing innovation.

Christofi, Leonidou, Vrontis, Kitchen and Papasolomou (2015) focused on five types of innovativeness: brand, service, process, market and organisational innovativeness. Each of these dimensions of innovativeness are discussed below. These sections are followed by a discussion of CRM-related innovation capability.

### 2.4.4.1 Product and Service Innovation

#### Brand Innovation

Santos-Vijande, del Río-Lanza, Suárez-Álvarez and Díaz-Martin (2013) stipulated that developing a strong branding is a critical success factor of a firm to achieve a SCA and to ensure its survival over the long term. Barone and Jewell (2013, p. 121) defined brand innovativeness as ‘the extent to which a brand has earned a reputation with consumers for introducing valued new offerings to the market’.
Further, Barone and Jewell (2013) explored the impact of brand changes upon consumer spending response toward that product or service. It was found that having a strong brand name to begin with allows a firm to design and introduce a new brand image that deviates from market convention. Consequently, innovative brands that are built upon strong existing brands are more likely to be successful (Barone & Jewell 2013).

**Service Innovation**

Service innovation is as essential as product innovation, yet, there is little research discussion on how service innovation improves firm performance (O’Cass & Sok 2013). Chae (2012) also highlighted the lack of theory-based frameworks to evaluate service innovation in firm and he also found that there are far fewer research studies on the service sector than on its counterparts in manufacturing (Kindström, Kowalkowski & Sandberg 2013).

Su (2011) categorised service innovation into service products, service processes, organisational relations and external innovations. Su (2011) found that services innovation delivers several benefits, such as enhancing the firm’s sales and financial performance, creating a sustainable competitive environment and/or enabling a firm to offer more superior value than its competitors to its customers (Salunke, Weerawardena & McColl-Kennedy 2013), or ameliorating service delivery (Danjum & Rasli 2012).

**2.4.4.2 Process Innovation**

Process innovation is new technique of producing and/or delivering products and services, which is comprised of two categories: organisational and technological process innovation (Bunduchi et al. 2011). Organisational process innovation is a new way of organising business operations while technological process innovation relates to the introduction of new products (Bunduchi et al. 2011).

Furthermore, Bunduchi and Smart (2010) outlined in their study that process innovation brings direct, indirect and strategic benefits to the firm. Direct benefits include the boosted transmission of information resulting in savings from minimised document handling (Chenavaz 2012), while indirect benefits deliver improved
operational efficiency for the organisation and enhanced relationships with its customers and suppliers.

2.4.4.3 Marketing Innovation

The OECD (2005, cited in Christofi et al. 2015, p. 360) regarded marketing innovation as the evolution of new marketing techniques, including changes to the design, production, promotion, pricing and placing of the product. Research on marketing innovation is sparse (Naidoo 2010). Marketing innovation suggests better ways of identifying customers’ needs as well as opening new markets. Phong-Inwong and Ussahawanitchakit (2011) concluded that marketing innovation is inextricably linked with the success of the organisation’s marketing performance.

2.4.4.4 CRM-Related Innovation Capability

Davis et al. (2006) identified five levels of “maturity” of CRM adoption as: operation, consolidation, integration, optimisation and innovation. Operation is the basic level of business intelligence adoption of the firm, that concentrates only on general information from day-to-day operations. Consolidation refers to what firms do to consolidate information for supporting decision-making. Integration refers to the firm’s ability to collect data in a central data warehouse to obtain new knowledge from presenting enterprise-wide analysis. Optimisation refers to the firm’s ability to use advanced technologies for deeper analysis to better understand the marketplace. Innovation is the highest level, where the firm pursues methods to reinvent and convert its value position to achieve sustainable growth.

Organisations should make good use of the latest information technology tools including, for example, data mining and data analysis, to promote innovative products and services (Dyche 2002). Thus, a well constituted CRM system allows firms to access precise information that would enable them to correctly anticipate customers’ demands. IT based CRM, therefore, is closely connected with marketing innovation (Wei & Atuahene-Gima 2009). CRM improves innovation capability and enhances competitive advantages of the firm (Ghafari et al. 2011; Lin, Chen & Chiu 2010). CRM is a crucial strategy that is emphasised for improving the organisation’s innovation capabilities (Chen & Popovich 2003; Mendoza et al. 2007; Lin et al. 2010; Chang et al. 2010; Ghafari et al. 2011; Christofi et al. 2015).
There are relatively few empirical studies on the relationship between innovation capability and CRM and the literature is largely silent on the relationship between innovation capability and CRM (Lin et al. 2010; Ghafari et al. 2011; Choudhury & Harrigan 2013; Christofi et al. 2015). Ghafari et al. (2011) study the link between CRM and innovation capability. Their study found a significant relationship between five CRM dimensions and innovation capabilities (this is discussed in detail in Section 2.6.5). More recently, Christofi et al. (2015) also focused on five types of innovativeness to investigate how innovation might affect cause-related marketing success. They identified the links between five innovation types and CRM success and further developed a framework that syndicates managerial guidelines to create effective CRM activities in the services sector.

Indeed, the current study, following Lin et al. (2010), Ghafari et al. (2011) and Christofi et al. (2015), is among the earliest research that investigates and examines the relationship between CRM and the different forms of innovation and their effect on CRM success and firm performance.

### 2.5 CRM-Related Performance Outcomes

Performance measurement can provide management with a significant opportunity to report progress towards designated goals, identify problems, improve communication and, therefore, motivation (Waggoner, Neely & Kennerley 1999). Keramati, Mehrabi and Mojir (2010) reviewed eleven research studies that attempted to link CRM to firm performance. They investigated each of these studies based on important issues that they have or have not addressed.

Their findings are summarised in Table 2.5 below. As can be seen, the majority of studies summarised in Table 2.5 addressed CRM more strategically, while others were more technology-oriented. Most of these studies examined customer-related perspective and organisational alignments as moderators or mediators between CRM and firm performance. Findings from these studies indicated that CRM either directly or indirectly positively affects firm performance.

Businesses typically look to CRM to both reduce costs and boost revenue (Roh, Ahn & Han 2005). Developing meaningful measures of the impact of CRM
implementation upon firm performance has proven to be difficult. Because CRM is cross-functional in nature, commonly used performance measurements, such as ROI, may be unsuitable (Payne & Frow 2005; Coltman 2007). CRM process capabilities, such as the ‘financial perspective’ and the ‘customer perspective’, could be seen as independent performance components of CRM (Lüneborg & Nielsen 2003; Wang et al. 2004; Reinartz et al. 2004; Roh et al. 2005; Sin et al. 2005; Mithas et al. 2005; Coltman 2007). Both customer and financial perspectives are considered next.

Table 2.5. Analysis of studies linking CRM to firm performance

<table>
<thead>
<tr>
<th>Author(s)/date</th>
<th>CRM components</th>
<th>Moderators/mediators</th>
<th>Findings</th>
<th>Addressed issues</th>
<th>Not addressed issues</th>
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</table>
| Lüneborg and Nielsen (2003) | • IT knowledge  
  • Inter-firm cooperation  
  • Use of customer-focusing technology  
  • Organisational size | • IT knowledge affects use of customer-focusing technology  
  • Use of customer-focusing technology affects relationship marketing performance but is not correlated with sales performance  
  • Organisational size is negatively associated with the relationship between “use of customer-focusing technology” and “customer relationship performance”  
  • Inter-firm cooperation in large banks has stronger impact on performance than small banks. | • Measures important IT skills such as “expertise in information analysis”. The importance of such scales is that the IT related capabilities are not attainable without having the required expertise in that field. More importantly, this study measures these scales from the RBV perspective.  
  • Considers performance on two levels. The first level, which is called “Use of customer-focusing technology”, measures such capabilities as “frontline support” and “market orientation”. This is important because it shows how IT knowledge (e.g., information analysis and software development) affects organizational performance. | • Examines the relationship between “adoption of CRM” and “customer performance”; however, it does not explore the mechanism through which this adoption relates to performance.  
  • Does not take into consideration the CRM processes.  
  • The construct “inter-firm cooperation” is measured broadly; therefore, many human and organizational aspects may have gone unnoticed. |

| Eng (2004) | IT resources | • Industry attractiveness  
  • Resource advantage of the customer portfolio  
  • Long-term value of customer portfolio | • Industry attractiveness and resource advantage of customer portfolio are significantly and positively correlated to customer performance  
  • Long-term value of customer portfolio has a weak and positive correlation with customer performance | Evaluates the role of three important strategic perspectives in enhancing customer performance.  
  • Elaborates on the scales that measure the mentioned three constructs.  
  • Examines the variable “competitive characteristics” as one of the indicators of industrial performance. | • Provides good insights for the study of CRM; however, it does not directly address CRM |
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<th>Author(s)/date</th>
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<th>Findings</th>
<th>Addressed issues</th>
<th>Not addressed issues</th>
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| Reinartz et al. (2004) | • CRM process at customer-facing level  
• Relationship initiation  
• Relationship maintenance  
• Relationship termination | • CRM technology  
• Organisational alignment | • The implementation of CRM processes is associated with better company performance for initiation and maintenance but not for termination  
• A CRM-compatible organisational alignment moderates the impact of CRM processes on organisational performance  
• Large proportion of CRM technology deployments do not perform to expectations | • Elaborates CRM processes at the customer-facing level.  
• Defines and evaluates the effects of customer-facing CRM processes at three stages, which can be attractive for practitioners in assigning resources to those processes.  
• Assesses the moderating effects of “CRM technology” on the relationship between CRM processes and performance.  
• Enters “industry” as a control variable in the model and checks for variations across different industries. The interesting result of the study is that CRM benefits do not vary among industries.  
• Measures both objective and perceptual company performance. | • Measures the association between CRM processes and organisational performance directly. However, there should be some benefits gained by CRM which in turn enhance the organisational performance. This study does not address them. |
| Wang et al. (2004) | IT resources | • Customer value (customer’s perception)  
• Customer satisfaction  
• Brand loyalty | • Customer value affects customer satisfaction  
• Customer satisfaction affects customer loyalty  
• Customer satisfaction and customer loyalty affect customer behavior based CRM performance | • Evaluates behavioral aspects of CRM performance (e.g., emotional value and social value) in the relationship between CRM and performance.  
• Measures the variables under study from customer’s perspective. | • Focuses on behavioral outcomes of CRM and does not specify how CRM creates them |
| Camarero Izquierdo, Gutierrez Cillan and San Martin Gutierrez (2005) | • Attraction activities  
• Loyalty and interaction programs | • Market position  
• Customers’ perception  
• Customers’ loyalty | • Attraction activities have a positive effect on market position which is not significant  
• Attraction activities have a positive effect on customers’ perceptions about the firm  
• The effect of ‘loyalty and interaction programs on customers’ | • Assesses the role of “market performance” (e.g., market position) as the mediator variable which links CRM-related activities to economic performance. | • Does not enter IT in the relationship under study. This is because the study has been done from the relationship marketing (RM) perspective. |
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<th>Addressed issues</th>
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<tbody>
<tr>
<td>Mithas et al. (2005)</td>
<td>• CRM applications</td>
<td>• Customer knowledge • Supply chain integration</td>
<td>• CRM applications are positively associated with improvement in customer knowledge • Supply chain integration moderates the effect of CRM applications on customer knowledge • There is a positive association between CRM applications and customer satisfaction • Customer knowledge mediates the effect of CRM applications on customer satisfaction</td>
<td>• Evaluates the role of “CRM applications” in improving “customer knowledge”. This is important since one of the key aspects of CRM is how to create and make use of customer knowledge. • Considers both the “legacy customer-related IT applications” (a 12-item summative index) and “modern CRM applications” (a binary variable) as aspects of CRM applications. This is important because CRM applications are not limited to modern CRM packages. • Assesses how “supply chain integration” (i.e., the extent to which firm’s suppliers and partners have access to firm’s customer-related data or applications) affects the improvement of customer knowledge by CRM applications. The interesting result is that, if firms share their customer-related information with supply chain partners, the CRM applications are more beneficial. • It controls for the variables “IT intensity”, “industry sector” (offering goods versus offering service),</td>
<td>• Focuses merely on the technology perspective of CRM. Although the study addresses an important issue, the role and contribution of such aspects as strategy and people in the traced path have not been considered. • Does not consider the capabilities and benefits related to improved customer knowledge or why improved customer knowledge leads to customer satisfaction. As the paper itself mentions, “only when firms act on this knowledge by modifying service delivery or by introducing new services will they truly benefit from their CRM applications.” • Another area which has not been addressed in this study is related to the benefits gained from CRM applications in terms of increased revenue, profitability, etc.</td>
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<td>Author(s)/date</td>
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<td>Roh et al. (2005)</td>
<td>• Process fit • Customer information quality • System support</td>
<td>• Efficiency • Customer satisfaction</td>
<td>• Process fit is the only CRM initiative that directly affects performance • CRM components affect efficiency • Efficiency affects customer satisfaction • Customer satisfaction affects performance</td>
<td>• Considers important aspects, such as customer information and CRM systems. • By entering such efficiency aspect of the CRM system as time and cost reductions, as the mediator scales, it explains why the CRM system affects profitability.</td>
<td>• The CRM processes are defined too broadly. • The focus of the study is mostly on the technological aspects of CRM. As we can see, the efficiency aspects in the study are also technology-oriented (e.g., time and cost reduction). However, as suggests, increasing these kinds of efficiencies are good but they are not enough to improve the overall customer experience. • The people aspect of CRM is the indispensable factor in a CRM program. This study does not address this issue directly.</td>
</tr>
<tr>
<td>Sin et al. (2005)</td>
<td>• Key customer focus • CRM organisation • Knowledge management • Technology-based CRM</td>
<td>• All variables affect marketing performance (customer satisfaction and trust) • All variables affect financial performance (return on investment and return on sales)</td>
<td>• Defines four important aspects of CRM (specifically CRM organisation and knowledge management) and puts effort into developing scales for them.</td>
<td>• Does not pay attention to CRM processes other than knowledge management processes. • Does not specify how the mentioned CRM aspects affect performance aspects. As the paper itself states, performance is a multi-dimensional construct and it is important to see the effect of CRM dimensions on other aspects of performance, such as efficiency and effectiveness.</td>
<td></td>
</tr>
<tr>
<td>Greve and Albers (2006)</td>
<td>• CRM technology • CRM technology usage • CRM orientation • Top management commitment • Organisational alignment • Customer valuation competence • CRM activities • Customer heterogeneity</td>
<td>• CRM technology has an indirect effect on performance through CRM technology usage • All variables have direct effect on initiation, maintenance, and retention performances except top management commitment and customer orientation which have a significant effect only on retention performance</td>
<td>• Considers important variables, such as “customer orientation” and “top management commitment” as aspects of CRM. • Like Reinartz et al. (2004), controls for the variable “industry”.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coltman</td>
<td>• Superior • Reactive market • CRM capability</td>
<td>• Builds on the RBV</td>
<td>Measures the CRM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Author(s)/date</td>
<td>CRM components</td>
<td>Moderators/mediators</td>
<td>Findings</td>
<td>Addressed issues</td>
<td>Not addressed issues</td>
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<tr>
<td>(2007) CRM capability</td>
<td>orientation</td>
<td>• Proactive market orientation • Conversion feasibility</td>
<td>affects reactive and proactive market orientation • Conversion feasibility affects reactive and proactive market orientation • CRM capability affects firm performance • Proactive market orientation partially mediates the relationship between CRM capability and firm performance, and the mediation effect of reactive market orientation is not at all significant.</td>
<td>and measures the resource capabilities of CRM • Measures performance from the four perspectives of the balanced scorecard. • Examines the role of “conversion feasibility” (i.e., the firm’s ability to follow the best path when builds on CRM resource capabilities) as the moderating variable which impacts the benefits of CRM.</td>
<td>resources too broadly. As a result, many of its aspects may have gone unnoticed. • The market orientation construct does not reflect all of the benefits and capabilities related to CRM. • Does not address CRM processes directly.</td>
</tr>
</tbody>
</table>

Richards and Jones (2008) IT resources • Improved ability to target profitable customers • Integrated offerings across channels • Improved sales force efficiency and effectiveness • Individualised marketing messages • Customised products and services • Improved customer service efficiency and effectiveness • Improved pricing customer equity • Value equity • Brand equity • Relationship equity • Conceptual only, no empirical testing | • Shows the benefits related to CRM based on a very good synthesis of the literature. • Considers both strategic and operational aspects of CRM. • Combines the CRM and customer equity literature, which, from its authors’ view, helps executives to provide financial accountability for CRM investment. | • Puts effort on the outcomes of CRM and does not explain what creates them. In other words, the study concentrates on the outputs of CRM. • Does not provide empirical evidence for the study’s propositions. |

Source: Keramati et al. (2010, pp. 1173 and 1175) (two tables combined)

2.5.1 Customer Perspective (Customer Lifetime Value)

The strategic planning of CRM should emphasise the recognition of individual
customers as having a customer lifetime value (CLV) to the organisation (Kracklauer et al. 2001). Kale (2003, p. 51) defined CLV as ‘the estimated profitability of a customer over the course of their entire relationship with a company’. The decision to build long term relationships with individuals should be based on the estimated financial viability of those relationships (Sin et al. 2005). That estimation can be based on various CLV metrics (e.g. profitability, servicing costs) which can assist firms to generate strategies that take account of customer differences in terms of their needs and preferences (Hansotia 2002).

The concept of CLV was introduced as an aid to marketers to balance retention and acquisition activities (Blattberg & Deighton 1996). Customer acquisition may be seen as the basic starting point of the total customer relationship process. The process of acquisition involves targeting, creating awareness and positioning (Rožek & Karlíček 2014).

Retention confirms that the expected CLV could be brought to the firm through strategically built relationships. The key aim of the retention activities is to guarantee the repetitive buying of the acquired customers. This also allows the firm to optimise the total customer equity by managing the optimal retention rate on the ideal customer base with a positive CLV index (Rožek & Karlíček 2014). Retention is the outcome of the loyalty into which brand is inverted (Malthouse & Mulhern 2008). Both loyalty and retention are linked and interrelated with the customer satisfaction (Rahman 2013).

Gartner Research (2004), cited in Thompson and Nelson (2004), stated that CRM strategy must include the entire CLV, across selection, acquisition, retention and extension, as shown in Figure 2.6.
A firm’s CRM strategy is to acquire customers with high CLV using appropriate technology and processes. Further, employees at all levels of the organisation must be collaborative partners in the forging of CRM strategies. Thus, for example, all organisational members should be united with the goals of identifying desirable customers and meeting their needs with a view to enhancing profitability (Thompson & Nelson 2004; Mack et al. 2005).

### 2.5.2 Financial perspective

Kaplan and Norton (1996) suggest CRM outcome performance indicators could also be explored from several perspectives related to the balanced scorecard, including: 1) return on assets (ROA), 2) profit on sales, 3) customer indicators, such as numbers of customers, 4) mean value of the customer, 5) level of customer satisfaction, 6) measure of customer retention, 7) customer acquisition cost, and 8) new product time to market (Ang & Buttle 2002).

Ang and Buttle (2002) concluded that no one single measure of profit derived from CRM investment is able to capture the whole picture. Besides, there are other factors (e.g. brand image or corporate reputation) that help determine sales and profitability.
and therefore a firm’s financial performance. Other businesses use several indicators to evaluate their CRM performance including, 1) cost-of-sales, and 2) average customer order size.

2.6 CRM Capability Models

In the last decade, many businesses have adopted the latest information technology tools to facilitate interactions with their customers (Bohling et al. 2006). However, IT alone does not account for the total returns accrued by the firm (Coltman et al. 2007). The most efficient programs combine technology with the firm’s people and their skills (Piccoli & Ives 2005). As discussed in Section 2.2 on RBV of the firm, to achieve its primary goals an organisation requires a set of technology-related resources, as well as market-related resources, to develop its technological and market-related capabilities respectively (Dougherty 1992; Danneels 2002; Herzog 2011). Hence, understanding how firms effectively syndicate their technological, organisational and marketing capabilities will be instrumental in understanding how CRM affects firm performance. This is also reflected in Payne and Frow’s (2005) definition of CRM, which has been adopted in this thesis research (see Section 1.1.1). For this reason, this thesis research investigates how CRM technology can be combined with a range of organisational and marketing resources and capabilities to bring about fruitful and long standing customer relationships. The aim is to investigate how CRM technology capability (covered in Section 2.3) is integrated with the three higher-level marketing capabilities (discussed in Section 2.4) to enhance firm performance outcomes (described in Section 2.5).

Five recent studies in the CRM literature link CRM with marketing capabilities and four of these also link CRM with firm performance:

- Coltman (2007) developed a model of CRM capability that represents continual investments in a combination of technical, human and business capabilities. In his model, market orientation plays as a mediator between CRM capability and firm performance.
- Coltman et al. (2011) developed a model that draws on three lower-order capabilities (CTR, HR and BR) along with the CRM meta-capability to demonstrate how successful CRM programmes contribute to firm performance.
Similarly, Rapp et al. (2010) also conceptualised CRM technology capability as the combination of three lower-order capabilities along with the CRM meta-capability.

- Rapp et al. (2010) developed a model of customer-linking capabilities that focuses on the complementary role of customer orientation and CRM technology.
- Chang et al. (2010) developed a model that investigates the mediating role of marketing capability between CRM technology and organisational performance.
- Ghafari et al. (2011) also studied the relationship between five CRM dimensions (customer involvement, information sharing, joint problem solving, long term partnership and technology based CRM) and innovation capabilities, comprising product innovation, process innovation, administration innovation and marketing innovation.

Aspects of the first three models have already been introduced in earlier sections. In the following sections each of these five CRM capability models is reviewed in their entirety. The purpose is not only to gain a better appreciation of the relative contributions of these models, but also to draw theoretical support for the a priori themes identified so far, which will help inform the key research questions.

### 2.6.1 A Model of CRM Capability by Coltman (2007)

In a study by Coltman (2007) named ‘Why build a customer relationship management capability’, published in the *Journal of Strategic Information Systems*, the author developed a model of CRM capability that represents continual investments in a combination of technical, human and business capabilities. He claimed that human, technical and business related capabilities in isolation are hard to assess as they are nested within an complicated organisational system and processes. Therefore, managers require to coordinate a combination of IT, human skills and business processes. Coltman used interviews and a survey of 100 senior executives. In his model, as shown in Figure 2.7, market orientation plays as a mediator between CRM capability and performance.
He found that CRM capability has positive and significant relationship with reactive market orientation and proactive market orientation. This finding implied that firms with superior CRM capabilities are more likely to adopt market oriented positions of advantage in relation to their competitors. Additionally, he found positive and significant relationship between conversion feasibility and reactive and proactive market orientation. The result seems to indicate that proactively oriented firms are less controlled by conversion challenges include internal politics, organisational behavior and infrastructure costs. He urged future research to distinguish how value is created in relationships, and to link thes process to overall firm performance.

2.6.2 A Model of CRM Meta-Capability by Coltman et al. (2011)

In the study by Coltman, Devinney and Midgley (2011) entitled ‘Customer relationship management and firm performance’, published in the *Journal of Information Technology*, the authors set out to explain why some CRM initiatives succeed while others fail. Further, they investigated what higher and lower-ordered capabilities are needed to bring about CRM success. With respect to the latter, CRM success was seen to be a reflection of the firm’s ability to identify and integrate lower-order capabilities such as IT infrastructure, human knowledge and business systems. Their conceptual model draws on these lower-order capabilities along with the CRM meta-capability to demonstrate how successful CRM programs contribute to firm performance (see Figure 2.8 below).
Their study showed that the success of a CRM program is best measured as a higher-order construct of IT infrastructure, human knowledge and business architecture. Thus, it follows that CRM is enmeshed in a bundle of capabilities which, on their own, are not all that vitally important. However, when combined with these lower-order capabilities, a higher-order capability (CRM) will be created, which can contribute significantly to firm performance. It should be stressed that while IT on its own does not guarantee competitive advantage to the firm, nevertheless it constitutes an important support role to CRM. For example, while IT is necessary to facilitate customer data interpretation, alone it contributes little to competitive advantage. To be successful, IT must be combined with other lower-order capabilities (Powell & Dent-Medcalfe 1997; Piccoli & Ives 2005; Day 2003).

Their findings also support Zuboff (1988), who maintained that new forms of IT only work when the firms possess the essential skills and experience required to use the lower-order constructs (i.e. particular human capabilities and business process) in such a way as to integrate them with CRM capability.

Thirdly, the findings suggest that the higher-order CRM capability is a powerful indicator of firm performance, as reflected in increased revenue and cost reduction (Seddon 1997).
2.6.3 A Model of Customer-Linking Capabilities with Complementary Role of Customer Orientation and CRM Technology by Rapp et al. (2010)

Rapp et al. (2010) published their study, named ‘Performance implications of CLC: examining the complementary role of customer orientation and CT’, in the *Journal of Business Research*, that investigates how technology and complementary resources are used to form capabilities that promote long standing customer relationships. They used the RBV as their theoretical foundation, and they presented and empirically tested a model (shown in Figure 2.9) that depicts how technology, business resources (BR) and human resources (HR) can collectively develop a CTC. This capability indicates the extent to which a firm is able to sustain good customer relationships. They also attempt to measure the performance outcomes of CLC.

Research data for this study were gleaned from management teams in 215 of the top US based organisations. This underlines the importance of strategically aligning the firm’s technology resources with its business plan. Rapp et al. (2010) used similar items as Hooley et al. (2005) to measure customer-linking capability. Hooley et al. (2005) focused on the impact of customer-linking capability by measuring five factors: 1) superior levels of customer service and support, 2) relationships with key target customers, 3) understanding customers demand and needs, 4) skilful at creating relationships with customers, and 5) ability to maintain and enhance relationships with customers (as mentioned above, Section 2.4.3).

As can be seen from the figure below, the customer-centred resources of CRM technology and customer orientation exert a direct impact on the organisation’s CLC. These findings signify the importance of the firm developing communicative and collaborative ties with its customers.

In addition, another finding – and one that has a bearing on the present study – is the notion of resource complementarity, as illustrated by the close relationships between CTC, customer orientation and customer-linking capability.
Another finding indicated that a firm’s external environment has an influence on the relationship between CLC and customer relationship performance. To reiterate, the relationship between customer-linking capability and customer relationships points to the importance of maintaining customer satisfaction in an environment where changes in customer needs and demands occur rapidly. Information may assist organisations to develop appropriate strategies to accommodate the changing needs of customers. Thus, the organisation needs to integrate its resources and ensuing capabilities inside a CRM framework.

Their study made some contributions to both the marketing and IS literatures. Firstly, their model and findings assist to close the gap concerning the marketing and IT views of CRM. Secondly, the authors conceptualised CRM technology capability as a higher-order construct and further tested the intermediate variables in their model. Initial studies assessed these resources in isolation and only considered their direct relationship with organisational performance.

Their findings propelled future research: 1) to determine how technology and complementary resources combine to develop a link between CRM and customer-linking capability, 2) to recognise other moderators or enabling mechanisms in order to create greater value, 3) to find out whether including other functional areas would help to identify key core capabilities and establish the bases for effective strategy...
formulation, and 4) to examine other environmental or industry factors that might affect or support these capabilities.

### 2.6.4 A Model of CRM Technology Transformation into Organisational Performance by Chang et al. (2010)

Chang et al. (2010) published their study named ‘How does CRM technology transform into organizational performance: a mediating role of marketing capability’, published in the *Journal of Business Research*. Their research produced an integrative model of CRM (Figure 2.10) that shows how CRM Technology (CT) helps boost organisational performance. They also focused on two drivers of CT, namely a customer centred organisational culture and a well defined management system. Further, they demonstrated just how CT translates into performance outcomes. The key mechanism is the way in which CRM technology is used to improve the firm’s MC by providing support at the touch points of sales and service. Similarly, the analysis and integration of data is made more effective through the firm’s MC. Hence, determining the antecedents and outcomes of CT assists firms to understand what needs to be done to boost CRM performance.

*Figure 2.10. A model of transforming CRM technology into organisational performance*

Chang et al.’s (2010) findings highlight the vital role MC plays in successful CT implementation, which in turn enhances business performance. Ultimately this means that performance gains are secured through effective usage of CT to improve the firm’s planning and marketing abilities. One way to ensure the effective use of CT is
by having it solidly entrenched in the firm’s organisational culture. The literature agrees that successful CRM is a function of the intertwining of technology, people and processes, all of which are grounded in organisational culture (Day 2003; Sin et al. 2005). It follows, therefore, that it is vital to create and nurture a customer-centric organisational culture wherein employees are encouraged to view customers’ needs as their top priorities.

Their study made several contributions, such as: 1) it delivered and empirically tested an integrative model that describes how CRM technology practice transforms into organisational performance, 2) it generalised CRM research effects in the Korean context in order to generalise results, 3) it also showed that CRM necessitates great financial investment and substantial organisational change.

Their findings urged future research to: 1) use multiple key informants instead of single response authors used in this study, 2) examine marketing capability as both a mediator and a moderator between CRM and performance, 3) find out which marketing capability (i.e. marketing planning capability and marketing implementation capability) is more strongly related to CRM technology use, 4) explore the differential outcomes of two types of marketing capabilities (i.e. specialized and architectural marketing capabilities) and the two sub-dimensions of architectural marketing capabilities.

2.6.5 A Model of Dimensions of CRM and Innovation Capabilities by Ghafari et al. (2011)

In a study by Ghafari et al. (2011) named ‘Studying the relationship between different dimensions of CRM and innovation capabilities in Melli Bank of Iran’, published in *World Academy of Science, Engineering and Technology*, the authors explored links between various segments of CRM and innovation capabilities in the Melli Bank of Iran. Research findings reveal that there is a significant relationship between five CRM dimensions (customer involvement, information sharing, joint problem solving, long term partnership and technology based CRM) and four dimension of innovation capabilities, comprising product innovation, process innovation, administration innovation and marketing innovation (see Figure 2.11).
Clearly, their paper is based on the assumption that CRM and innovation capabilities are multi-dimensional concepts. Different CRM activities are linked to different innovation capabilities. What is important is to realise there is a reciprocity that is a feature of the relationship between a firm’s CRM system and its innovation capabilities. Therefore, the firm’s decision makers need to be cognisant of the fact that strategies designed to establish robust CRM systems are likely to improve innovation capabilities as well and bring about improved organisational performance.

### 2.6.6 Conclusions about Five CRM Models

The current thesis research aims to explore how CRM technology can be combined with a range of organisational and marketing resources and capabilities to bring about fruitful and long standing customer relationships. Table 2.6 compares and contrasts the five models in terms of capabilities studies and differences, strengths and weaknesses. All five studies are empirical, and all deal with CRM technology as a capability. Four of these studies (Coltman 2007; Coltman et al. 2011; Change et al. 2009; Rapp et al. 2010) used the RBV as their theoretical foundation. Coltman (2007), Coltman et al. (2011) and Rapp et al. (2010) focused on three lower-order capabilities (CTR; HR and BR) in order to create a higher-order CTC. The importance of each of the five studies to this thesis research is explained in more detail below.

**Table 2.6. Comparison and contrast of the five models in terms of capabilities studies and differences, strengths and weaknesses**

<table>
<thead>
<tr>
<th>Author</th>
<th>Capabilities studies</th>
<th>Different to other 4 models</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>A model of CRM capability by</td>
<td>• Reactive market orientation • Proactive</td>
<td>• Studied MO as a mediator between CRM</td>
<td>• Provides a new view by examining the influence of CRM on</td>
<td>• Small sample size due to not enough companies using</td>
</tr>
<tr>
<td>Author</td>
<td>Capabilities studies</td>
<td>Different to other 4 models</td>
<td>Strengths</td>
<td>Weaknesses</td>
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<tr>
<td>Coltman (2007)</td>
<td>market orientation</td>
<td>capability and firm performance</td>
<td>positional advantage</td>
<td>CRM in Australia</td>
</tr>
<tr>
<td></td>
<td>• Customer relating capability</td>
<td></td>
<td>• Results indicate that firms with superior CTs are more likely to adopt market oriented positions of advantage in relation to their competitors</td>
<td>• Due to the multidimensional comparative nature of performance, measuring financial and non-financial is suggested</td>
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<tr>
<td></td>
<td>• Conversion feasibility</td>
<td></td>
<td>• Results reveal direct influence of conversion feasibility is positive and significant relating to reactive and proactive MO</td>
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<tr>
<td></td>
<td>• Overall performance</td>
<td></td>
<td>• Results reveal that proactively oriented firms are less controlled by conversion challenges including infrastructure costs, internal politics and organisational behaviour</td>
<td></td>
</tr>
<tr>
<td>A model of CRM meta-capability by Coltman et al. (2011)</td>
<td>• Superior CRM capability</td>
<td>• Included CRM strategic emphasises such as customer intimacy cost reduction and data analytics in their model</td>
<td>• Shows how to empirically measure the influence of IT</td>
<td>• Due to the cross-sectional design of their study the direction of causality is hard to assess.</td>
</tr>
<tr>
<td></td>
<td>• Performance</td>
<td></td>
<td>• Found that IT plays a specific role in supporting a CRM program</td>
<td>• Limited example of how IT supports human analytic and BR</td>
</tr>
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<td></td>
<td>• Human analytic capability</td>
<td></td>
<td>• Results indicate that a CRM strategy should underline both revenue growth and cost reduction</td>
<td>• Focus on large, high-performing firms that use CRM</td>
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<td></td>
<td>• IT infrastructure capability</td>
<td></td>
<td>• Conceptualised CRM as a higher-order capability</td>
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<td></td>
<td>• Business architecture capability</td>
<td></td>
<td>• Found that influence of IT infrastructure on superior CC is indirect and fully intervened by HA and BR</td>
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<tr>
<td>A model of customer-linking capabilities with complementary role of customer orientation and CRM technology by Rapp et al. (2010)</td>
<td>• Customer orientation</td>
<td>• They discussed that when CTC was coupled with customer-orientated business strategy, it positively relates to a CTC</td>
<td>• Conceptualised CTC as a higher-order construct and examined intermediate variables in their model</td>
<td>• The cross-sectional nature of this study provides only a snapshot in time Survey responded to by top managers, which raises concerns about the influence of method bias in their results</td>
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<td></td>
<td>• Technology resources</td>
<td></td>
<td>• Found that the customer-centric resources of CT and customer orientation directly affect a firm’s CTC</td>
<td>• Unable to identify other moderators that create greater value for firms</td>
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<tr>
<td></td>
<td>• Customer-linking capability</td>
<td></td>
<td>• They measured firms’ external environment</td>
<td></td>
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<td></td>
<td>• Customer relationship performance</td>
<td></td>
<td>• Found that the combination of customer-centric IT, HR and BR, along with a relationship-focused strategy, related directly to the MC of maintaining</td>
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<td></td>
<td>• Organisational performance</td>
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<td></td>
<td>• Environmental dynamism</td>
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<td></td>
<td>• Human resources</td>
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<td>• Business resources</td>
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<tr>
<td>Author</td>
<td>Capabilities studies</td>
<td>Different to other 4 models</td>
<td>Strengths</td>
<td>Weaknesses</td>
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<td>----------------------------------------------------------------------</td>
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<tr>
<td>A model of CRM technology transformation into organisational performance by Chang et al. (2010)</td>
<td>• CRM technology use&lt;br&gt;• Analysis support&lt;br&gt;• Data integration and access support&lt;br&gt;• Marketing planning capability&lt;br&gt;• Marketing capability&lt;br&gt;• Marketing implementation capability&lt;br&gt;• Organisational performance&lt;br&gt;• Market profitability&lt;br&gt;• Customer-centric organisational culture&lt;br&gt;• Customer-centric management system</td>
<td>• Their model concentrates on the mediating role of MC between CRM technology and organisational performance, customer-centric organisational culture and management system.</td>
<td>• Found that MC mediates the association between CRM technology use and performance&lt;br&gt;• Found that a customer-centric organisational culture facilitates CRM technology use&lt;br&gt;• Calls for firms to be more accountable and show returns of marketing expenditures</td>
<td>• Lack of multiple key informants and limitation of data collection&lt;br&gt;• Did not investigate the roles of MC as a moderator and mediator between CT use and firm performance&lt;br&gt;• Did not examine the different mediating effect of the marketing planning capability and marketing implementation capability on CT use and firm performance</td>
</tr>
<tr>
<td>A model of Dimensions of CRM and Innovation Capabilities by Ghafari et al. (2011)</td>
<td>• Information sharing&lt;br&gt;• Joint problem-solving&lt;br&gt;• Long term relationship&lt;br&gt;• Customer partnership&lt;br&gt;• Technology-based CRM&lt;br&gt;• Process innovation&lt;br&gt;• Product innovation&lt;br&gt;• Marketing innovation</td>
<td>• Studied links between various dimensions of CRM and IC</td>
<td>• Found a significant relationship between CRM dimensions and ICs&lt;br&gt;• Found that different dimensions of the CRM system result in the increase in ICs of the firm</td>
<td>Not identified by authors</td>
</tr>
</tbody>
</table>
As shown in Table 2.6, these five models are important to the research at hand for two main reasons.

Firstly, the studies by Coltman (2007), Coltman et al. (2011) and Rapp et al. (2010) provide impetus for the researcher to integrate the three lower-order CRM capabilities (CTR), (HR) and (BR), in order to create a higher-order CRM technology capability, as well as to examine their impact on firm performance. These studies (Coltman 2007; Coltman et al. 2011 and Rapp et al. 2010) suggest that CRM success is a reflection of the firm’s ability to identify and integrate lower-order constructs of IT infrastructure, human knowledge and business architecture. Thus, it follows that CRM is enmeshed in a web of capabilities, which on their own are not so vitally important. However, when combined, these lower-order capabilities give rise to a higher-order CRM technology capability which can contribute significantly to firm performance.

Secondly, there are three marketing capabilities, namely market orientation, customer-linking capability and innovation capability, as suggested by Coltman (2007), Chang et al. (2010), Rapp et al. (2010) and Ghafari et al. (2011). These marketing capabilities assist the researcher to integrate CRM technology capability with three higher-level marketing capabilities, and further explore their relationship and effects on CRM success and firm performance. For example, Chang et al.’s (2010) research found that an organisation’s implementation of CRM activities will be determined by its customer orientation, which in turn may intensify the firm’s CRM capabilities and hence improve firm performance (Chang et al. 2010). The authors urged future research to examine marketing capability as both a mediator and a moderator between CRM and performance.

Coltman (2007) also examined the role market orientation plays as a mediator in the link between a firm’s CRM technology capability and its performance. He found that CTC is stronger on proactive market orientation compare to reactive market orientation. He also also suggested that CRM programmes should focus on the less visible customer needs that are associated with a proactive market orientation in order to be successful.
Rapp et al. (2010) also attempted to measure the performance outcomes of customer-linking capability. They found that IT infrastructure, human knowledge and business architecture were also reported as having a positive effect on customer-linking capability. Furthermore, they found that the customer-centred resources of CRM technology and customer orientation exert a direct impact on the organisation’s customer-linking capability. Based on their findings, Rapp et al. (2010) advocated that further research is required to recognise other moderators or enabling capabilities to establish the bases for effective strategy formulation and value creation.

Ghafari et al.’s (2011) study discovered a significant relationship between CRM and innovation capabilities. Despite this importance there are relatively few empirical studies on the relationship between innovation capability and CRM and the literature is largely silent on the relationship between innovation capability and CRM. Ghafari et al. (2011) suggested that further research be undertaken to examine the relationship between CRM and innovation capabilities and their impact on firm performance.

In summary, the extensive investment in CRM technology over the past ten to fifteen years, along with the lack of empirical studies on how to integrate CRM technology with complementary firm organisational and marketing resources and capabilities, serves as the main motivation for this thesis research. The next section provides insights into the research gaps in the CRM literature and reveals the main research questions.

### 2.7 Gaps in the Literature

Identifying the gaps which have not been fully addressed by previous research helps articulate the research issues for the research at hand (Perry, 2012). The evaluation of the RBV, CRM technology capability and marketing capabilities literature in Sections 2.2, 2.3 and 2.4, respectively, yields five gaps. They are as follows.

As discussed in Section 2.2 on RBV theory, Vorhies, Morgan and Autry (2009) suggested that an organisation’s capacity to deliver its resources through its capabilities might be more important than simply utilising existing resources to drive performance. Therefore, the integration of the firm’s resources and capabilities has been acknowledged as advantageous to its competitiveness. In fact, judicious use of high-level capabilities can be used to overcome resource deficiencies and even
Literature Review - Chapter 2

outperform rival firms with similar resources (Morgan, Slotegraaf & Vorhies 2009; Krasnikov & Jayachandran 2008; DeSarbo, Di Benedetto & Song 2007). One is inclined to agree with Ketchen, Hult and Slater (2007), who argued that resources only develop value to the extent organisations make efficient use of their capabilities to use these resources to augment organisational performance. However, RBV has not identified the kinds of actions that are crucial to how the resources that are existing can be used to add value (Ngo & O’Cass 2012; Sok, O’Cass & Miles 2016). The relationship between the organisation’s resources and capabilities (described in Section 2.2.4) has not been fully studied (Sok et al. 2016). The lack of clarity around this relationship is the first gap in our knowledge.

Secondly, the capability view of CRM (discussed in Section 2.3) has not received unilateral support in the literature (Coltman 2007; Coltman et al. 2011), and limited research has been done into the capability view of CRM (Trainor et al. 2010; Coltman 2007; Coltman et al. 2011; Rapp et al. 2010). While there is some empirical support for the effectiveness of CRM technologies overall (Jayachandran et al. 2005; Ray et al. 2005; Mithas et al. 2005), there is yet no hard evidence to suggest what is required in the way of resources and capabilities for CRM technology to bring about improvements to customer relationships (Rapp et al. 2010; Wang & Feng 2012).

Thirdly, there is no consensus as to which higher-order marketing capabilities merit the most attention for improving firm performance, as highlighted in Section 2.4. There is scant research evaluating more than two higher-level marketing capabilities acting jointly (e.g. brand management, market orientation, customer-linking capabilities, innovation and customer relationship management) (Hooley et al. 2005; Vorhies & Morgan 2005).

Fourthly, there is also limited research work aimed at documenting the effect of CRM technologies on the improvement of marketing capabilities (covered in Section 2.4), such as market orientation (Coltman 2007 and Chang et al. 2010) (covered in Section 2.4.2.1), customer-linking capabilities (Rapp et al. 2010) (covered in Section 2.4.3.1) and innovation capability (Ghafari et al. 2011) (covered in Section 2.4.4.4) and how these capabilities affect organisational performance. In light of the prevalence of IT within marketing today, there is a critical need to know more of how a firm’s IT can be used to enhance its marketing capabilities and how, in turn, these capabilities link
to organisational performance and help establish and maintain a competitive advantage (Chang et al. 2010; Trainor, Rapp, Beitelspacher & Schillewaert 2010).

The fifth and final gap in the literature is concerned with lack of empirical study investigating CRM within Australian enterprises (covered in Section 1.1.3). Australia is said to rank in the top end of countries using CRM systems (Gartner, 2016), but despite possessing the necessary technology, most enterprises are still not optimising its benefits through full implementation (Hibbit 2013; Telsyte Australian 2017). This is where successful CRM implementation requires an understanding of the most significant theoretical issues related to customer relationship management (Stojanov 2009).

2.8 Research Questions and Conceptual Framework

As indicated in the previous section, the literature reviewed so far raises concerns regarding the most appropriate combination of capabilities to effectively capitalise on an investment in CRM by the firm. There is lack of a general framework on how to integrate CRM technological with organisational and marketing resources and capability to enable an understanding of how CRM can be made to enhance firm performance. In other words, there is uncertainty around the most appropriate mix of capabilities needed to efficiently capitalise on an investment in CRM by the organisation. Therefore, this research project is justified in exploring the following research problem, namely:

How can CRM technologies be fully integrated and complemented by organisational and marketing resources and capabilities to improve a firm’s performance?

According to Yin (2009), issues and research questions are combined to inform the theoretical framework of the study which houses the main constructs and variables along with the presumed relationships that might exist between them. The next three sections identify the three main research questions and sub-questions to be investigated in this thesis research, in order to address the research problem.
2.8.1 CRM Technology Capability (RQ1)

CTC and its three components (technology resources, human resources and business resources) were individually referred to in Section 2.3. According to Barney and McKey (2005) the presence of overarching CRM systems along with sophisticated human skills will have a marginal effect on the business unless positive steps are taken to integrate all three types of resources. This suggests that the data of all CRM initiatives should be shared across the organisation. As discussed in Section 2.7 (knowledge gap 2), there is a lack of empirical data indicating the manner in which IT resources can be combined with an array of organisational capabilities to provide business value. Thus, Research Question 1 seeks to investigate:

**RQ1. How and to what extent do managers at Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?**

From this research question are derived three sub-questions – one for each of the three CTC components.

2.8.1.1 CRM Technology Resources (RQ1a)

As examined in detail in Section 2.3.1, the CRM technology resources represent an organisation’s utilisation of a wide range of technologies that facilitate the creation and maintenance of strong relationships with their customers (Coltman 2007; Coltman et al. 2011). Rapp et al. (2010) have proposed that CRM technology resources in isolation are not enough to deliver substantial performance improvement. Instead, CRM technology resources must be pooled with other complementary organisational resources (Coltman 2007: Coltman et al. 2011). It is suggested that CRM technology requires ‘the orchestration of a combination variety of resources and capabilities, none of which is superior in isolation, but when combined with others, make for a better and more effective program’ (Coltman et al. 2007, p. 9). It is with this intent that the thesis asks the following sub-question relating to CRM technology resources:

**RQ1a. How crucial are CRM technology resources to fully maximise the CRM technology capability currently in use?**
2.8.1.2 Human Resources (RQ1b)

As illustrated in detail in Section 2.3.2, researchers have shown that human resources are important precursors to the successful adoption of information technology (Leonard 1998; Day 1994; Bharadwaj 2000; Ko et al. 2008; Coltman & Dolnicar 2007; Powell and Dent-Micallef 1997; Rapp et al. 2010). Customer data must be utilised carefully if it is going to inform the decision-making process in such a way that good decisions are made (Coltman et al. 2011). Therefore, the skills and know-how of employees are crucial to convert data to customer knowledge (Coltman 2007). In fact, Coltman (2007), and more recently Rapp et al. (2010) and Coltman et al. (2011), have claimed that human and technology resources are crucial components of CRM capability. The relevant research sub-question follows:

*RQ1b. How crucial are and in what ways can human resources maintain CRM technology capability?*

2.8.1.3 Business Resources (RQ1c)

As explored in detail in Section 2.3.3, IT and HR are the two important factors for successful CRM implementation, but without appropriate business resources HR would not be able to coordinate their CRM and organisational needs (Rigo et al. 2016). Taken together, this body of literature surrounding BR suggests the following research sub-question:

*RQ1c. How crucial are business resources to assist in maximising CRM technology capability?*

2.8.2 CRM Technology Capabilities and Marketing Capabilities (RQ2)

As referred to in Section 2.2, according to the RBV literature, researchers have come to represent a firm’s capabilities as important antecedents to achieving its organisational goals and indeed securing competitive advantage (Greenley, Hooley & Rudd 2005; Ghosh, Liang, Meng & Chan 2001; Ruiz-Ortega & Garcia-Villaverde 2008). For example, capabilities related to marketing are the key drivers of an organisation’s performance outcomes (Slotegraaf & Dickson 2004). Accordingly,
marketing capabilities utilise integrative processes to bring together a firm’s tangible and intangible resources (e.g. market-based assets such as brands, and capabilities such as marketing expertise) to grasp an understanding of the specific needs of its customers (Song et al. 2007).

As described in Section 2.4, according to Dutta, Narasimhan and Rajiv (1999), marketing capabilities have the biggest effect on firm performance, surpassing research and development capability as well as operations capability. Within marketing capabilities also, planning and implementing had a strong effect on business outcomes (Vorhies & Morgan 2005). Prior empirical studies (such as Vorhies & Morgan 2005; Hooley et al. 2005; Weerawardena et al. 2006; Merrilees 2008; Chang et al. 2010; Krasnikov et al. 2009; Merrilees 2010) have all shown that successful firm performance depends on how well integrated its marketing capabilities are with its strategic plan. Yet, apart from this finding, there is limited empirical research aimed at exploring higher-level marketing capabilities (see Section 2.7, knowledge gap 3).

As discussed in Section 2.3, Becker and Albers (2009) described CRM capability as an organisation’s capacity to make effective use of its resources, activities and processes to create customer value. While some progress has been made towards demonstrating the effectiveness of CRM technologies (Jayachandran et al. 2005; Ray et al. 2005), it is unclear precisely what resources and capabilities are required for CT to build customer relationships. Certainly, there is great need to document the activities that enable an organisation to identify and meet its customers’ needs (Rapp et al. 2010). Wahlberg, Strandberg, Sundberg, and Sandberg (2009, p. 12) emphasised that research on CRM with a RBV is needed because ‘this approach is at the core of the present strategy discourse and it is an approach that corresponds well with the CRM approach together with its emphasis on information and communication technology (ICT) enabled marketing’. According to RBV, to achieve its primary goals, an organisation requires a set of technology-related resources as well as market-related resources to develop its technological and market-related capabilities, respectively (Dougherty 1992; Danneels 2002; Herzog 2011). In this area, there is little research aimed at examining the relationship between CRM capability and marketing capabilities and just how these capabilities affect the firm’s performance.
(knowledge gap 4 covered in Section 2.7). Therefore, research question 2 seeks to explore:

**RQ2. How and to what extent do managers at Australian enterprises integrate CRM technology capability and marketing capabilities?**

### 2.8.2.1 CTC and Market Orientation (RQ2a)

As presented in detail in Section 2.4.2.1, the firm’s implementation of CRM activities will be determined by its customer orientation, which in turn may intensify the firm’s CRM capabilities and hence improve firm performance (Chang et al. 2010). Customer orientation is a culturally shared concept that determines what shall be done and by whom. It reflects the values and beliefs of the organisation that enables it to place its customers’ needs first (Day & Van den Bulte 2002). Several studies (Narver & Slater 1990; Kohli & Jaworski 1990; Hunt & Morgan 1995; Day & Nedungadi 1994) have stressed the significance of combining customer orientation and competitor orientation because marketing strategy requires a balanced focus on customers and competitors. Besides, the integrated information that is shared with employees and customers is applied to the business applications, including sales automation, marketing management, customer services and support, research and engineering automation, data analysing and report generation, and data mining/data warehouse (Lin 2007). Yet, there is a lack of empirical study linking CRM and market orientation focusing on three dimensions of market orientation. Therefore, this research regards MO as part of a higher-order construct (i.e. marketing capability) and asks the following sub-question:

**RQ2a. How can CRM technology capability and market orientation be integrated to improve marketing capabilities?**

### 2.8.2.2 CTC and Customer-Linking Capability (RQ2b)

Section 2.3.3 presented a detailed discussion of CRM-related customer-linking capability. Customer-linking capability fosters firm and customer relationships by encouraging staff to concentrate on the customers’ needs by coordinating the flow of information from across the organisation (Day 2003). CRM technology permits the forging of new behaviours that facilitate relationship-building with the customers. It is
easy to see the importance of information sharing to the relationship-building process (Day 1994). Mithas et al. (2005) claim that CRM strategies lead to an increase in the dissemination of customer knowledge across the organisation that is gleaned from repeated interactions with the customers. Yet, there is a lack of empirical study linking customer-linking capability and CRM (Day & Van den Bulte 2002; Day 2003; Rapp et al. 2010). Therefore, the research seeks to answer the following sub-question:

**RQ2b. How can CRM technology capability and customer-linking capability be integrated to improve marketing capabilities?**

2.8.2.3 CTC and Innovation Capability (RQ2c)

Section 2.4.4.4 presented a detailed discussion of CRM-related innovation capability. Firms should make good use of the latest information technology tools, including data mining and data analysis, to promote innovative products and services (Dyche 2002). A well constituted CRM system allows firms to access precise information that would enable them to correctly anticipate customers’ demands. IT based CRM, therefore, is closely connected with marketing innovation (Wei & Atuahene-Gima 2009). CRM improves innovation capability and enhances competitive advantages of the firm (Lin et al. 2010; Ghafari et al. 2011). Yet, there are relatively few empirical studies on the relationship between innovation capability and CRM and the literature is largely silent on the relationship between innovation capability and CRM (Lin et al. 2010; Ghafari et al. 2011; Choudhury & Harrigan 2013; Christofi et al. 2015). These points lead to the following sub-question:

**RQ2c. How can CRM technology capability and innovation capability be integrated to improve marketing capabilities?**

2.8.3 CRM-Related Performance Outcomes (RQ3)

Section 2.5 presented a detailed discussion of CRM-related performance outcomes. CRM performance covers customer-related and financial performance outcomes. Section 2.5.1 mentioned that in CRM strategy the decision to build and maintain links with individual customers should be made depending upon the CLV to the organisation (Kracklauer et al. 2001). Organisations are looking for CRM technology to reduce costs as well as lift profits (Ang & Buttle 2002) – see Section 2.5.2 for
further discussion. As suggested by Payne and Frow (2005), traditional performance measures (such as ROI and cost reduction) may be inappropriate because of the cross-functional nature of CRM. It may be that capabilities like CLV should be incorporated as performance measures of CRM. This view is advanced by a number of studies (Lüneborg & Nielsen 2003; Wang et al. 2004; Roh et al. 2005; Sin et al. 2005; Mithas et al. 2005).

Given that CLV is an outcome of CRM, the two firm performance measures used in this study are CLV and economic performance of CRM, which can be combined into one construct as firm performance. Therefore, the following research question is suggested.

**RQ3. How do Australian managers perceive the CLV-related and financial outcomes they obtain through their current CRM?**

To sum up, the three research questions and each of the corresponding sub-questions are presented in Table 2.7.

### Table 2.7. Research Questions

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Research Sub-Questions</th>
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<tbody>
<tr>
<td><strong>RQ1.</strong> How and to what extent do managers at Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?</td>
<td><strong>RQ1a.</strong> How crucial are CRM technology resources to fully maximise the CRM technology currently in use?</td>
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<td></td>
<td><strong>RQ1b.</strong> How crucial are and in what way can human resources maintain CRM technology capability?</td>
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<td></td>
<td><strong>RQ1c.</strong> How crucial are business resources to assist in maximising CRM technology capability?</td>
</tr>
<tr>
<td><strong>RQ2.</strong> How and to what extent do managers at Australian enterprises integrate CRM technology capability and non-CRM marketing capabilities?</td>
<td><strong>RQ2a.</strong> How can CRM technology capability and market orientation be integrated to improve marketing capabilities?</td>
</tr>
<tr>
<td></td>
<td><strong>RQ2b.</strong> How can CRM technology capability and customer-linking capability be integrated to improve marketing capabilities?</td>
</tr>
<tr>
<td></td>
<td><strong>RQ2c.</strong> How can CRM technology capability and innovation be integrated to improve marketing capabilities?</td>
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</table>
2.8.4 Conceptual Framework

From the literature reviewed, several research issues, questions and a priori themes appear, and they formulate the base for this section. According to Stake (1995, p. 17) ‘issues are not simple and clean, but intricately wired to political, social, historical, and especially personal contexts’. As per Yin (2013), issues and research questions help researcher to develop the conceptual framework of a study. Miles and Huberman (1994) stated that a conceptual framework describes the main issues, key factors, constructs and variables and the presumed relationships between the variables. The conceptual framework for this thesis research captures the issues and research questions related to ‘transforming CRM technology and marketing capabilities into firm performance’, and is presented in Figure 2.12.

The framework comprises the two higher-order capabilities – CTC and MC, their respective components (CTR, HR and BR; MO, CLC and IC), as well as CRM-related performance outcomes.

CRM Technology Capability (CTC) is the key concept of interest in RQ1. It consists of three dimensions, namely: CRM Technology Resources (CTR), dealt with in RQ1a, Human Resources (HR), dealt within RQ1b, and Business Resources (BR), dealt with in RQ1c.

RQ1a. CRM Technology Resources (CTR) dimension of CTC is a first-order construct in this study (discussed in Section 2.3.1). Three a priori themes were drawn from Rapp et al. (2010) (discussed in Section 2.6.3) and were adapted for the context of this research as: 1a.1 Customer data, 1a.2 Access on data on customer interactions, 1a.3 Integration data from different contact points.

RQ1b. Human Resources (HR) dimension of CTC is a first-order construct and three a priori themes (as mentioned in Section 2.3.2) were drawn from Rapp et al. (2010)
and were translated and adapted for the context of this research, and includes: 1b.1 Top management involvement, 1b.2 Employees’ acceptance of change, and 1b.3 Fitting CRM technologies within the company’s culture.

RQ1c. Business Resources (BR) dimension of CTC is a first-order construct and three themes were drawn from Rapp et al. (2010) (discussed in Section 2.3.3) and were translated and adapted for the context of this research, and are comprised of: 1c.1 Formal strategic plan for CRM initiatives, 1c.2 Integration of CRM technology plan into the company’s overall plan, 1c.3 Measurement of the effectiveness and the success of CRM.

Non-CRM Marketing Capabilities is the key concept of interest in RQ2, and includes three higher-level components, namely: RQ2a – Market Orientation, RQ2b – Customer-Linking Capability, and RQ2c – Innovation Capability.

RQ2a. Market Orientation (MO) is the first component of Non-CRM Marketing Capabilities and focuses on three behavioural components of market orientation as suggested by Narver and Slater (1995), namely: 2a.1 Customer-oriented organisational culture, 2a.2 Intelligence gathering, and 2a.3 Inter-functional coordination.

RQ2b. Customer-Linking Capability (CLC) is the second component of Non-CRM Marketing Capabilities and comprises three initial themes of customer-linking capability that the researcher adopted and modified from Rapp et al. (2010) and include: 2b.1 Strong relationship with key target customers, 2b.2 Understanding customer needs and requirements, 2b.3 Maintaining and enhancing relationships with customers.

RQ2c. Innovation Capability (IC) is the third component of Non-CRM Marketing Capabilities and comprises three initial themes that were adopted from Ghafari et al. (2011), including: 2c.1 Product and service innovation, 2c.2 Process innovation, and 2c.3 Market innovation.

The third main concept of interest is CRM-related performance outcomes, which is dealt with in RQ3. It comprises four elements. The first two elements are related to Customer Lifetime Value (CLV), namely Customer retention and Customer acquisition, as suggested by Ang & Buttle (2002). The other two elements are of a
financial nature and reflect the economic performance outcome of CRM, namely Cost reduction and Return on investment, as suggested by Coltman et al. (2011).
Figure 2.12. The conceptual framework of transforming CRM technology and marketing capabilities into firm performance

Source: Developed for this research
2.9 Conclusion

This chapter has presented the context of the research problem pertaining to the specific phenomenon of interest – RBV. Drawing on conceptual and empirical marketing, strategic management and information system literature, it has explicated and clarified the context of the phenomenon of CTC and MC. It can be concluded that while the literature makes significant contributions to an understanding of CTC and MC, five gaps in the knowledge are evident. Accordingly, three main research questions have been raised in Section 2.8. Finally, the conceptual framework of transforming CRM technology and marketing capabilities into firm performance, which was developed based on the literature review, was presented. The next chapter addresses the primary research design and process undertaken to evaluate the research questions.
3. Methodology

3.1 Introduction

The previous chapter reviewed literature thought relevant to the research objectives for this study. Methodology is the ‘strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcome’ (Crotty 1998, p. 3). Accordingly, in this qualitative study the researcher will look for data in naturalistic settings that facilitate conversation between the researcher and the participants (Lincoln et al. 2011). The research context will allow one-on-one in-depth interviews in which the researcher intends to develop a fine-grained understanding of CRM via real-life experiences from a first person’s point of view (Moustakas 1994; Sanders 1982). This chapter begins with a brief discussion of the theoretical research paradigm that underpins justification of qualitative method and interview design employed in this thesis (Section 3.2). Section 3.3 describes the specific research methods used to select the participants, collect and analyse the data. Section 3.4 addresses ethical considerations pertinent to this research. Limitation of semi-structured interviews research is presented in section 3.5, and the final section (3.6) draws the chapter summary. Figure 3.1, below, contains a graphical outline of the contents for this chapter.
Figure 3.1: Graphical outline of Research Design

3.1 Introduction

3.2 Theoretical Research Paradigm

• 3.2.1 Justification for Qualitative Research
• 3.2.2 Justification for Interview Approach
• 3.2.3 Quality of Research

3.3 Research Design

• 3.3.1 Prior Theory
• 3.3.2 Research Design for Case Selection
  • 3.3.2.1 Sampling
  • 3.3.2.2 Cross-Sectional Sample
  • 3.3.2.3 Profile of Sectors
  • 3.3.2.4 Profile of Respondents
• 3.3.3 Data Collection Procedures
  • 3.3.3.1 Interview Protocol
  • 3.3.3.2 Research Instrument Using Semi-Structured Interviews
• 3.3.4 Analysing the Data
  • 3.3.4.1 Within Case Analysis
  • 3.3.4.2 Thematic Analysis
  • 3.3.4.3 Template Analysis
  • 3.3.4.4 Preliminary Coding: Hierarchical Coding
  • 3.3.4.5 Developing the Initial Template
  • 3.3.4.6 Developing the Second Cycle Coding: Parallel Coding
  • 3.3.4.7 Final Template

3.4 Ethical Clearance

3.5 Limitations of Study

3.6 Chapter Summary
3.2 Theoretical Research Paradigm

It is important that the researcher discloses the paradigm that has been adopted for this thesis research. Kuhn (1970) referred to paradigms as being like mental models of the world that, like an optical lens, help determine what we see and how we evaluate what we see. A paradigm consists of shared beliefs amongst a group of researchers about what is real and valid knowledge. It is like a framework for determining how we know what we know. Thus, paradigms relate to assumptions about ontology (the nature of reality), epistemology (the relationship between the researcher and the researched) and methodology (the research process) (Ponterotto 2005). Ultimately, the views of the researcher on each of these issues combine to position the researcher inside a particular paradigm, which then determines the kinds of actions that can be taken.

The Ontological Question - The ontological stance adopted by the researcher circumscribes the philosophical foundation of any research project. It determines how the researcher views the social world and how it provides the context for the kinds of questions that might be asked or issues that may be explored. According to Neuman (2006, p. 92) ontology is ‘an area of philosophy that deals with the nature of being, or what exists; the area of philosophy that asks what really is and what the fundamental categories of reality are’. Crotty (1998) described ontology as the study of “what is” or as Creswell and Clark (2007) had stated, ontology is the assumption we make about the nature of reality and the purpose of our existence (Somekh & Lewin 2005). Further, Holden and Lynch (2004, p. 399) stress ‘the importance of ontology in research, as it is the cornerstone to all other assumptions’. Neuman (2006, p. 92) stressed two elementary situations within ontology - realist and nominalist. A realist considers that ‘the real world exists independently of humans and interpretation of it’ and the nominalist undertakes that ‘humans never directly experience a reality out there, our experience with what we call ‘the real world’ is always occurring through a lens or scheme of interpretations and inner subjectivity’.

The Epistemological Question - Neuman (2006, p. 93) defines epistemology as ‘what we need to so to produce knowledge and what scientific knowledge looks like once we have produced it’. He emphasised that a realist believes ‘there is an empirical world out there that apart from our inner thoughts and perception of it’ and as
researcher explores empirical reality they can differentiate ‘truth from myth or illusion and produce objective knowledge’ (p. 93). Creswell (2007) defined epistemology as the philosophical assumption of the ‘closeness’ in the relationship between the researcher and the researched. Closeness is partly a function of how much time the researcher spends in the field collecting data. It also is affected by the amount of any collaboration between the investigator and the participants and to what extent the participants impact on the researcher.

**The Methodological Question**- The methodological question, once answered, describes the way in which the researcher conceives of the total research process. The methodology of the study outlines the steps involved at each stage of the overall research design. It specifies the actual research method or tool to be employed.

Table 3.1 presents the four various forms of inquiry paradigms in relation to their respective ontological, epistemological and methodological positions. Each of the four paradigms is discussed in more detail below.

**Table 3.1: Basic beliefs and assumptions of alternative inquiry paradigms**

<table>
<thead>
<tr>
<th>Positivism paradigm</th>
<th>Interpretivism/ Constructivism paradigm</th>
<th>Critical theory paradigm</th>
<th>Post-positivism/ Realism paradigm</th>
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<tbody>
<tr>
<td><strong>Ontology</strong></td>
<td>- Naïve realism</td>
<td>- Relativism: local and specific co-constructed realities</td>
<td>- Critical realism; ‘real’ reality but only imperfectly and probabilistically apprehensible</td>
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<td></td>
<td>- ‘Real’ Reality but apprehensible whose nature can be known and characterised</td>
<td>- Truth is subjective, based on an individual’s perceptions of reality, resulting in a state of multiple realities</td>
<td>- Post-positivistic knowledge is more certain and objective than knowledge which originated from other paradigms</td>
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<td>- Science can discover the true nature of reality</td>
<td>- This implies that there is no single universal truth or reality</td>
<td>- Scientific statement must remain tentative forever</td>
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<td></td>
<td>- Knowledge created by the interpretive paradigm has limited transferability</td>
<td>- Knowledge is socially constructed and influenced by power relations from within society</td>
<td>- Seek to understand causal relationships</td>
</tr>
<tr>
<td><strong>Epistemology</strong></td>
<td>- Dualist/ objectivist; findings true</td>
<td>- Transactional/ subjective; co-created findings</td>
<td>- Researcher is part of the research process but remains as objective as possible</td>
</tr>
<tr>
<td></td>
<td>- Objects have an existence independent of the researcher</td>
<td>- Researcher and participants jointly create findings</td>
<td>- Findings are maybe true</td>
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<td></td>
<td>- The knowledge generated is value neutral.</td>
<td>- This means that the researcher and the research participants are mutually interactive</td>
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<td>- The findings can be generalised to an entire population</td>
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<td>- The findings are theory free and they might be true</td>
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### Methodology

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>Experimental/manipulative</td>
<td>- Verification of hypothesis; - Methods often generate quantitative data;</td>
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<td></td>
<td>- Standardised tests, closed-ended questionnaires, standardised observation tools</td>
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<td></td>
<td>- Analysis involves descriptive and inferential statistics</td>
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<tr>
<td>Hermeneutical/dialectical</td>
<td>- Depends on a researcher being a &quot;passionate participant&quot; in research process</td>
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<td>- The methodologies are principally qualitative and include in-depth unstructured interviews and participant observation</td>
</tr>
<tr>
<td>Depends on the</td>
<td>- Focus group discussions; - The emphasis is on action research</td>
</tr>
<tr>
<td>interpretative ability</td>
<td>- Methods often generate qualitative data</td>
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<tr>
<td>of the researcher who</td>
<td>- Methods often generate quantitative data</td>
</tr>
<tr>
<td>is a &quot;transformative</td>
<td>- Experimentation and correlational studies are used</td>
</tr>
<tr>
<td>intellectual&quot;</td>
<td>- Data is collected through case studies and convergent interviews</td>
</tr>
<tr>
<td></td>
<td>- Uses quantitative and qualitative data</td>
</tr>
</tbody>
</table>

**Source:** Adapted from Guba and Lincoln (1994), Perry, Alizedeh and Riege (1997), Perry and Riege and Brown (1999).

**The positivism paradigm** - Delanty (2005, p. 10) defined positivism as ‘the view that scientific knowledge can be positively verifiable, in contrast to dogmatism, speculation or superstition. Positivistic knowledge is thus knowledge that is based on sure and certain foundations’. Positivism is ‘a belief system arising out of practices in the natural sciences which assumes that matters that are the subject of research are susceptible of being investigated objectively, and that their veracity can be established with a reasonable degree of certainty’ (Brand 2009, p. 432). Lincoln, Lynham and Guba (2011) state that positivism relates to a single truth or reality where researchers may rely on experimentations to test their hypothesis, which results in the disclosure of the truth. Steinmetz (1998) elaborated that positivists view reality as measured by empirical laws that are neutral, value-free and independent of time and space. Therefore, positivism relies on the power of rationality joined with scientific methods to understand ‘objective’ reality (Moutinho & Hutcheson 2011). According to Perry et al. (1999), a naïve realist epistemology stipulates that reality is simply accessed and precisely measured. Positivists view the objects to be researched as independent entities from the researcher (Yin, 2013). Crotty (1989) noted that the integrity and actions of the investigator do not imitate the nature of reality, meaning it occurs independently of the investigator and lies entirely in the objects themselves.

**The interpretivist paradigm/constructivist paradigm** - According to Guba and Lincoln (1994, p. 109), interpretivist/constructivist is defined as ‘an alternative paradigm whose break-away assumption is the move from ontological realism to ontological relativism’. Hugly and Sayward (1987, p. 278) defined a relativist stance
as being one where ‘there is no objective truth to be known’. Berlin (1987) defined transactional stance as truth which occurs from interactions among elements of some rhetorical situation. Given (2008) refers to subjectivist as the role of the researchers in order to construct an impression of the world as they see it. Brand (2009) noted that interpretivism/constructivism declares reality as an outcome arising from research participants, subject to time, place and the context in which the research had taken place. The interpretivist paradigm is centred on the ontological view that reality is subjective and arises out of social interaction (Perry et al. 1999). Because individuals do not experience a situation in the same way, therefore, there are likely to be multiple realities, although the most imperative reality is the perception retained by an individual and not only measurements (Guba & Lincoln 1994). Crotty (1998, p. 43) elaborates that ‘reality emerges when consciousness engages with objects which are already pregnant with meaning’. Therefore, reality is individually constructed through the interaction amongst language and characteristics of an independent world (Frowe 2001). Therefore, this paradigm has sometimes been called the constructivist paradigm. In short, ‘the interpretive paradigm does not question ideologies; it accepts them’ (Scotland 2012, p. 11).

The epistemology of the interpretivist paradigm is one of subjectivism based on the assumption that there is a very close relationship between a researcher and the respondents (Guba & Lincoln 1994). Per Grix (2004, p. 83) ‘the world does not exist independently of our knowledge of it’. The social world can only be comprehended from the perspective of persons who are participating in it (Cohen et al. 2007). Therefore, knowledge that is produced by the interpretive paradigm is culturally derived and historically situated (Crotty 1998). And so, in a sense, the researcher is like the participant and together they jointly create the research outcomes (Perry, Alizadeh & Riege 1997). From this perspective, the researcher assumes the role of a ‘passionate participant’ (Guba & Lincoln 1994, p. 17). Interpretive methods produce views and understandings of behaviour, describe actions from the participants’ point of view, but do not control the participants (Scotland 2012). In this paradigm, case study and interviewing are commonly used qualitative research methods., although the interpretative paradigm is seldom used for business research because it does not evidently measure the real technological and economic dimensions of business (Perry, Riege & Brown 1999).
Critical theory paradigm - Critical theory researchers’ investigation often involves long-term ethnographic and historical studies of organisational processes and structures, with an aim of transforming political, cultural, economic, social, ethnic and gender values. The epistemology of the critical theory paradigm is that there is a very close and cooperative relationship between the researcher and the participants (Guba & Lincoln 1994).

Post-positivism or realism paradigm - Healy and Perry (2000, p. 121) claimed that ‘the ontology of realism assumes that the research is dealing with complex social phenomena involving reflective people’. Thus, the objective of most marketing research is to recognise and report on complex, social science phenomena (Healy & Perry 2000). Realism hence is associated with the classic objectives of marketing research. The main difference between constructivists and realists is that constructivists suggest multiple realities, but realists suggest one reality while there may be many perceptions of that reality. Perry (1999) noted that the realist’s purpose is to triangulate perceptions to advance a better understanding of reality. Adopting the epistemology of the realism paradigm is one of objectivism and requires the investigator to seek out, understand and grasp the meaning of the phenomenon as it exists in the minds of the research participants (Brand 2009). Thus, the researcher does not become part of the research process and attempts to be as objective as possible (Guba & Lincoln 1994).

This thesis research obtained real world information about CRM-related marketing capabilities that would enable inferences to be made about the effectiveness of CRM investment by Australian enterprises. It attempted to capture the lived experience of key stakeholders using in-depth semi-structured interviews (Guba & Lincoln 1994). This is consistent with the epistemology of realism, which requires the investigator to seek out, understand and grasp the meaning of the phenomenon – in this case CRM – as it exists in the minds of the research participants (Brand, 2009). Thus, there is a need to understand the participants’ own vision of what constitutes an effective CRM investment within their own frame of reference. Therefore, the researcher does not become part of the research process and attempted to be as objective as possible (Guba & Lincoln 1994). As noted by Donnellan (1995), realism is primarily inductive (i.e. theory construction and theory building), rather than deductive (i.e. theory testing and theory verification). This thesis research provided some theory building, but not
pure induction, because this might ‘prevent the researcher from benefiting from existing theory, just as pure deduction could prevent the development of new and useful theory’ (Perry 1998, p. 789) (see Section 3.3.1). As has been explained in detail in Section 3.3.1.1 on ‘A priori themes’, the researcher identified several a priori themes at the outset to facilitate the generation of the key research questions and to provide a platform for the development of the semi-structured interviews. This represents a more objective orientation than the subjective orientation.

Despite the attempt to remain objective, research in marketing is often skewed to an interpretivist stance (Healy & Perry 2000). Understanding marketing complexity usually demands a researcher to contribute in real-world actions and create enquiry into relational processes. As per Brand (2009) interpretivism supports the belief that reality is changing, and it also occurs inside the mind of the researcher. Research into CRM is seen as interpretative if it is acknowledged that our knowledge of CRM derives from a world where meanings of actions are subjectively interpreted by both those within it as well as the researcher (Creswell 2003). Viewed from this perspective, the epistemology designated for this thesis research is also partly interpretative. In summary, this thesis research is a qualitative study that is situated in both the realist and interpretivist paradigms, and has both objective and subjective orientations.

### 3.2.1 Justification for Qualitative Research

Cooper and Schindler (2010) refer to qualitative research as a creative process which relies on the perceptions and conceptual abilities of the investigator. According to Bogdan and Biklen (2007), qualitative research: 1) is descriptive in nature, 2) deals with processes rather than outcomes, 3) data is collected from a natural situation where the researcher is the main instrument, and 4) used to achieve an inductive data analysis. Pope and Mays (2006) cited that qualitative research is subjective and delivers a distinctive understanding of social phenomena. Qualitative research implements multi-method approaches to answer critical questions about social phenomena (Pope & Mays 2006). Qualitative research embraces the interpretivist orientation that seeks to understand how meaning is created using research tools such as focus groups or interviews.
This thesis research is exploratory in nature and employs qualitative research processes to explore the factors that pertain to CRM. The central research problem will be identified and used to formulate research questions. Data collected and analysed is justified in section 3.3.4.

This thesis research aims to examine the effectiveness of CRM by focusing on integration of technology capability and marketing capabilities which help firms to improve performance. The findings of this thesis research can assist Australian enterprises in implementing more effective CRM activities.

### 3.2.2 Justification for Interview Approach

According to Perry (1998), case study research typically identifies research problems from within research paradigm. Yin (1984, p. 23) defined a case study as ‘an empirical study that investigates a contemporary phenomenon in depth and within its real world context, especially when the boundaries between phenomenon and context may not be clearly evident’. Initially, the researcher selected case study research to extensively examine the nature and purpose of CRM (Hussey & Hussey 1997). Although, this was not possible due to the sensitive nature of the CRM activities, and intense competition among Australian enterprises, which explained in details in Section 1.5 and Section 5.4. Alternatively, the researcher selected an in-depth interview approach to collect more insights from different directors and managers and explore the complexity and diversity of CRM within different enterprises (Eisenhardt & Graebner 2007).

Walsham (2006, p. 323) distinguished that ‘interviews are a part of most interpretive studies as a key way of accessing the interpretations of informants in the field’. Barbour (2008, p. 128) claimed that ‘one-to-one semi-structured interviews are possibly the most commonly used qualitative method and have become almost the ‘gold standard’ approach against which other data are frequently compared and found wanting’. Further, Kvale and Brinkmann (2009) explained that a semi-structured interview seeks to collect descriptions of the interviewees lived experience of the world, so that the meaning of the studies phenomenon can be interpreted. Walsham (2006) emphasised that in an interpretive study interviews should be accompanied by
other forms of field data such as press, media and other publications. Therefore, the semi-structured interview is seen as an appropriate methodological tool for investigating the effectiveness of CRM as an investment strategy, as well as to explore the possible limitations of the CRM framework.

### 3.2.3 Quality of Research

Qualitative research methods are not without their critics (Guba & Lincoln 1985). For example, qualitative approaches to sampling, along with techniques for data collection and analysis, are at odds with the more rationalistic quantitative research methods. As a result, qualitative research is often seen as lacking in accuracy, replicability and generalisability. All this amounts to a lack of rigour where questions relating to the level of trustworthiness of qualitative research are raised (Golafshani 2003; Shenton 2004). There are some who would suggest that quantitative criteria such as reliability and validity be utilised to assess their worthiness (Angen 2000; Silverman 2016; Tharenou et al. 2007; Yin 2009).

Reliability refers to the ability to replicate the findings under similar conditions or the ‘degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions’ (Hammersley 1992, p. 67). Validity is about authenticity and asks whether we are measuring what we say we are measuring. This refers to internal validity. External validity, on the other hand, is the degree of generalisability of the findings across individuals, groups or organisations (Tharenou et al. 2007). Table 3.3 presents Yin’s (2003) definitions of the various concepts of validity and reliability.
Table 3.3. Yin’s (2003) definitions of reliability, validity and ways to improve research rigour

<table>
<thead>
<tr>
<th>Test</th>
<th>Definition</th>
<th>Case study tactic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>Correct operational measure for concepts</td>
<td>Use of multiple sources of evidence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establish chain of events</td>
</tr>
<tr>
<td>Internal validity</td>
<td>Establishing a non-spurious causal relationship (only for explanatory)</td>
<td>Have key informant review draft case study report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do patient matching</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do explanation building</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Address rival explanation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use logic models</td>
</tr>
<tr>
<td>External validity</td>
<td>Establishing the domain for generalization</td>
<td>Use theory in single case studies</td>
</tr>
<tr>
<td>Reliability</td>
<td>Repeatability of operations of the case study</td>
<td>Use replication logic in multiple case studies</td>
</tr>
<tr>
<td>Objectivity</td>
<td>The use of instruments that are not dependent or</td>
<td>Use case study protocol</td>
</tr>
<tr>
<td></td>
<td>influenced by the researcher’s skill or perception</td>
<td>Develop case study database</td>
</tr>
</tbody>
</table>

**Source: Yin (2003, p. 34)**

Careful examination of the contents of the above table suggests the constructs of reliability and validity are only relevant to quantitative research paradigms. Qualitative researchers take different steps to ensure the rigour of their qualitative research. They use the concept of trustworthiness, as presented in Table 3.4, as a substitute for reliability and validity. Guba and Lincoln (1985) stated that these constructs must be changed to suit the different circumstances of qualitative studies. For example, credibility replaces validity and dependability substitutes for reliability in the minds of the qualitative researcher.

For each of the criteria that are the hallmarks of good qualitative research there are a number of strategies that can be employed to ensure the integrity of the study. For example, primary data is being collected by interviewing the sampled respondents using a semi-structured format. The interviews are to be taped and transcribed later for data analysis. To ensure data integrity, a transcribed interview copy is to be sent to the participant for validation prior to data analysis. This is what Guba and Lincoln (1985) refer to as member checking and is a way of enhancing the credibility of the researcher’s findings.

Table 3.4. Alternative interpretations of validity and reliability

<table>
<thead>
<tr>
<th>Definition</th>
<th>Definition</th>
<th>Cross-Sectional Tactic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>Degree of congruency between findings and reality</td>
<td>• Adoption of appropriate and well recognised research methods such as Interview approach</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Development of early familiarity with culture of participating enterprises</td>
</tr>
<tr>
<td>Transferability</td>
<td>Degree of applicability of the findings from one study to other situations</td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Provision of background data to establish context of study and detailed description of phenomenon in question to allow comparisons to be made</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- All participants were made aware of the nature and aims of the research. This was achieved by sending an explanatory statement, which detailed the context, scope and aims of the research</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Allowing participants to clarify any questions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Conducting a within and cross sector analysis to enhance generalisability or transformability to other context (Miles et al. 2013)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependability</th>
<th>Degree of repeatability of the qualitative research process but not necessarily gaining the same results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- In-depth methodological description in the Research Methodology Chapter. Focusing on research methodology and implementation, how data is gathered in the field and reflective appraisal of the</td>
</tr>
</tbody>
</table>
Methodology - Chapter 3

| Confirmability | The use of instruments that are not dependent or influenced by the researcher’s skill or perception | • Triangulation to reduce effect of investigator bias  
• Admission of researcher’s beliefs and assumption on philosophical stance  
• Recognition of shortcomings in study’s methods and their potential effects in the section explaining the limitations of research |

Source: Adapted from Guba and Lincoln (1985)

3.3 Research Design

This section describes the specific context of the research and provides information on the strategy and steps undertaken in the analytic phases of the research. To begin with, it outlines the sampling techniques employed, the primary data collection methods, the researcher’s points of emphases while conducting the interviews, as well as the protocols to be followed (Yin 2013). Table 3.5 summarises the design for this research.

Table 3.5. Research Design Framework

<table>
<thead>
<tr>
<th>Research Design Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3.1 A Priori Theory</td>
</tr>
<tr>
<td>3.3.1.1 A Priori Themes</td>
</tr>
<tr>
<td>3.3.2 Research Design for Case Selection</td>
</tr>
</tbody>
</table>
| 3.3.2.1 Sampling  
3.3.2.2 Cross-Sectional Sample  
3.3.2.3 Profile of Sectors  
3.3.2.4 Profile of Respondents |
| 3.3.3 Data Collection Procedures |
| 3.3.3.1 Interview Protocol  
3.3.3.2 Research Instrument Using Semi-Structured Interviews |
| 3.3.4 Analysing the Data   |


3.3.4.1 Within Sector Analysis
3.3.4.2 Thematic Analysis
3.3.4.3 Template Analysis
3.3.4.4 Preliminary Coding: Hierarchical Coding
3.3.4.5 Developing the Initial Template
3.3.4.6 Developing the Second Cycle Coding: Parallel Coding
3.3.4.7 Final Template

3.3.1 A Priori Theory

Most research begins with some consideration of what has already been carried out in the discipline and often this has involved the building of a theoretical model or framework. This review of the literature may reveal gaps in our knowledge or provide an opportunity to question that which has been postulated. In line with Wacker (2008), an empirical researcher is concerned with two challenges in relation to the creation of a theoretical framework – theory testing involving deductive reasoning, and theory building involving inductive reasoning (Zikmund 2003; Perry 1998). Deductive reasoning is the formal process of deriving a valid conclusion from a set of theoretical propositions. It involves going from the general to the particular. Inductive reasoning, on the other hand, is where the researcher moves to the establishment of a general proposition based on detailed observation of the world. Zikmund (2003) as well as Merriam and Tisdell (2015) argue that theory construction can involve both deductive and inductive reasoning.

This thesis research addresses both theory building (induction) and theory testing (deduction) with an emphasis on theory building, but not pure induction (Eisenhardt 1998), because this might ‘prevent the researcher from benefiting from existing theory, just as pure deduction could prevent the development of new and useful theory’ (Perry 1998, p. 789).

Nair and Riege (1995) advocate several ways of utilising the two approaches. Preliminary interviews with the respondents, along with propositions derived from the literature review, serve as a priori theory and shape the semi-structured interviews (Carson et al. 2001). In this thesis research, initial data on CRM technology capability and marketing capabilities and enterprises’ performance are to be identified through the literature review. The researcher also reviewed secondary data from such sources as corporate reports, journal articles, large enterprises’ websites, and other reports.
The researcher identified several a priori themes based on the theoretical framework of the research project.

### 3.3.1.1 A Priori Themes

The researcher identified several a priori themes (see Table 3.6) at the outset to facilitate the generation of the key research questions and to provide a platform for the development of the semi-structured interviews. Specifically, the a priori themes are linked to certain aspects of the research questions (Brooks & King 2014). According to Crabtree and Miller (1999), the a priori themes are generally derived from different sources, including the previous literature, self-analysis and the results of current research. For this thesis research, the researcher took notes and identified a priori themes based on the literature review described in Sections 2.2, 2.3, 2.4, 2.5 and 2.6. This is a deductive process based on the researcher’s theoretical grasp of the phenomenon under investigation. Further, as part of an inductive approach, the researcher adopts thematic analysis and template analysis, which is discussed in more detail in Section 3.3.4.

These a priori themes are derived from the respective sources (discussed in Section 2.8.4) and will provide a platform for the development of the semi-structured interviews.

### Table 3.6. A priori themes identified in the literature

<table>
<thead>
<tr>
<th>A Priori Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RQ1. CRM Technology Capability</strong></td>
</tr>
<tr>
<td>RQ1a. Technology Resources</td>
</tr>
<tr>
<td>1a.1 Customer data</td>
</tr>
<tr>
<td>1a.2 Access data on customer information</td>
</tr>
<tr>
<td>1a.3 Integrating data from different contact points</td>
</tr>
<tr>
<td>RQ1b. Human Resources</td>
</tr>
<tr>
<td>1b.1 Top management involvement</td>
</tr>
<tr>
<td>1b.2 Employees’ acceptance of change</td>
</tr>
<tr>
<td>1b.3 Fitting CRM technologies within company’s culture</td>
</tr>
<tr>
<td>RQ1c. Business Resources</td>
</tr>
<tr>
<td>1c.1 Formal strategic plan for CRM initiatives</td>
</tr>
<tr>
<td>1c.2 Integration of CRM technology plan into company’s overall business plan</td>
</tr>
<tr>
<td>1c.3 Measurement of the effectiveness and the success of its CRM technology</td>
</tr>
</tbody>
</table>
RQ2. Non-CRM Marketing Capabilities

RQ2a. Integration Market Orientation and CRM
   2a.1 Customer oriented organisational culture
   2a.2 Intelligence gathering
   2a.3 Inter-functional coordination

RQ2b. Integration Customer-Linking Capabilities and CRM
   2b.1 Key target customer
   2b.2 Understanding customer needs and requirements
   2b.3 Maintain and enhance relationship with customers

RQ2c. Integration Innovation Capability and CRM
   2c.1 Product and service innovation
   2c.2 Process innovation
   2c.3 Market innovation

RQ3. CRM-Related Performance Outcome

   3.1 Customer retention
   3.2 Customer acquisition
   3.3 Cost reduction
   3.4 Return on investment

Source: Developed for this research

3.3.2 Research Design for Case Selection

Yin (2009) expresses the research design as a proposal to generate key questions to shed light on the research problem. In this study the main aim is to develop insights into how various technology resources and marketing capabilities work together in order to develop robust customer relationships. To date, no published empirical research has been conducted on Australian enterprises. It follows that an interview approach is useful as an exploratory or descriptive tool. Accordingly, this qualitative study involves a field-based collection of primary and secondary data designed to answer ‘what’, ‘how’ and ‘why’ questions concerning aspects of CRM.

The nature of this thesis research allows for the testing of existing theory as well as the opportunity to build upon existing theory. The exploratory nature of this thesis research is obvious in its general objective, that is, to gain an understanding of the effectiveness of CRM investment by Australian enterprises. Given that the nature of the research, with its emphasis on contemporary events, is to build and test theory, a semi-structured interview approach is justifiable.

Firm size matters when trying to understand factors that drive economic and employment growth, entrepreneurship, innovation, productivity and exports.
(Swanepoel & Harrison 2015). Australian Bureau of Statistics (ABS) publication Catalogue Number 8165.0 (cited in Swanepoel & Harrison 2015) declared that the proportion of business counts by employment size in Australia has remained broadly stable over the past decade, with non-employing businesses accounting for 60% of total business counts; micro enterprises with one to four employees accounting for 25% of total business counts; and enterprises with five to 19 employees accounting for 10% of total business counts. Medium enterprises included 20 to 199 employees and large enterprises included 200 and more employees, together accounting for 5% of the total number of businesses. Reports also stated that larger businesses play an important role in the economy given their competitive advantages through economies of scale.

This thesis research targeted large sized firms within Australia due to the unique characteristics of small and medium firms. Small and medium firms possess fewer financial, human, and technological resources (Perez-Sanchez, Barton & Bower 2003) and less formalised planning (del Brio & Junquera 2003) compared with the larger firms. The characteristics of small firms may put them in a position where they may be unable to innovate on their own. They may also innovate differently compared with the large and medium sized enterprises (Boons & Roome 2005; Bos-Brouwers 2010; Swanepoel & Harrison 2015). Therefore, the researcher excluded small and medium sized firms from this study. Instead, the researcher focused on firms across different industries (which will be explained in detail in Chapter 3) in order to obtain a better understanding of the influence of industry norms (Klewitz, Zeyen & Hansen 2012), and utilise the different experiences of top management (Hansen, Grosse-Dunker & Reichwald 2009; Silverman & Marvasti 2008).

3.3.2.1 Sampling

Tharenou et al. (2007, p. 53) cited the most common approach to sampling as ‘selecting member/units (e.g. individuals, pairs, groups, organisations) from a population so that the samples are representative of that population’. Sampling is critical since representativeness of a sample to a population has a positive influence on external validity, especially in positivist or quantitative research where generalisability is critical (Tharenou et al. 2007).
Qualitative researchers typically make use of non-probability sampling methods where representativeness is not the prime concern (Richie, Spencer & O’Connor 2003). Non-probabilistic sampling is where one participant may experience a higher chance of being selected for the research compared to others from the same population pool (Tharenou et al. 2007). Sampling is important because the sample of research participants must still be able to convey their understanding of the key variables underpinning the investigation (Creswell 2007; Miles & Huberman 1994; Patton 1990).

For the purpose of the current thesis research, a combination of two non-probabilistic sampling techniques was used, namely purposive sampling and snowball sampling.

a) Purposive Sampling

Purposive sampling is a sampling technique whereby the researcher selects a sample that possesses certain characteristics, which are judged by the researcher to be valuable to his or her research (Creswell 2007; Tharenou et al. 2007). Citing Cooper and Schindler (2003), Tharenou et al. (2007) stated that purposive sampling is appropriate for the early stages of an exploratory study. Specific to the current thesis research, there were a number of desired attributes or characteristics of the participants, including:

- Individuals and firms that are extensive users of the CRM and invest heavily in their CRM technology.
- Individuals and firms who have participated or who are currently participating or managing CRM activities.
- Individuals and firms located within Australia.
- Individuals in managerial or executive positions within the firm and who are involved with CRM in terms of day-to-day decision making.

The above criteria were selected because they are well aligned with the aims of the research and were deemed to be more efficient in getting to the right research participant who could contribute positively to this research. Therefore, having predetermined selection criteria is helpful in terms of determining which potential research participants to target. The above criteria were recast into an explanatory statement and emailed to all potential research participants. One benefit of doing this
was that potential participants were then able to self-select based on their roles and experiences. Another benefit was that if potential participants did not elect to participate they were encouraged to forward the request to another colleague who was deemed to be more suitable as a research participant. This occurred a number of times during the course of data collection where the contacted person responded with apologies but had included contact details of more suitable colleagues. This is known as snowball sampling.

b) Snowball Sampling

Snowball sampling is where the researcher, having interviewed the initial research participants, asks if they could identify other potential individuals who met the criteria (Huberman 1994; Tharenou et al. 2007). Snowball sampling is useful in situations where the target population is difficult to access (Tharenou et al. 2007). This was the case for the present researcher. Due to the sensitive nature of the CRM activities, and intense competition among Australian enterprises, data collection posed many challenges.

3.3.2.2 Cross-Sectional Sample

A cross-sectional study provides a ‘snapshot’ at one point in time in terms of organisational characteristics and organisational outcomes. Cross-sectional studies are largely descriptive in nature, and data are often collected using surveys, questionnaires and/or semi-structured interviews. The aim is to study a particular population or a subgroup within a population. Mann (2003) documented some advantages of employing cross-sectional designs, including:

- Relatively inexpensive
- Requires little time to conduct
- Under certain circumstances findings from a sample can be extrapolated to a particular population
- Can permit the study of multiple outcomes.

While cross-sectional studies are usually related to quantitative research, they are also used in qualitative research, including the use of semi-structured or unstructured interviews (Bryman 2004). Indeed, De Vaus and de Vaus (2001) state that it is a moot point as to whether quantitative or qualitative data are suitable for a cross-sectional
study. In a recent review of articles that utilised a multi-strategy approach, Bryman (2006) revealed that the adoption of semi-structured interviews with a cross-sectional research design was common among qualitative researchers.

Mann (2003) and De Vaus and de Vaus (2001) also identified some disadvantages of cross-sectional studies, including the fact that it is difficult to make causal connections. Additionally, the data collected provide a snapshot of the situation at a single point in time. Different outcomes may have been obtained if, for example, a more longitudinal view had been adopted.

To reiterate, the current research is an explanatory study and is not concerned with establishing causal relationships or measuring changes over time. Relatively, this thesis research is concerned with investigating the effectiveness of CRM as an investment in the eyes of senior management, and the investigator undertakes to investigate the extent to which management is able to maximise CRM practice. An ancillary purpose of this thesis research is to investigate if management is able to maximise CRM as a marketing tool in building long term customer relationships and in its evaluation of those relationships. Hence, a cross-sectional sample was the research method of choice.

Qualitative research methods might yield better results as opposed to their quantitative counterparts (Lockett et al. 2009). The reasons for the selection of a qualitative approach as a research strategy are contained in Section 3.2.1. These include the kind of research question put to the respondents, the level of control the researcher exercises over the research context, and the extent to which the research adopts a contemporary versus historical focus (Yin 2009).

### 3.3.2.3 Profile of Sectors

Data is collected from the following twelve sectors, each of which is profiled in Table 3.7: Financial Services, gambling and Casinos, retail, computer Software, music, Telecommunications, Food and Beverages, Higher Education, Pharmaceuticals, Facilities Services, Automotive, Logistics and Supply Chains.
Table 3.7. Overview of Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Industry</th>
<th>Revenue (AUD)</th>
<th>Employment Numbers</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Services</strong></td>
<td>• Insurance&lt;br&gt;• Private Banking&lt;br&gt;• Hedge fund industry&lt;br&gt;• Asset-based finance and leasing&lt;br&gt;• Retail banking&lt;br&gt;• Payment, clearing and settlement systems&lt;br&gt;• Superannuation&lt;br&gt;• Financial advice&lt;br&gt;• Investment management</td>
<td>• $145.8 billion (2016)</td>
<td>416,500 (2016)</td>
<td>4.9% (1992-2016)</td>
</tr>
<tr>
<td><strong>Gambling and Casinos</strong></td>
<td>• Pokies&lt;br&gt;• Electronic gambling&lt;br&gt;• Race betting&lt;br&gt;• Casinos&lt;br&gt;• Sports betting</td>
<td>• $23.648 billion (2016)</td>
<td>Data not available</td>
<td>3.9% (2016)</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td>• Food retailing&lt;br&gt;• Household goods retailing&lt;br&gt;• Clothing, footwear and personal accessory retailing&lt;br&gt;• Department stores&lt;br&gt;• Cafés and restaurants</td>
<td>• $26.05 billion (2017)</td>
<td>• 1,252,100 (2017)</td>
<td>• 3.7 % (1992-2016)</td>
</tr>
<tr>
<td><strong>Computer Software</strong></td>
<td>• Digital&lt;br&gt;• ICT&lt;br&gt;• Information media and telecommunications&lt;br&gt;• CDIs&lt;br&gt;• Internet advertising ecosystem&lt;br&gt;• Tech startups&lt;br&gt;• Consulting</td>
<td>• $50 billion (2016)</td>
<td>• 640,846 (2016)</td>
<td>• 12% (2014-2016)</td>
</tr>
<tr>
<td><strong>Music</strong></td>
<td>• Live performance&lt;br&gt;• Classical and opera&lt;br&gt;• Contemporary music&lt;br&gt;• Recorded music&lt;br&gt;• Copyright industry&lt;br&gt;• Creative industry&lt;br&gt;• Small companies and venues</td>
<td>• $4 to $6 billion (2016)</td>
<td>• 65,000 (2016)</td>
<td>• 6% (2016)</td>
</tr>
<tr>
<td><strong>Telecommunications</strong></td>
<td>• Mobile and mobile broadband&lt;br&gt;• Smartphones, tablets and handsets&lt;br&gt;• Fixed broadband&lt;br&gt;• Fixed wireless and satellite networks&lt;br&gt;• Pay TV and free-to-air TV&lt;br&gt;• Video streaming&lt;br&gt;• Digital media</td>
<td>• $43 billion (2017)</td>
<td>• 49,956 (2017)</td>
<td>5.2% (2013-2018)</td>
</tr>
<tr>
<td><strong>Food and Beverages</strong></td>
<td>• Food processing&lt;br&gt;• Food packaging&lt;br&gt;• Functional food&lt;br&gt;• Wholefoods/organics&lt;br&gt;• Restaurants&lt;br&gt;• Wine industry&lt;br&gt;• Dairy industry&lt;br&gt;• Seafood industry&lt;br&gt;• Meat industry&lt;br&gt;• Horticultural food</td>
<td>• $127.4 billion (2016)</td>
<td>• 320,300 (2016)</td>
<td>• 0.3% (2015-2016)</td>
</tr>
</tbody>
</table>
### Higher Education

- Universities
- Institutions
- Online studies
- Non-university higher education providers (TAFEs)

$140 billion (2014)  
$120,000 (2014)  
12% (2016)

### Pharmaceuticals

- Bio-medical research
- Biotechnology companies
- Originator and generic medicines firms
- Service-related segments (wholesaling and distribution)

$16 billion (2017)  
$63,430 (2017)  
0.7% (2012-2016)

### Facilities Services

- Maintenance and operations
- Facilities Management
- Office and workplace
- Cleaning Security

$10 billion (2017)  
92,918 (2017)  
1.0% (2013-2018)

### Automotive

- Motor vehicle wholesaling
- Commercial vehicle wholesaling
- Motor vehicle new parts wholesaling
- Motor vehicle dismantling and used parts wholesaling
- Motor vehicle new parts retailing
- Motor vehicle dealers
- Motorcycle dealers
- Motor vehicle parts retailing
- Tyre retailing
- Fuel retailing
- Passenger car rental and hiring
- Motor vehicle electrical services
- Motor vehicle body, paint and interior repair
- Motor vehicle engine and parts repair and maintenance

$164 billion (2017)  
264,240 (2017)  
-0.2% (2013-2018)

### Logistics and Supply Chains

- Transport operators
- Storage facilities
- Freight forwarders
- Customs brokers
- Infrastructure operators

$84 billion (2017)  
261,320 (2017)  
1.4% (2013-2018)

---

3.3.2.4 Profile of respondents

The researcher conducted interviews with 20 participants, two of whom withdrew from the study after being interviewed. The schedule of 18 completed interviews with participants totalling 1,331 minutes (just over 22 hours of data collected) is presented in Table 3.8. Interviews were located in three different states – New South Wales, Victoria and West Australia – upon request and availability of participants. Note: Participants are presented in order of sector. All participants were from different organisations, except for the two participants (P and R) working in the computer software sector. Information regarding the ages and job experiences of participants cannot be disclosed upon the request of participants to maintain their privacy.

Table 3.8. Overview of participants

<table>
<thead>
<tr>
<th>Sector</th>
<th>Code</th>
<th>Position</th>
<th>Highest Qualification</th>
<th>Location</th>
<th>Interview Time (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>A</td>
<td>Executive Manager (CRM)</td>
<td>Master in Business Technology</td>
<td>Sydney, NSW</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>G</td>
<td>Senior Project Manager-Digital CRM Project</td>
<td>Bachelor of Economics and Law</td>
<td>Melbourne, VIC</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>CRM Strategy Manager</td>
<td>Bachelor of Business, Marketing</td>
<td>Melbourne, VIC</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>L</td>
<td>General Manager-Customer Relationship</td>
<td>MBA, Marketing</td>
<td>Sydney, NSW</td>
<td>63</td>
</tr>
<tr>
<td>Gambling and Casinos</td>
<td>B</td>
<td>CRM Manager</td>
<td>Masters in Marketing, CRM</td>
<td>Sydney, NSW</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>O</td>
<td>CRM Delivery Manager</td>
<td>MBA</td>
<td>Sydney, NSW</td>
<td>90</td>
</tr>
<tr>
<td>Retail</td>
<td>D</td>
<td>General Manager, Loyalty and Data Solutions</td>
<td>Bachelor, Design (Major Animation/Graphic Design)</td>
<td>Sydney, NSW</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>CRM Communication Manager</td>
<td>Marketing, Bachelor of Business</td>
<td>Melbourne, VIC</td>
<td>76</td>
</tr>
<tr>
<td>Computer Software</td>
<td>P</td>
<td>CRM Consultant*</td>
<td>Music Performance</td>
<td>Perth, WA</td>
<td>81</td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>Senior CRM-ERP Consultant</td>
<td>Business Process Improvement*</td>
<td>MBA, IT</td>
<td>Perth, WA</td>
</tr>
<tr>
<td>Music</td>
<td>C</td>
<td>Marketing Manager Database and CRM</td>
<td>Bachelor, Applied Mathematics and Statistics</td>
<td>Sydney, NSW</td>
<td>73</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>E</td>
<td>Dynamics CRM Practice Manager</td>
<td>Bachelor of Engineering (B.E.), Computer Science</td>
<td>Melbourne, VIC</td>
<td>83</td>
</tr>
</tbody>
</table>
### 3.3.3 Data Collection Procedures

To assist with data collection, a protocol was developed for conducting the interviews. As part of the protocol a pre-test interview was allowed to ensure the fluency of questions, level of language used and whether the questions actually addressed the relevant variables. This pre-test interview was conducted with two experts: One was a call centre senior manager from the telecommunication sector; the other was the researcher’s co-supervisor and a former senior manager in the transportation industry. Subsequently, the final interview questions were refined in the light of the feedback obtained from the pre-test interview (Perry & Coote 1994).

#### 3.3.3.1 Interview Protocol

The interviewer organised the interview well in advance. The researcher followed some usual steps as outlined below:

- The targeted individuals were formally contacted by way of an introductory email

---

<table>
<thead>
<tr>
<th>Sector</th>
<th>Code</th>
<th>Position</th>
<th>Highest Qualification</th>
<th>Location</th>
<th>Interview Time (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Beverages</td>
<td>F</td>
<td>Senior CRM Manager</td>
<td>Bachelor of Applied Science (B.App.Sc.), Sports Management/Marketing</td>
<td>Sydney, NSW</td>
<td>90</td>
</tr>
<tr>
<td>Higher Education</td>
<td>I</td>
<td>CRM Marketing Manager</td>
<td>MBA</td>
<td>Melbourne, VIC</td>
<td>60</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>K</td>
<td>CRM Project Manager</td>
<td>Executive Management Program in Business Studies</td>
<td>Sydney, NSW</td>
<td>90</td>
</tr>
<tr>
<td>Facilities Services</td>
<td>M</td>
<td>CRM Manager</td>
<td>Bachelor’s Degree, Business/Tourism</td>
<td>Melbourne, VIC</td>
<td>68</td>
</tr>
<tr>
<td>Automotive</td>
<td>N</td>
<td>Head of CRM/CX and Digital Enablement</td>
<td>Disruptive Strategy with Clayton Christensen</td>
<td>Melbourne, VIC</td>
<td>90</td>
</tr>
<tr>
<td>Logistics and Supply Chains</td>
<td>Q</td>
<td>Global IT, Business Relationship Manager CRM</td>
<td>Bachelor of Commerce (B.Com.), Public Relations and Marketing</td>
<td>Sydney, NSW</td>
<td>80</td>
</tr>
</tbody>
</table>

* from same company

Source: Developed for this research
to which was attached an Explanatory Statement (see Appendix 2) and Ethics Approval (see Appendix 3). Contact was made via LinkedIn, which provided details such as the purpose of the interview, research aims and contribution. When an appropriate and willing research participant was identified, the Consent Form (see Appendix 4) was sent for his/her review.

- The researcher determined date, time, location and duration of the interview, and explained the interviewing protocols at interview.
- The researcher explained to the participant the confidentiality of the data, along with an assurance he/she will remain anonymous. In addition, the participant could terminate the interview at any time. A consent form was presented and signed by the participant that he/she agreed to this study. The interviewee was also informed about the audio recording of the interview.
- The researcher tried to make the interviewee as comfortable as possible during the interview.
- The researcher ensured that the interviewee answered all questions thoroughly, properly recorded the answers to the open-ended questions, and where suitable asking probing questions.
- The researcher thanked the interviewee for the time taken and asked if he/she would prefer a copy of the research report to be sent to them by email.
- As advocated by Eisenhardt (1989, p. 533), the interviews undertaken in this research employed ‘flexible and opportunistic data collection methods’ that allowed additions to questions in the interview protocol during the series of interviews.

### 3.3.3.2 Research Instrument Using Semi-Structured Interviews

Interviews can be located on a continuum anchored at one end by the structured interview where the content and the order in which the questions are asked is predetermined. At the other end is the unstructured interview in which the researcher begins with an open-ended question. The nature of the interviewee’s response determines what the next question is likely to be. The researcher may paraphrase the interviewee’s response as a way of seeking confirmation of their understanding of what was said. Alternatively, the interviewer might request clarification or elaboration regarding the point under discussion. The interview technique adopted for this thesis
research would be best characterised as in-depth semi-structured (Lindlof & Taylor 2002). It was thought that this format afforded the interviewer some measure of flexibility, while keeping the interview on track with a pool of prepared questions related to important aspects of CRM. The fully developed research instrument is presented in Appendix 2.

### 3.3.4 Analysing the Data

In this thesis research, data analysis begins with the initial data collected (Patton 2002). With the semi-structured interviews, there is bound to be substantial variability in the raw data collected (Miles & Huberman 1994). This will make the process of coding and identifying the basic patterns in the data quite challenging. The task will be made easier with the use of a computer program such as NVivo to code the themes and sub-themes (Yin 2009).

In preparation for data analysis, all transcripts were professionally transcribed and were reviewed prior to coding. Each transcript was reviewed while listening to the corresponding interview recording and any mistakes were corrected immediately and incorporated into a new version in which notes that were taken during the interview were also integrated as pop-up dialogue boxes in Microsoft Word. Once all the transcripts were edited, they were subsequently imported into NVivo 11 for organisation and coding purposes. Creswell (2007) described the benefits of using computer software as being an excellent data organisation tool which encourages the researcher to look more closely at the data to derive the meanings behind each sentence and idea.

Further, in this thesis research, within sector analysis, thematic analysis and template analysis were chosen to analyse the interview dataset and develop coding. The next two subsections explain and justify within sector analysis, thematic analysis and template analysis as a style of thematic analysis, used in this thesis research.

#### 3.3.4.1 Within Sector Analysis

Richards (2014) suggested that researchers should implement a ‘within case analysis’ strategy in order to cope with the vast amount of data which is often produced.
According to Miles, Huberman and Saldana (2013, p. 100), ‘a primary goal of within case analysis is to describe, understand and explain what has happened in a single, bounded context – the case or site’. Further, Richards recommends that the within case analysis be merged with a cross case analysis to help researchers identify themes, concepts and relationships between variables. Yin (1994) recommended that constant iteration among theory and data will identify a close fit which provides the foundation for an empirically valid theory to develop. It should be noted that for the purpose of the current thesis, *sectors*, not cases, were analysed using an interview approach. As discussed in see Section (3.3.2.3) twelve different sectors were analysed.

Furthermore, Miles et al. (2013, p. 101) also identified two main purposes of conducting a cross case analysis: 1) to enhance generalisability or transferability to other contexts, and 2) to deepen understanding and explanation. These authors argue that ‘multiple cases help the researcher find negative cases to strengthen a theory, built through examination of similarities and differences across cases’. Therefore, as part of an inductive approach, the researcher adopts a within sector analysis merged with a cross sector analysis, which follows a series of comparisons and contrasts between the various sectors against key factors of interest for each of the major research questions.

Further, Miles et al. (2013) clarify two different approaches when conducting a cross case analysis namely: case-oriented approach and variable-oriented approach. The case-oriented approach ‘considers the case as a whole entity- looking at configuration, associations, causes and effect within the case and only turns to comparative analysis of a (usually limited) number of cases’ (Miles et al. 2013, p. 102). Conversely, the variable-oriented approach ‘is conceptual and theory centered from the start, casting a wide net over a (usually large) number of cases. The “building blocks” are variables and their interrelationship, rather than cases’ (Miles et al. 2013, p. 102).

Adopting a variable-oriented approach is more relevant to current thesis research as the researcher identified a priori themes based on the literature review and intended to examine these themes and their interrelationship across the different sectors (see Section 3.3.1.1). This is a deductive process based on the researcher’s theoretical grasp of the phenomenon under investigation. Therefore, the researcher adopts a cross sector analysis with a variable-oriented approach.
3.3.4.2 Thematic Analysis

Boyatzis (1998) defined the thematic method as a tool to uncover patterns and themes within data. Thematic analysis is where the researcher reorganises the data into recognisable themes or codes (Holloway & Todres 2003). Coding refers to the assigning of labels to parts of the text in a transcript and segmenting them into different categories. Braun and Clarke (2006) considered thematic analysis as an analytical method that is different from other analytical methods such as discourse analysis, thematic decomposition and grounded theory. The aim of grounded theory, for example, is to build a useful theory of CRM phenomenon that is grounded in the data (McLeod 2001). The main similarity of these analytical methods mentioned above is the search for specific themes or patterns across a dataset. Thematic analysis is a flexible method that helps researchers search for common patterned meanings, stories and themes within a person’s interview (Boyatzis 1998). Moreover, thematic analysis can be seen as a method that reflects the experience and reality of the participants. Further, thematic analysis examines the way that experiences, events, and meaning can be socially constructed. This is consistent with the constructivist methodology as chosen for this research. Table 3.9 exhibits the suitability of thematic analysis for the research questions in this thesis research using Braun and Clarke’s (2014) typology for thematic analysis (i.e. base on experience of the individual, understanding and perception of the individual, influencing factors, practice, construction).

Table 3.9. Typology of the research questions and thematic analysis

<table>
<thead>
<tr>
<th>The Research Questions</th>
<th>Suitability to Thematic Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RQ1. How and to what extent do managers in Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?</strong></td>
<td>This thesis research question focused on the individual lived experiences of the implementation of CRM. It also explored the existing practices that underpin the implementation of CRM investment.</td>
</tr>
</tbody>
</table>
• Experiences
• Understanding and Perceptions
• Influencing Factors
• Practices
• Construction

<table>
<thead>
<tr>
<th>RQ2. How and to what extent do managers in Australian enterprises integrate CRM technology capability and non-CRM marketing capabilities?</th>
<th>This thesis research question explored the individual understanding and perception of marketing capabilities and their relation to CRM capabilities. This research question focused on how individual perception and understanding of integration marketing capabilities with CRM technology capabilities may differ from each other. It also explored the individual factors that underpin marketing capabilities with CRM technology capabilities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ3. How do Australian managers perceive the CLV-related and financial outcomes they obtain through their current CRM (comprising CRM technology capability and non-CRM marketing capability)?</td>
<td>This thesis research question explored the factors that influence firm performance.</td>
</tr>
</tbody>
</table>

Source: Adapted from Braun & Clarke (2014)

The research questions are the combination of individual experiences and perceptions of CRM technology capabilities and its integration with marketing capabilities. The research questions focus on the existing practices that underpin the CRM technology capabilities and its integration with marketing capabilities. They also explore the factors that influence improvement of firm performance. Thus, it can be seen that thematic analysis is an appropriate analytical tool for identifying the common patterns and themes within the qualitative analysis in this study.

The researcher used the thematic analysis that involved open coding of the individual transcripts in such a way as to allow for interpretative processes. Saldaña (2009, p. 3) described a code as ‘a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data’. He also refers to a code as a pattern of repetitive and consistent occurrences of action/data that appear more than twice. Emerson and Mayer (2002) defined coding as the critical link between the dataset and interpretation of meaning.
According to Ryan and Bernard (2003), a priori themes most often emanate from already agreed upon definitions found in literature. The a priori themes used in this thesis research were presented in Section 3.3.1.1. Identifying the a priori themes was a deductive process based on the researcher’s theoretical grasp of the phenomenon under investigation.

The thematic analysis allows the researcher to categorise discrete concepts in such a way as to create a higher-order concept or category. These themes allow the researcher to address different qualitative research questions using the data provided by the individual transcripts. Thematic analysis also offers the researcher a more accessible form of analysis since it does not require a detailed knowledge of the theoretical constructs which is consistent with an inductive approach at this stage of the data analysis. Furthermore, the researcher needed to adopt a template analysis in order to use four or more levels of sub-themes to capture the richest aspects of the data.

3.3.4.3 Template Analysis

Template analysis is a type of thematic analysis that encourages researchers to develop themes more in depth, especially where they relate directly to the research questions. The rationale for template analysis is the subsequent development of a coding template. The dataset can be applied to further data and be modified and reapplied again (Brooks et al. 2015). Template analysis is a well-structured and systematic technique with high flexibility that allows researchers to easily change and tailor the process and procedures based on the requirements of this particular study and its epistemological position (Symon & Cassell 2012).

Template analysis is not bounded by the specific epistemology and, therefore can be used with a different range of epistemological positions (Brooks et al. 2015). For example, template analysis can be used with a realist position to discover the underlying cause of human actions and phenomena (Brooks et al. 2015).

Next, the researcher adopted template analysis for three reasons as suggested by Brooks et al. (2015). Firstly, in the thematic analysis, development of themes takes place after the preliminary coding of the data. In template analysis, an initial version of the template can be produced on the basis of the dataset along with the relevant
literature. Secondly, the definition of themes is the last process in thematic analysis, but researchers are able to define themes in the initial version of the template. Thirdly, template analysis uses four or more levels of sub-themes to capture the richest aspects of the data.

Template analysis can handle small and large sample sizes of data more comfortably than other methods of qualitative analysis (King 2008). Template analysis balances a high degree of structures within, between and across the dataset, and encourages researchers to develop themes more extensively in relation to the research questions.

To reiterate, the purpose of the template analysis is the creation of a coding template based on the dataset. A key feature of template analysis is the hierarchical coding that helps researchers to group and cluster the similar codes together to develop the higher-order codes. Hierarchical codes allow researchers to analyse the texts at different levels and develop many levels of useful themes (Symon & Cassell 2012).

The following sub-sections illustrate the steps taken to identify hierarchical coding, all of which assisted in the development of the initial template. This is to be followed by second cycle coding, including parallel coding, as part of the development of the final template.

3.3.4.4 Preliminary Coding: Hierarchical Coding

The researcher used a hierarchical coding to capture the codes within the initial analysis of all of the transcripts and group similar codes together to develop a higher order of codes. This allowed the researcher to analyse text at different levels and create levels of themes and sub-themes as researchers find them useful. Codes were organised hierarchically so the higher-order codes index broad themes in the data, and the lower themes present the more narrowly focused themes within these themes. The researcher also moved back and forward between the entire transcripts as the initial coding was a recursive process in the study. This process continued until the coding categories did not require further addition or modification. This first pass produced codes that came directly from the data provided by the participants during the semi-structured interviews. The researcher used NVivo11 software to assign the initial codes to the data blocks as part of the hierarchical coding in the First Cycle coding (see Appendix 5).
3.3.4.5 Developing the Initial Template

Once the preliminary coding was not producing any further themes, the researcher developed an initial version of the template based on the sub-set of data and the First Cycle coding (see Appendix 5). According to Symon and Cassell (2012), there is no fixed rule as to how soon the initial template should be developed. Basically, more transcripts need to be analysed when there is more diverse data provided by the informants before producing the initial template. Early formulation of the initial template allows researchers to avoid redundant coding and focus on the areas that are relevant to the study (Brooks & King 2014). The researcher clustered the preliminary codes based on the similarities and differences of the codes and divided them into meaningful categories, which enabled any hierarchical relationships between themes to be recognised. The researcher followed an exploratory process and employed various structures to organise the themes. All higher order categories and a priori themes (see Table 3.6) were included in the initial template. As Table 3.10 shows, the researcher developed four levels of hierarchy: the first level of hierarchy represents the three main higher order categories (CRM technology capability, marketing capabilities and firm performance). Second level of hierarchy represent themes related to research sub-questions, and third level of hierarchy represents a priori themes identified from literature. The final level of hierarchy presents sub-themes which were obtained from the semi-structured interviews.

Table 3.10. Initial template

<table>
<thead>
<tr>
<th>1. CRM technology capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Technology resources</td>
</tr>
<tr>
<td>1a.1 Customer data</td>
</tr>
<tr>
<td>1a.1.1 Personalised journeys for the customer</td>
</tr>
<tr>
<td>1a.1.2 A fully integrated CRM process</td>
</tr>
<tr>
<td>1a.1.2.1 Relevant customer data</td>
</tr>
<tr>
<td>1a.1.2.2 A single view of the customer</td>
</tr>
<tr>
<td>1a.1.2.3 Cheaper now to build a front end with CRM capability</td>
</tr>
<tr>
<td>1a.1.2.4 Harnessing the data from customer</td>
</tr>
<tr>
<td>1a.1.2.5 Engage conversation and communication</td>
</tr>
<tr>
<td>1a.1.2.6 Improve segmenting</td>
</tr>
<tr>
<td>1a.1.2.7 Key performance indicators</td>
</tr>
<tr>
<td>1a.1.3 Process how</td>
</tr>
<tr>
<td>1a.1.4 Where the information is used</td>
</tr>
<tr>
<td>1a.1.5 Quality of data</td>
</tr>
<tr>
<td>1a.2 Access to data and customer interactions</td>
</tr>
<tr>
<td>1a.2.1 360-degree view of customer</td>
</tr>
<tr>
<td>1a.2.2 Empower employees to vary the content of service and goods</td>
</tr>
<tr>
<td>1a.2.3 Personalise the customer experience</td>
</tr>
<tr>
<td>1a.2.4 Access to relevant information by correct people</td>
</tr>
<tr>
<td>1a.2.5 Privacy policy</td>
</tr>
<tr>
<td>1a.2.6 Reduces the amount of duplication from the customer’s point of view</td>
</tr>
<tr>
<td>1a.2.7 The devolution of concepts and ideas and creatability and integration</td>
</tr>
<tr>
<td>1a.2.8 To normalise and equalise business resourcing</td>
</tr>
</tbody>
</table>


1a.3 Integrating data from different contact points
   1a.3.1 Articulate customer profile to provide support
   1a.3.2 Customer 360-degree view
   1a.3.3 Harnessing the customer engagement
   1a.3.4 Omni-channel communications stream
   1a.3.5 Quality of the data

1b. Human resources
   1b.1 Top management involvement
      1b.1.1 Bottom-up as well as top-down involvement
      1b.1.2 Creating a stable CRM platform for all users
      1b.1.3 Data driven approach
      1b.1.4 Develop and drive customer-centric culture
      1b.1.5 Drive the strategic outcome
      1b.1.6 Investing in more training over time
      1b.1.7 Lack of suitable qualification
      1b.1.8 Leveraging the asset
      1b.1.9 Obtain operational efficiencies
      1b.1.10 Predictions
      1b.1.11 Propensity model
      1b.1.12 Support ongoing investment
      1b.1.13 The lack of support from top management
   1b.2 Employees’ acceptance of change
      1b.2.1 ADKAR
      1b.2.2 Change management process
      1b.2.3 Employees fear of failure is the key component
      1b.2.4 Employees have not onboarded the right way
      1b.2.5 Flux in understanding an adoption of change from older employees
      1b.2.6 Have a system that is intuitive
      1b.2.7 Incentive system
      1b.2.8 Interact with the employees
      1b.2.9 Mindset of consumer-centricity
      1b.2.10 Lack of training
      1b.2.11 Provide the vigeourous training
      1b.2.12 Quarterly strategy sessions
      1b.2.13 Resistant to change
      1b.2.14 The consistent message across the board
      1b.2.15 Having quick access to relevant customer data
   1b.2 Fitting CRM technologies within company’s culture
      1b.3.1 Change management
      1b.3.2 Conceptual issues challenges
      1b.3.3 CRM system aligns to business values
      1b.3.4 CRM technology to be able to complete the task
      1b.3.5 Maturity of business
      1b.3.6 Simplicity

1c. Business resources
   1c.1 Formal strategic plan for CRM initiatives
      1c.1.1 Use a current CRM solution that is available at the particular point in time
      1c.1.2 Constantly storytelling
      1c.1.3 Crawl, walk, run
      1c.1.4 Understanding key goals
   1c.2 Integration of CRM technology plan into company overall business plan
      1c.2.1 A key enabler
      1c.2.2 A learning process
      1c.2.3 Easy to use application
      1c.2.4 CRM capability for originating customers
      1c.2.5 Involvement of individual who needs to drive the technology
      1c.2.6 The current technology in place that is appropriate and compatible for integration into the CRM platform
      1c.2.7 Appropriate people and processes
   1c.3 Measurement of the effectiveness and the success of its CRM technology
      1c.3.1 Avoid large cost to the organisation
      1c.3.2 Economies of scale in terms of time saving
      1c.3.3 Improve the variety of products
      1c.3.4 Make sure business getting the right aid
      1c.3.5 Return of market investment
      1c.3.6 Various methods of measurement

2. Non-CRM Marketing capabilities
   2a. Integration market orientation and CRM
2a.1 Customer oriented organisational culture
   2a.1.1 Customer’s perspective
   2a.1.2 Enable a single view of the customer
   2a.1.3 Measuring and assessing the level of commitment in serving customer’s needs
   2a.1.4 The wellness or the wellbeing of customers

2a.2 Intelligence gathering
   2a.2.1 Identify potential opportunities
   2a.2.2 Prototype product tested
   2a.2.3 Customer retention
   2a.2.4 Customer preference
   2a.2.5 Have an active dollar for customer
   2a.2.6 In market sales data (IMS)
   2a.2.7 Information resides at one place
   2a.2.8 Know your competitors better than you know yourself
   2a.2.9 Many different departments work together
   2a.2.10 Quality of data

2a.3 Inter-functional coordination
   2a.3.1 Information resides at one place
   2a.3.2 Many different departments work together

2b. Integration customer-relating capabilities and CRM

2b.1 Key target customer
   2b.1.1 An expansion of the RM
   2b.1.2 Brand awareness
   2b.1.3 Campaigning challenge strategies
   2b.1.4 Central repository
   2b.1.5 Customer analytic challenge
   2b.1.6 Customer motivation
   2b.1.7 In market sales data
   2b.1.8 Integration of CRM and a marketing automation tool
   2b.1.9 Personalised experience
   2b.1.10 Sending the right message to the right customers at the right time
   2b.1.11 The expansion of CRM
   2b.1.12 Understand customer lifecycle

2b.2 Understanding customer needs and requirements
   2b.2.1 A seamless process
   2b.2.2 Optimise customer money
   2b.2.3 Tendency to sell what we can
   2b.2.4 The legal leads analysis

2b.3 Maintain and enhance relationship with customers
   2b.3.1 Abolish the generic products
   2b.3.2 Bells and whistles
   2b.3.3 Great customer experience
   2b.3.4 Information at hand and just in time services

2c. Integration innovation capability and CRM

2c.1 Products and services innovation
   2c.1.1 Quality of intelligence and analysis
   2c.1.2 Integration of data from different contact points
   2c.1.3 Overcome challenges in analytical CRM
   2c.1.4 Undervalued
   2c.1.5 Use historical analysis to predict the future

2c.2 Process innovation
   2c.2.1 Facilitate process and consistency
   2c.2.2 Consistency
   2c.2.3 Create dashboards of the information
   2c.2.4 Develop and deliver enhancements against the solutions
   2c.2.5 Differentiator CRM system
   2c.2.6 Efficiency of process
   2c.2.7 Gathering needs analysis
   2c.2.8 Innovation as core value proposition
   2c.2.9 Leads to simplification of process
   2c.2.10 Maturity of organisation and CRM system
   2c.2.11 Parallel task training

2c.3 Market innovation
   2c.3.1 Build demographic profile
   2c.3.2 Integrate CRM with marketing platform

3. CRM-related performance outcomes
### 3.1 Customer retention

- 3.1.1 CLV measurement
- 3.1.2 Time customer stays with business
- 3.1.3 Customer satisfaction
- 3.1.4 Loyalty is very fickle
- 3.1.5 Element of longevity and depth of relationship with customer
- 3.1.6 Loyalty with customer only marginally impacted by CRMs

#### 3.2 Customer acquisition

- 3.2.1 Originate the product for a single customer
- 3.2.2 Schedule, monitor, track and follow up with your key potential accounts
- 3.2.3 Understand insights

#### 3.3 Cost reduction

- 3.3.1 Automate business process up to 80%
- 3.3.2 System that can aggregate all of the customer information
- 3.3.3 The maturity scale of CRM adoption
- 3.3.4 To streamline your processes

#### 3.4 Return on investment

- 3.4.1 Acquisition rate
- 3.4.2 Hard to measure
- 3.4.3 Increase of sales
- 3.4.4 More aligned sales follow up process
- 3.4.5 ROI turnaround in 3 to 5 years

### Source: Developed for this research

#### 3.3.4.6 Developing the Second Cycle Coding: Parallel Coding

The initial template was used to code the next dataset. Once First Cycle coding was completed, the researcher used the initial template to start the Second Cycle of coding (see Appendix 6) and produce a final template. The Second Cycle coding is a method that allows researchers to conduct parallel coding in order to seek the interrelationships within the hierarchical codes and identify emergent themes. Parallel coding refers to the classification of the same section of the text within more than one different code at the same level (Brooks & King 2014). The researcher coded all relevant segments of the data as depicted in Table 3.11. This involved the merging of two or more codes where there were similarities among the relevant themes to develop new categories. For example, the following three codes were merged to existing code 1a.1.2.2 A single view of the customer:

- 1a.1.2.3 Cheaper now to build a front end with CRM capability
- 1a.1.2.4 Harnessing the data from customer
- 1a.1.2.6 Improve segmenting

Elsewhere, codes from the initial template that were deemed to be irrelevant were deleted from the initial template. For example, 1b.1.8 Leveraging the asset, as well as 1b.1.10 Predictions, were deleted. The researcher also changed the hierarchy of the themes where required and modified the initial template and recoded the previously
coded transcripts in an iterative process. Finally, the researcher identified and prioritised those themes that provided the most valuable insights into the research aims.

### 3.3.4.7 Final template

Once the Second Cycle of coding was finalised (as explained in the previous section) a new version of the template was developed and applied to the full dataset. The final template is a useful guide for the interpretation of the research findings. The previous section explained how the initial version of the template has been shortened to produce the final template. Table 3.11 presents the final template.

<table>
<thead>
<tr>
<th>Table 3.11. Final template</th>
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<tbody>
<tr>
<td>1. CRM Technology capability</td>
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<tr>
<td>1a. Technology resources</td>
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<tr>
<td>1a.1 Customer data</td>
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<td>1a.1.1 Personalised journey for the customer</td>
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<td>1a.1.2 A fully integrated CRM process</td>
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<td>1a.1.2.1 Relevant customer data</td>
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<td>1a.1.2.2 A single view of the customer</td>
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<td>1a.1.2.3 Engage conversation and communication</td>
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<td>1a.1.3 Process how</td>
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<td>1a.1.4 Where the information is used</td>
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<td>1a.1.5 Quality of data</td>
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<tr>
<td>1a.2 Access to data and customer interactions</td>
</tr>
<tr>
<td>1a.2.1 To normalise and equalise business resourcing</td>
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<tr>
<td>1a.2.2 Access to relevant information by the correct people</td>
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<tr>
<td>1a.2.3 Reduced the amount of duplication</td>
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<tr>
<td>1a.2.4 Personalised customer experience</td>
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<td>1a.2.5 Empower employees to vary the content of services and goods</td>
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<td>1a.2.6 Privacy policy</td>
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<tr>
<td>1a.3 Integrating data from different contact points</td>
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<td>1a.3.1 Articulate customer information</td>
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<td>1a.3.2 Omni-channel communications stream</td>
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<tr>
<td>1a.3.3 360-degree view of customer</td>
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<tr>
<td>1a.3.4 Harness the customer engagement</td>
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<td>1b. Human resources</td>
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<td>1b.1 Top management involvement</td>
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<td>1b.1.1 The lack of support from top management</td>
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<td>1b.1.2 Bottom-up as well as top-down involvement</td>
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<td>1b.1.3 Creating a stable CRM platform for all users</td>
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<td>1b.1.4 Support ongoing investment</td>
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<td>1b.1.5 Develop and drive customer-centric culture</td>
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<td>1b.1.6 Lack of suitable qualification</td>
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<td>1b.2 Employees’ acceptance of change</td>
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<td>1b.2.1 Change management process</td>
</tr>
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<td>1b.2.2 Employees have not onboarded the right way</td>
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<td>1b.2.3 Older employees are less willing to engage with any new system in place</td>
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<td>1b.2.4 Provide the vigorous training</td>
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<td>1b.2.5 Lack of training</td>
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<td>1b.2.6 Intuitive system</td>
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<td>1b.2.7 The role of front line employee depends on the nature of business</td>
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<td>1b.2.8 Having quick access to relevant customer data</td>
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<tr>
<td>1b.3 Fitting CRM technologies within company’s culture</td>
</tr>
<tr>
<td>1b.3.1 Conceptual issues challenges</td>
</tr>
<tr>
<td>1c. Business resources</td>
</tr>
</tbody>
</table>
1c.1 Formal strategic plan for CRM initiatives
   1c.1.1 Use a current CRM solution that is available at the particular point in time
   1c.1.2 Constantly storytelling
1c.2 Integration of CRM technology plan into company overall business plan
   1c.2.1 Easy to use application
   1c.2.2 The current technology is in place that is appropriate and compatible for integration into the CRM platform
   1c.2.3 Appropriate people and processes
1c.3 Measurement the effectiveness and the success of its CRM technology
   1c.3.1 Various methods of measurement

2. Non-CRM Marketing capabilities
   2a. Integration market orientation and CRM
      2a.1 Customer oriented organisational culture
         2a.1.1 Customer’s perspective
         2a.1.2 The wellbeing of customers
         2a.1.3 Monitoring and assessing the level of commitment in serving customer’s needs
      2a.2 intelligence gathering
         2a.2.1 Identify potential opportunities
         2a.2.2 Prototype products tested
      2a.3 Inter-functional coordination
         2a.3.1 Many different departments work together

2b. Integration customer-linking capabilities and CRM
   2b.1 Key target customer
      2b.1.1 Personalised experience
      2b.1.2 Customer’s motivation
   2b.2 Understanding customer needs and requirements
      2b.2.1 A seamless process
   2b.3 Maintain and enhance relationship with customers
      2b.3.1 Information at hand and just in time services

2c. Integration innovation and CRM
   2c.1 Products and services innovation
      2c.1.1 Quality of intelligence and analysis
      2c.1.2 Use historical analysis to predict the future
   2c.2 Process innovation
      2c.2.1 Facilitates process and consistency
      2c.2.2 Differentiator CRM system
   2c.3 Market innovation
      2c.3.1 Build demographic profiles
      2c.3.2 Integrate CRM with marketing platform

3. CRM-related performance outcomes
   3.1 Customer retention
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   3.2 Customer acquisition
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   3.3 Cost reduction
      3.3.1 Automate business process
      3.3.2 The maturity scale of CRM adoption
   3.4 Return on investment
      3.4.1 Hard to measure
      3.4.2 ROI turnaround in 3 to 5 years

Source: Developed for this research

3.4 Ethical clearance

This thesis research was approved, and conforms to the ethical standards required, by the Southern Cross University Human Research Ethics Committee (SCUHREC),
which based its assessment on the National Statement on Ethical Conduct in Human Research. Being ethical in conducting research requires the researcher not only to ‘do the right thing’, but also to conduct oneself properly, respecting as well as showing concern for the research participants. Any research involving humans cannot be conducted unless approved by SCUHREC. Hence, part of the process in ensuring that this investigation has met the above standards involved having the research design and data collection procedures reviewed by SCUHREC in order to gain ethical approval. The project reference number for this research is ECN-16-245 (see Appendix 3).

All research participants in this research were sought using formal channels and were not coerced into participation. This was a part of the requirement stipulated by SCUHREC. An explanatory statement and consent form was sent to potential research participants prior to commencement of the interview. The explanatory statement detailed the objectives of the study, and informed how the research participants’ input would contribute to the project (see Appendix 2).

The rights of the participants to withdraw from the research at any time was stipulated (see Appendix 4). As this research falls within the context of CRM, the need to protect intellectual property was of paramount importance. Therefore, the need for non-disclosure of sensitive documents was raised and signed prior to the interview, should it be required by the research participants.

In compliance with ethical requirements, informed consent was sought prior to the start of the interview and all research participants were required to acknowledge that his or her participation in this study was voluntary. Participants were again assured they could withdraw from the interview, should they wish. They were further assured that all data collected during the interview would be treated in a confidential manner with no references to names, products and specific firms. Research participants were informed that all identities of the interviewees, products and firms were anonymised during the transcription process. Anonymity served to prevent the identification of any participants and firms, and also served to protect intellectual property. In accordance with Southern Cross University guidelines, all raw interview data would be destroyed and the full set of transcripts will be stored in a secured cabinet within Southern Cross University for a period of up to seven years. At the end of the seven-
year period, all data would subsequently be destroyed.

### 3.5 Limitations of the study

According to Perry (2011) there are a number of potential limitations to using an interview approach to research, namely:

- The limitation caused by generating a complex theory was addressed by focusing on any a priori themes derived from the literature review and constructing an interview schedule that became the basis of data collection.
- Difficulties in generalising findings beyond the sample. A major problem for this thesis research is the tendency to use relatively few sectors to statistically represent the population from which the sample was drawn. This creates a problem of over generalisability, which examines the extent to which a sector’s results are able to be extrapolated beyond the research setting (Yin 2014). Although, this thesis research conduct a within and cross sector analysis in order to enhance generalisability or transformability to other context (Miles et al. 2013).
- Inherent problems with establishing various forms of validity. For example, there are potential interviewer effects when the sex, age and race differs between the interviewer and the respondents. This may have an effect on the interviewee’s willingness to fully disclose information that is of a ‘commercial in confidence’ nature. To overcome these problems, a full and frank briefing session detailing the aims and objectives of the study will go a long way to overcoming respondents’ concerns. In order to ensure validity, the researcher needs to employ a triangulation of research strategies. No single research methodology is adequate for theory development (Parkhe 1993). Consequently, data and investigator triangulation (Gilbert 2001) were utilised in an attempt to increase the validity of the findings (see Section 3.2.2.1).

### 3.6 Chapter Summary

Chapter 3 outlined the chosen methodology for this research. The researcher provided a rationale for the research’s theoretical research paradigm (Section 3.2) and research
design (Section 3.3) used in this thesis. This thesis research is a qualitative study and adopts a realism paradigm within an interpretivist epistemology. Although, it has a more objective orientation than the subjective orientation. As noted by Donnellan (1995) realism is primarily inductive (i.e. theory construction and theory building), rather than deductive (i.e. theory testing and theory verification). This thesis research provided some theory building, but not pure induction. The current thesis research is an exploratory study and is not concerned with measuring changes over time or establishing causal relationships. Rather, this study is interested in exploring the effectiveness of CRM as an investment strategy in the eyes of senior management in Australian enterprises.

The research collected qualitative data from eighteen different enterprises (twelve sectors) using semi-structured interviews. The researcher used the thematic analysis (discussed in Section 3.4.4.1) that involved open coding of the individual transcripts in such a way as to allow for interpretative process. Next, template analysis was chosen (discussed in Section 3.4.4.2) to produce an initial version of the template on the basis of the dataset along with the relevant literature. In addition, template analysis allowed the researcher to identify four levels of sub-themes to capture the richest and detailed aspects of the data. Finally, ethical clearance was presented (Section 3.4), and limitations of study addressed in Section 3.5.
4. Data Analysis and Presentation of Findings

4.1 Introduction

This chapter employs the research methodology outlined in Chapter 3. It presents the key findings as a ‘within case’ analysis and a ‘within and cross sector analysis’ in order to investigate various aspects of CRM identified by the participants as being pivotal to the success of CRM in a range of different organisations. The main purpose of this chapter is to examine the extent to which key features of CRM operate in today’s organisations. The chapter consists of four sections as outlined in Figure 4.1. Section 4.1 serves as an introductory overview of the whole chapter. Section 4.2 provides within sector analysis (participant level), which examines each of the research questions in turn. Section 4.3 presents sector level analysis (within and cross sector). Finally, a chapter summary is given in Section 4.4.

Figure 4.1. Overview of Chapter 4

4.2 Within Sector Analysis (Participant Level)

4.2.1 Research Question 1
4.2.2 Research Question 2
4.2.3 Research Question 3

4.3 Within and Cross Sector Analysis

4.3.1 Within Sector Case Analysis
4.3.2 Cross Sector Analysis

4.4 Chapter Summary

4.2 Within Sector Analysis (Participant Level)

This section reports the findings from the analysis at the participant level, i.e. for each of the 18 participants. The findings are presented for each of the three research questions and their respective sub-questions and a priori themes and sub-themes.
4.2.1 Research Question 1:

How and to what extent do managers at Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?

As discussed in Section 2.8.1, to answer Research Question 1, three sub-questions were developed for this research to investigate three dimensions (CRM technology resources, human resources, and business resources) of technology capability, as follows.

4.2.1.1 Research Question 1a:

How crucial are CRM technology resources to fully maximise the CRM technology currently in use?

In addressing the Research Sub-Question 1a, the analysis identified three a priori themes from the literature which comprised 1a.1 (Customer data), 1a.2 (Access data on customer information), and 1a.3 (Integrating data from different contact points). The following describes each of the a priori themes and sub-themes (as shown in Table 3.11 Final template) that came directly from the data provided by the participants during the semi-structured interviews.

1a.1 Customer data

All 18 participants agreed that there are several CRM technologies available, such as Oracle, SAP, Salesforce.com and others, from all major software companies. More or less these software packages perform similar functionalities, most importantly to capture customer data. For example, Participant Q (Senior CRM-ERP Consultant from Computer Software Sector) reported that CRM is ‘an enabler and a repository and a platform of things upon where their business builds its strategy in order to achieve customer needs’.

Some participants (Q, L, A, D, I, H and P) emphasised that CRM provides their business with additional customer intelligence on customer behaviour to improve segmenting, and therefore, provides ‘more personalised journeys for the customer’. Similarly, participant I (CRM Marketing Manager from Higher Education Sector) commented that:
CRM is to provide more customer intelligence. It really can provide a business with more data on customer behaviour, improve segmenting, more personalised journeys for the customer, preferences, behaviours. That thing which a company may have previously been completely blind to.

Ten participants (A, G, B, D, H, J, K, N, P and R) believed ‘a fully integrated CRM’ is needed to collect ‘relevant customer data’ more effectively and at lower cost. For example, participant G (Senior Project Manager - Digital CRM project from Financial Services Sector) commented that a front-end application interfaced ‘with a fully integrated CRM is cheaper to build’ and is able to extract information from a number of internal and external sources. Participant G also added that ‘in the past, organisations invested millions of dollars to integrate systems formally within the enterprise’.

The following comments from participants (A, C, D, E, I, L, N, Q, P and R) provide support for the implementation of a fully integrated CRM technology; these contributions together highlighted the critical importance of adopting ‘a single view of the customer’. For example, participant A (Executive CRM Manager from Financial Services Sector) believed that ‘by having a single view of the customers, front-line staff can find and retrieve relevant information without switching between CRM systems, saving time and efforts’. Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) stressed the benefits of being able to personalise the interactions and building the engagement with the customers through CRM platforms that can deliver a single view of the customers to the frontline staff.

Participants (B, E and L) mentioned that a single view of the customer allows a CRM-oriented organisation to ‘engage in conversation and communication’ that in turn allows employees to interact more meaningfully with customer. Some participants emphasised that the challenge for them lies in the processes of ‘how and where the information is used’ (B, C, J, P and R), and ‘the quality of data’ (K, G and O). For example, participant B (CRM Manager from Gambling and Casino Sector) believed that the future of an organisation rests with customer service and this depends on how organisations collect, store and deploy the data. Participant B also elaborated that the ‘usage of that data basically sits under two quadrants: one is analytics, the other one is campaigning. [We need] to merge them together, so effectively everything revolves around data.’ The richness of data allows the organisations to better understand their
customers, building customer demographic details to facilitate the development of marketing campaigns.

Participant K (CRM Project Manager from Pharmaceuticals Sector) also cited that ‘the data quality is very important as well. The quality of the data means ensuring things are structured in the same way’. Participant K believed that the challenge lies in the alignment of processes, ensuring the quality of the data and the training of the employees. He acknowledged that the challenge remains ‘definitely a long-term ambition. I think we need to focus on ensuring each of the functions standardise themselves first, and then we can integrate those for the 360’.

1a.2 Access to data and customer interactions

Sixteen participants commented that relevant access on data and interactions should be given to all employees, whether sales, marketing or service department. Two participants (L and G) believed that access to data and customer interactions also allows their businesses to ‘normalise and equalise their resourcing’, because now instead of one person being an account manager just to one particular customer, staff from different departments can account manage the same customer, because they can all look back at the history and see what the customer has been doing, either on the Web or on the phone. That makes it easier for a business to interact with a customer, because they know that the interaction history is available to anyone who is in contact with that customer.

Three participants (G, P and Q) found that having access to data and customer interactions ‘reduces the amount of duplication’ from the customer’s point of view. For example, participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) cited that:

if the employee has access to the customer’s interaction history then that customer doesn’t have to repeat themselves or explain themselves, what their request is or what the complaint is or what the issue is and it reduces the amount of duplication from the customer’s point of view.

Participant Q (Senior CRM-ERP Consultant from Computer Software Sector) gave an example that having access to a customer’s interaction history helped call centre staff to tailor their responses to the customer’s inquiry.
Two participants (O and Q) pointed out access to data and interactions by employees is critical as long as it is ‘relevant and used by the correct people’. As an example, participant O (CRM Delivery Manager from Gambling and Casino Sector) cited that:

data can be seen in many different ways. If you have frontline staff, they can take a sort of intimidating view on relevant data. So, it’s important and beholden to a business to invest in making sure that the correct use has been made by the correct people.

Several participants (D, E, H, I, K, N, P and R) discussed the ‘personalised experience’ as an advantage of being able to access data on customer interactions. For example, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) commented that ‘it allows organisations to understand the customer, and provide more personalised experience with the brand, in order to enrich the customer experience’.

Seven participants (B, C, E, G, J, L and N) reported that access to data and customer interactions can ‘empower employees to vary the content of service and goods’ to more closely align with customer’s express needs. For example, participant B (CRM Manager from Gambling and Casino Sector) elaborated that:

CRM technologies provide dynamic content management on customer data and therefore when sale staffs have access to data and customer interactions they can provide a more dynamic offering based on what the individual customers need rather than just having a preconceived idea of an offer.

Three participants (F, N and Q) referred to ‘privacy policy’ as a barrier for them not allowing everyone in the business to have access to data and customer interactions. Other participants were willing to allow employees have access to data and customer interactions and they explained how they overcome privacy policy challenges. For example, participant F (Senior CRM manager from Food and Beverages Sector) believed that:

when the customer signs up to that loyalty program, they can consent and accept the privacy policy of providing their data so any time an employee, myself or another one of my team members is working with that data, looking at that data, it’s always secure.
Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) noted that ‘there are a lot of data privacy regulations in Australia that we have to work in privacy and secure the profiles’.

1a.3 Integrating data from different contact points

Seventeen participants believed that having information from different channels allows a company to get to first base to communicate with its customers in a knowledgeable fashion and to build a single view of a customer which is very critical for the business to manage its brand and its market image. Participant D (General Manager, Loyalty and Data Solutions from Retail Sector) commented that:

    bringing in all sources of data, to try and build a view, single view, of a customer is critical, critical to an organisation’s success. It’s also very important for them to manage their brand, so there’s an extension now of technology, into how an organisation presents itself in the market.

A majority of participants (A, B, C, D, F, G, H, I, J, K, L, N, O and P) cited that integrating data from different contact points enables the organisation to ‘articulate the customers’ information’ to its customer service personnel so they can fulfil the customers’ needs and support their wellbeing. For example, participant A (Executive CRM Manager from Financial Services Sector) cited that customer data helps the business to develop the customers’ profile so it can tailor its offers to customers.

Participant H (CRM Communication Manager from Retail Sector) explained that:

    the actual integration point is very important because you need to do it in the correct manner but also in a really efficient way so at the very end point that information is not only able to help the customer, but also the person serving the customer as well’.

Participants P and R referred to the integration of data from different contact points as the ‘Omni-channel communications stream’. Participant P (Senior CRM-ERP Consultant from Computer Software Sector) defined ‘Omni-channel – meaning it is coming from different places’ so a business may have an integrated Facebook profile, or have a LinkedIn account to monitor the interactions of customers with their account through different communications streams such as email, mobile, chats, even website live chats. Contents of these chat messages are logged against the customers’
profile in the CRM to build the customers’ profile and preferences so future communication will be tailored based on their preferences.

Three participants (M, O and K) commented that integrating data from different contact points enables a ‘360-degree view of the customer’. For example, participant M (CRM Manager from Facilities Service Sector) commented that:

I think the more that we know about someone, or know about the customer, the better off we are ... and having as much information from different channels as possible, that’s the only way you can get to know your customer and make the 360.

Participant K (CRM Project Manager from Pharmaceuticals Sector) considered that obtaining a 360-degree of the customer was a most challenging and complex issue and raised concerns about the quality of data business collected for a 360 view of customer. He reported that:

it is important to integrate the information, but for the information to be integrated, you need to have structured processes, you need to make sure the staff are trained properly to understand those processes, and you need to make sure the information is uniform, meaning apples with apples.

Participant K also added that the implementation of a 360-degree view of a customer is ‘a long term ambition’ and the work for the standardisation of business functions will need to take place prior to the integration of the 360-degree.

Participants (B, C, D, F, G, H, I, J, K, L, P and R) stressed that ‘harnessing the customer’s engagement’ plays the most important role after data integration because by creating the engagement, the conversation with the customer can transcend to another level. Participant L (General Manager, Customer Relationship Marketing and Digital from Financial Services Sector) commented:

if business listens to … what the customer is interested in and understands the context of why they have the need, and then apply that back to the customer, they are much more rewarded with a higher customer conversion rate than if they just use a plain old approach.

**4.2.1.2 Research Question 1b:**

*How crucial are and in what way can human resources maintain CRM technology capability?*
Answering Research Sub-question 1b, the researcher identified three a priori themes from the literature described, which are comprised of 1b.1 (Top management involvement), 1b.2 (Employees’ acceptance of change), and 1b.3 (Fitting CRM technology within company’s culture). The following describes each of the a priori themes and sub-themes (as shown in Table 3.11 Final template) that came directly from the data provided by the participants during the semi-structured interviews.

1b.1 Top management involvement

Seventeen of the eighteen participants rated the importance of top management’s involvement as critical or vital. They suggested that all personnel, especially the CEO and senior management, need to recognise that a CRM solution is vital in helping the delivery of strategic outcomes to the organisation. Participants C, E, G, N, P and R commented that several CRM projects fail due to ‘the lack of support from top management’. Participant E (Dynamics CRM Practice Manager from Telecommunication Sector) elaborated that the lack of executive sponsorship, the customer-centric culture, and the lack of understanding of the important role of the CRM contribute to the failures of these projects.

Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) also put more emphasis on involvement of top management, describing the four major determining factors in CRM as involvement of senior leadership, involvement of customers, quality of information, and optimising of processes including the involvement of more junior subject matter experts and stakeholders. He explained that:

the first determining factor in CRM is the involvement and participation of senior leadership in the organisation. The second is the involvement and participation of customers in the development of the system, and the ownership of the data. The third one is the quality of information. The last one is the optimising of processes and the involvement of more junior subject matter experts and stakeholders. But without having the senior management’s understanding and support as to why they’re putting in the CRM solution and capability, you might as well not do it. It won’t work.

Ten participants (B, A, O, E, G, I, K, L, N and D) suggested that the implementation of CRM should have the ‘bottom-up as well as top-down involvement’. For example, participant B (CRM Manager from Gambling and Casino Sector) commented that
commitment from the CIO and the CMO, the corporate culture to live and breathe’ CRM, will eventually motivate frontline staff to adopt CRM.

Participant A (Executive CRM Manager from Financial Services Sector) highlighted another perspective on the implementation of CRM in which customers are participating in the process. He believed that customers are the end-users who will ultimately try the product and service and if the customers are ‘users of our particular solution … their involvement will make sure that [the business will deliver] the best user experience outcome’. He further reported that individual effort to implement CRM without commitment from senior management will never succeed and if success is achieved, it will be limited to the individual who champions the implementation of CRM.

Twelve participants (A, B, C, G, J, K, L, N, O, Q, P and R) mentioned that commitment from top level management alone is not sufficient, and participant A (Executive CRM Manager from Financial Services Sector) commented that the top executives need to ‘create a stable CRM platform for all users’ to ensure that the CRM performance is satisfactory, reliable and operational and ensure the longevity of the CRM solution.

Senior management will need to understand or be educated on the importance and implications of a CRM system. Anecdotally, participant B (CRM Manager from Gambling and Casino Sector) mentioned that:

sometimes senior management does not understand the importance and the implications of a CRM system. What value added it brings and … sometimes they buy into a solution based on a very glamorous presentation that they see … and they do not concern [themselves about] the people obviously using those applications on a regular basis.

Several participants (I, A, J, C, K, M, Q and R) reported that because CRM is becoming constantly more sophisticated, top management should ‘support on-going investment’ and training for staff who operate the system. Participant J (CRM Strategy Manager from Financial Services Sector) reported that senior management needs to support the on-going operation of the system by allocating sufficient funding and recurring budgets to continually improve the system. Participant I (CRM
Marketing Manager from Higher Education Sector) also commented that the sophistication of the CRM is:

definitely not something you can just invest in and leave alone. Improving your data and improving the technology that you integrate with should be constantly improved and growing as it does in life.

Supportively, participant A (Executive CRM Manager from Financial Services Sector) explained if the organisation is ‘able to get more investment towards driving further functionality … [then] we do see the value from the system that we provide’.

Four participants (E, G, R, and L) elaborated that top management needs to ‘develop and drive a customer-centric culture’ throughout the organisation because organisational culture is the window through which customers and suppliers perceive the organisation. For example, participant E (Dynamics CRM Practice Manager from Telecommunications Sector) mentioned that the management needs to view the CRM through two lenses: ‘they see customers and how they think their customers see them.’

Regarding customer focus, participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) explained their efforts of being customer-centric and said that:

in our business, it’s trying to be very customer-centric. I’m not saying we are 100% there by any means but that is the intent. I guess it’s not as much about the technology, like the technology that we are running on now is intensive customer decision, it’s ten years old. It’s more the philosophy of what you put in the technology. The customer decisioning engine is running on a Teradata database that is like ten years old. The decisioning tool is ten years old but the pivot is that you are doing decisions about customer events as opposed to product events.

Likewise, participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) also commented that:

you can use CRM to personalise the interaction with the customer on a digital channel, using an external vendor, but when you talk about the interaction the brand has with your employee, you need to have the employees on board, to change this whole mindset and become consumer-centric. Your employees need to understand that at the end of the day it’s the customer who pays for the business, if there’s no customer there’s no business, and understand the value of the customer, and that mindset of
consumer-centricity has to be driven by the employees, as opposed to the top management.

Three participants (N, O and R) highlighted that the level of education and the ‘lack of suitable qualification’ of top management in some organisations present a problem for the business as a whole and for the implementation of the CRM in particular. Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) claimed that:

In the US you cannot get to the top level if you’re not coming from [a] good educational background. If you haven’t done your tertiary education, if you haven’t done your MBA at an Ivy League you can’t sit in the top management. That’s why those companies do well, because the top management have very smart thinking. In Australia, there is a lack of a culture of having sound degrees.

Participant N added that having a business perspective alone in the job requirement for management is not sufficient, relevant qualifications such as the MBA or IT degree for CIO should be mandatory and he/she cited Google as an example:

We know Google is a technology company. They run the entire business. They’re an advertising company built off technology and knowing about technology it doesn’t mean you have to be an IT programmer, but you need to have solid education in technology, to be able to see how technology can enable your business to get tangible outcomes. This is what I see as a problem in Australia, and that is why a lot of CRM implementation is struggling.

1b.2 Employees’ acceptance of change

Sixteen participants agreed that employees’ acceptance of change is the most important success factor for a CRM. As an example, participant A (Executive CRM Manager from Financial Services Sector) claimed that if employees ‘don’t accept it they won’t use it. That’s also part of being engaged to begin with. When you have people truly engaged in the process you can learn from it.’ Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) described the relationship between the technology and the level of engagement of the users of the system and the top management’s involvement, and estimated that:

technology is about 10 to 20%, change and involvement and engagement of the users of the system is about 40%, and the other 40% would be in relation to senior management, communications and involvement.
Participant K (CRM Project Manager from Pharmaceuticals Sector) highlighted the high-level engagement of staff in the implementation of a CRM and he/she believed the high-level involvement is the:

only way to remove the barrier … if they have somebody that’s resistant to change, the only thing they can do is involve them. Include them, take their ideas, take their input. That comes across every layer of the organisation.

Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) related the employees’ acceptance of change in the ADKAR (Awareness, Desire, Knowledge, Action, Reinforcement) process. He observed that:

several senior executives in the organisation are aware and have the desire to procure the CRM, however, they stop short of proceeding with the implementation of a CRM. They must have knowledge and they must have action. Really the best CEOs are out there, filling the gaps as well. Generally, you find that projects fail because the CEO is only aware of CRM. They might be desirous of it, because it makes more money, but they’re not involved in anything else. That’s one of the reasons why CRM fails from a senior leadership perspective, because all they know is they’re aware of it, “I’ve heard of it, I know I want one, because my competitors have got one, but apart from that, I have no idea. I leave it to my people below.” That’s what you don’t want.

The majority of participants (15) believed that when an organisation has its staff truly engaged in the process, they can learn from it and instigate a ‘change management to improve the process’. As participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) estimated: ‘a change management process would mean about 40 percent of the success of a CRM’. However, change management alone is not adequate. Participant I (CRM Marketing Manager from Higher Education Sector) also commented that the organisation ‘needs to do change, a lot of change management, a lot of training, a lot of stakeholder management, a lot of pre-work, the more pre-work you can do’, and he conceded that:

the worst thing you can do, and I’ve been involved in integrating new CRM platforms before, and some of my earlier mistakes was that I just did not do enough change management early on … If you don’t do that, you are doomed for failure.

Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) highlights the complexity of any CRM’s implementation because it impacts on many different areas of the business.
Ten participants (B, N, O, C, D, E, J, K, P and R) cautioned that several implementations of CRM fail because ‘employees have not come on board the right way’. As an example, participant B (CRM Manager from Gambling and Casino Sector) cited that:

when a new system is introduced, the fear of failures is the key component.
You can see a lot of people even leave organisations when a new system is rolled out.

Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) also reported that:

bringing employees on board is about transparency, change management, training and linking them to the vision. But again, it comes back to leadership. If the organisation has strong leadership, they have strong leaders, all of this is very possible, but if they don’t have strong leaders then God help them.

Participant O (CRM Delivery Manager from Gambling and Casino Sector) commented that a successful implementation of a CRM requires a comprehensive communication strategy so that:

the employees … see tangible benefits related to the business’s performance.
They just need to know that there is a benefit there, if not for them then for the organisation. That benefit needs to be articulated clearly. But often it’s not and that’s where most CRM projects really do fail.

Participants (B, C, J and P) highlighted that ‘older employees are less willing to engage with any new system in place’. Participant B (CRM Manager from Gambling and Casino Sector) singled out the resistance to change and participant C (Marketing Manager Database and CRM from Music Sector) commented that older employees ‘do not really want to learn the system and they don’t engage with it as much’. Participant J (CRM Strategy Manager from Financial Services Sector) commented that some sales people are very reluctant to enter their sales lead notes in the system for fear that they will lose the sales prospects to other team members.

Given the propensity to resist change from older employees, participant P (Senior CRM-ERP Consultant from Computer Software Sector) emphasised the need to invest in the training of older employees on the use of new systems. He cited that in ‘an older workforce, it tends to be slightly more challenging getting everybody across the technology because they are not used to this type of technology’ and the organisation
needs to be aware that ‘they might never have used a CRM before but the way to overcome that resistance is to invest more in coaching and training’.

To alleviate the resistance to change and to facilitate a smooth implementation, eleven participants (B, L, A, C, D, H, K, M, N, Q and P) emphasised the importance of a ‘vigorous training program’ and that all employees are required to adhere to the change management process during the implementation phase. Participant B (CRM Manager from Gambling and Casino Sector) elaborated that the duration of the training program depends on the roles, responsibilities and ages of the employees in the organisation and the duration ‘could range from three days to one week’, with ‘refresher training every three months’.

Participants (A, C, E, F, H, I, J, K, M and N) expressed their concern over the ‘lack of training’ for some CRM users and that this may hamper the effectiveness of the use of the CRM. Participant E (Dynamics CRM Practice Manager from Telecommunications Sector) was particularly adamant that without proper planning and training, organisations ‘are not capturing the right set of information that leads to superior customer service’. Participant E and J commented that organisations spend a lot of time and financial resources on implementing a CRM solution; nevertheless they have not reserved equally sufficient time and budget to train their employees.

Eight participants (A, C, E, H, K, L, M and P) believed that ‘having intuitive and easy-to-use CRM solutions’ enables a better conversation with staff, reducing costs, saving time and requiring less training. Participant A (Executive CRM Manager from Financial Services Sector) suggested that ‘training should be less focused and making sure the technology is again intuitive … so the users can use it with minimal training’. He elaborated that the system needs to be built ‘like an “Uber-like” design, so when new staff join the organisation they can learn how to use our systems pretty intuitively and as a result, minimal training is required’. Participant A added that the time saved on a full training course can be used to build their soft skills such as customer services, and the cost savings can deliver better value for customers.

Six participants (D, E, F, M, N and P) believed that the ‘involvement of front-line employees depends on the nature of the business’. For instance, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) believed that:
for our retail, most of our employees are check-out operators. We don’t surface with customer information. They’re on the frontline, they don’t really contribute to our CRM strategy per se … and if the frontline people don’t necessarily deal with the customer information, then they are not necessarily going to derive value out of it, but they may get value by decision making.

Participant E (Dynamics CRM Practice Manager from Telecommunications Sector) conceded that the role of front-line employees is diminishing as time goes by as new internet technologies such as online, mobile, email and social media emerge, and he/she highlighted that ‘the shift is moving away from front-line employees to a more virtual channel’.

Participants P and R (both Senior CRM Consultants from the Computer Software Sector) believed that ‘having direct and fast access to relevant customer data’ will provide the organisation with the insight to develop a meaningful relationship with the customers, and the technology employed by the CRM will deliver relevant information to front-line staff to drive conversations, providing more relevance, more supporting facts to customers.

1b.3 Fitting CRM technologies within company’s culture

Fifteen participants believed that the introduction of CRM technologies in organisations remains a challenging task because the change of business processes brought about by the technology has the potential to greatly impact the organisation and its culture. Although, they did not see the technology itself as a huge challenge, certain organisational and conceptual issues emerge to be a formidable challenge. For instance, participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) said that:

if you find companies that have an open, diverse, engaging culture, where learning is supported and making mistakes is tolerated, naturally [they] do well at CRM, because the principles of development of CRM are the same as their culture.

He/she added that the implementation of CRM fails where ‘companies have a closed mindset of looking for a big bang solution, a quick fix’.
The success of an implementation of CRM also depends on the age of the business; as participant H (CRM Communication Manager from Retail Sector) commented: ‘with our business, because it’s quite young, and it’s actually very, very easy’ and he/she contrasted that with:

an older store or a store with a bit more heritage [the implementation] does get a bit abrasive because suddenly you’re asking people who haven’t actually grown up with the technology to take on this technology.

Several participants (D, E, F, G, J, L and R) believed that the challenge in implementing CRM lies in ‘conceptual issues challenges’ rather than in its technology. As an example, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) stated that:

there’s a challenge with customer life cycle management, customer management, customer engagement, that’s the problem. I can go out and buy a sales force tomorrow and have a five-person company and leverage it really well, because I understand how to manage a customer.

Nevertheless, the same participant commented that:

in a large organisation, generally the issue is nothing to do with technology, everything to do with how you employ that technology, how you use it, how you leverage it, how you get benefit out of it.

Accordingly, participant E (Dynamics CRM Practice Manager from Telecommunications Sector) also acknowledged that:

business needs to start placing the customer at the centre of everything, so they need to understand what their customer’s journey is, how their customers interact with them, what is a customer’s life cycle.

Participant F had a similar perception and said that ‘I don’t think it’s that challenging personally for me to fit technology within company culture’.

Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) also emphasised a customer-centric approach to CRM. She believed that ‘organisations put CRM technology in but it’s all being redeemed by product orientation and that does not move data at all. The customer does not respond to that, and if the customer does not respond to it, the frontline does not respond to it. There is an element of putting technology in which is helpful, but it needs to be complemented by a customer-centric approach. It needs to be
complemented by a process that makes the front-line employees look like heroes in front of the customer’.

4.2.1.3 Research Question 1c

**How crucial are business resources to assist in maximising CRM technology capability?**

In analysing answers from the Research Sub-question 1c, the researcher identified three a priori themes from the literature, which comprise 1c.1 (Formal strategic plan for CRM initiatives), 1c.2 (Integration of CRM technology plan into company’s overall business plan), and 1c.3 (Measurement of the effectiveness and the success of its CRM technology). The following describes each of the a priori themes and sub-themes (as shown in Table 3.11 Final template) that came directly from the data provided by the participants during the semi-structured interviews.

1c.1 Formal strategic plan for CRM initiatives

Eighteen participants agreed that having a strategic plan is crucial for any business that plans to implement CRM. For example, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) stated that ‘it is massively critical to have a formal plan. Management must map out a strategy and a framework to proceed with their CRM’.

Three participants (A, O and R) emphasised that business should ‘avoid using a current CRM solution that is available at the particular point in time’. As an example, participant A (Executive CRM Manager from Financial Services Sector) believed that:

> if you don’t have a strategy, you’re just using solution for its point of time. You need to always be thinking three to five years ahead. We’re thinking three and five years ahead on where we need to take the CRM going forward, and investing so as well. You need to be investing at the same sort of time period. It takes that long to develop such a solution, particularly when you’ve got the size and the scale of an organisation such as us.

Similarly, participant J (CRM Strategy Manager from Financial Services Sector) believed that the implementation of CRM requires a long lead time for planning,
investing and funding of the procurement of the CRM solution, and participant E (Dynamics CRM Practice Manager from Telecommunications Sector) acknowledged that the time can be ‘a 6-year lay time. So, having that strategy focus is critical as well as being able to align it with other strategies’.

Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) also observed that often the organisation has to:

get the philosophy first and the technology to follow ... It was a case of you have what we call crawl, walk, run and [organisations] do not want to rush out and spend the million dollars on the big investment until you’ve proven that operationally you can get value from the investment.

Two participants (L and G) believed that CRM is a ‘constant storytelling’, and organisations need to communicate its implementation strategy to its staff. For instance, participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) added that ‘it’s constant storytelling of what is possible, giving the examples of what’s working, giving the example of what’s being learnt so that people come on the journey with you’. Likewise, participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) believed ‘the important thing is to have a vision, a desire and a good team of people who know what they’re doing and allowing them to make mistakes’.

1c.2 Integration of CRM technology plan into company’s overall business plan

Responses to the question regarding integration of CRM technology plan into the company’s overall business plan were quite varied and inconclusive. Some participants believed that a CRM plan should be integrated into a company’s overall business plan and other participants thought differently. For instance, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) commented that if:

a retailer … is selling e-commerce, maybe CRM is not as important. If you’re a telco [telecommunication company], where it’s critical that you manage customers, it’s probably, along with the billing system, the number one thing that you’re going to grow, so it varies.

Similarly, participant J (CRM Strategy Manager from Financial Services Sector) commented that:
at the moment, it’s probably not integrated as much as I would like in to the
overall plan. But, it should be. It’s absolutely critical and, I think, the focus that’s been
gaining momentum over the last few years of customer experience; I think customer
relationship experience will be the next wave of that.

Participant Q (Global IT, Business Relationship Manager CRM from Logistics and
Supply Chain Sector) also believed that in some organisations the CRM does not
integrate very well. He elaborated that:

since CRM is seen as that magic thing in the corner, people go at the end of the
year and they say “how many visits did we do this year?” The reality is that businesses
use it at the end of the year to say “did this person visit as many customers as he said he
should have?” That doesn’t really tell me anything.

Participant K (CRM Project Manager from Pharmaceuticals Sector) also commented
that:

how effective it is depends on who you ask. Like anything, it needs to be
measured. It needs to have some standard metrics, or KPIs. You need to define those
specifically for what you want to achieve. If you’re not going to measure it you’re not
going to improve it. In terms of effectiveness, I think the only way you can do that is to
continually follow up. You need to continually adjust and change that depending on the
market situation and the dynamics, and that’s an evolving process. It’s not a one-off
fix. It's a moving organism. CRM is a moving thing. When we started we had sales
activities, and the basic questions such as “are we visiting the right doctor, are we
delivering the right message?”.

Participant H (CRM Communication Manager from Retail Sector) noted that:

CRM integrates very well and it has ... a push and a pull [effect]. So, the
business plan will push down onto the CRM, but then the CRM will also push up. The
push will be ... okay, we’ve got these amounts of sales to make this year, this is the
revenue that we need to hit, and that will basically be pushed down onto everyone.

Three participants (A, L and O) recommended that business adopt an ‘easy-to-use
application’ that is much more robust and efficient. Two participants (P and E)
emphasised that businesses must ensure that ‘the current technology that is in place is
appropriate and compatible for integration into the CRM platform’. For example,
participant P (Senior CRM-ERP Consultant from Computer Software Sector) stated
that:
if planning is done appropriately, it can be very successful, but it all depends on how well it is planned and whether the current platforms in place are appropriate for integration into the CRM platform. It really depends on your current application framework and how integration would be, how you would integrate those applications into your CRM system. That all comes down to engaging a CRM partner and understanding what the best approach is for integrating with your current systems, and if there are better platforms or better suites of applications that would fit that business better over time or moving into the future.

Eight participants (A, E, H, J, K, L, O and Q) highlighted the importance of ‘people and processes’ that enable a business to drive technology. Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) commented that:

when you’ve got the people and process, more or less with proving what is possible, then you go with the tech. We spend a lot of money in technology now but we did not get it from day one. We have had to build over time, so we had to prove what is possible, prove that we could get engagement with the frontline, prove that we could get engaged with the leadership team in the frontline, prove that we could turn the data into insights that was meaningful and do that in sort of what I call a pilot way. Once we proved it was possible, then we earned the right to say it’s a different technology, to take it to scale and make it much more robust and make it more timely and make it more efficient.

1c.3 Measurement of the effectiveness and the success of its CRM technology

Eighteen participants responded that measuring effectiveness of CRM is necessary, though not every business is capable of measuring the success of its CRM technology. For example, participant A (Executive CRM Manager from Financial Services Sector) commented that ‘without measuring the effectiveness of any technology solution, you’d be wasting the money. You need to constantly measure and make sure that your solutions are achieving your solutions’. Participant F (Senior CRM Manager from Food and Beverages Sector) also commented ‘It’s quite easy to actually analyse and track a customer’s conversion rates on different channels and different communication levels and it should be something that you’re constantly monitoring’.

Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) elaborated that the implementation of a CRM system ‘won’t take three months.
It won’t take six months or twelve months. It will take three years’, and he commented that:

senior managers must understand that the return on investment in CRM is a long-term proposition. Expecting to get an immediate result in six months won’t work. Assessment of the efficiency of CRM and the effectiveness must be looked at over at least a three-year horizon.

He believed that:

50 to 60 percent of businesses don’t measure it at all. They know they wanted one, they know they needed one, because other people have got one, but they’ll only know if it works if their staff tell them that it actually is providing value.

Conversely, participant J (CRM Strategy Manager from Financial Services Sector) claimed that they do not measure the effectiveness of CRM very well in their business. He said that:

we don’t measure it well, but I think you know what the measurement should be. And we do measure, I mean, we’ve got a new project where we could come up with benefits in the short term and a reason why that project should run ahead. But, I think, long term, those benefits sort of no one keeps tracking them whereas it’s so important.

There are different ‘tangible and intangible methods of measurement’ used in the different businesses that are mentioned in this study. Fourteen participants remarked on various tangible and intangible methods of measuring the success of their CRM technology. Participant E (Dynamics CRM Practice Manager from Telecommunications Sector) referred to intangible methods of measurement as brand, customer loyalty and customer attention. Other participants focus on tangible methods such as a control based (D, L and N), AB measurement (I, L, N and O), acquisition rates (N), advocacy (L), average basket size (H), cadence testing (F), channel testing (F), control groups (I, L and N), copy testing (F), creative testing (F), dollar values (E), main financial institution (A), key performance indicators (K, M, Q and P), lead conversions (N), measures of retention (L and P), Net Promoter Score (J, N and Q), number of sales (E, Q and P), opens and clicks or likes, comments (H), retention rates (N and P), return on the investment (D and G), sales conversions (N and O), segmenting approach (G and O), share of wallet (L), survey (N and P), conversion rate (A, E, F, G, H, I and N), data quality (M and N), total revenue (H, L and P), traffic to the website (H) and turnover (O).
For example, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) stated:

one thing you can look at is how you’re getting a return on the investment. We do a control based, using people who are unexposed to the campaign and then we measure them against the people who are exposed.

Participant F (Senior CRM Manager from Food and Beverages Sector) said:

we actually analyse and track a customer’s conversion rates on different channels and different communication levels and it should be something you’re constantly monitoring and constantly trying to work out how you can optimise that level of communication.

Participant H (CRM Communication Manager from Retail Sector) also said ‘total revenue is judged on every single campaign. So those metrics are judged on every single campaign’. Participant I (CRM Marketing Manager from Higher Education Sector) mentioned that he was a big fan of control groups and commented that:

whenever I do anything I’ll just do a control group that doesn’t get that initiative. Then you just compare the increments. For example, where it’s a group they just don’t get any CRM marketing … and this is the best way to prove its effectiveness.

Participant Q (Global IT, Business Relationship Manager CRM from Logistics and Supply Chain Sector) also said:

Net Promoter Score. It’s a big thing in Australia. So, it’s through that process our customers feel like “Jack actually cared” or “Jack really wants to listen to what I want to say. They understand my needs. They understand why I need to be treated differently than this customer.” Even though I’m in the same category as two cement companies, but we might need to treat them differently because they are different people with different goals, different focuses. Our true ROI is quite hard to capture.

Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) observed that:

CRM technology has had a success factor which is what the business cares about. Whether it’s due to advocacy, retention or share of wallet, we would look at all of those. Do we have advocacy? Are we losing these customers? Are we losing less of their revenue? Ultimately a bank like us has measures of advocacy, has measures of retention and has measures of share of wallet. That is not just for CRM. That is just for the entirety of the business because CRM is a part of the ecosystem.
4.2.2 Research Question 2

How and to what extent do managers at Australian enterprises integrate CRM technology capability and non-CRM marketing capabilities?

As discussed in Section 2.8.2, to answer Research Question 2, the researcher developed three sub-questions to investigate market orientation, customer-relating capability and innovation capability and how CRM technology capabilities facilitate each of these factors.

4.2.2.1 Research Question 2a

How can CRM technology capability and market orientation be integrated to improve marketing capabilities?

In answering the Research Sub-question 2a, the research identified three a priori themes from the literature, comprising 2a.1 (Customer-oriented organisational culture), 2a.2 (Intelligence gathering), and 2a.3 (Inter-functional coordination). The following describes each of the a priori themes and sub-themes (as shown in Table 3.11 Final template) that came directly from the data provided by the participants during the semi-structured interviews.

2a.1 Customer-oriented organisational culture

Fourteen participants agreed that having a customer-oriented organisational culture is very critical. For example, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) elaborated that ‘having a highly customer-focused culture that values an integrated CRM system will improve firm performance’.

Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) also noted that:

consumer-centric culture is the culture ... CRM is just the enabler. It will allow you to deliver on that experience, but then you need to have a customer experience or customer strategy in the organisation.

Often organisations adopt an inward perspective when implementing a CRM system, nevertheless participant N believed that if the organisations:
don’t have an outward looking customer’s view, it is always important to take a step back and see what the customer’s journey would be like, going through a sales process, going through a customer service process, what is their experience, having a look at thinking and placing yourself in what the customers, or placing yourselves in the customer shoes, would mean that your CRM implementation is more aligned to supporting what they expect rather than just being a solution that manages internal requirements.

Five participants (E, J, L, P and R) acknowledged that organisations need to ‘understand their customers’ perspective’ on how customers perceive the organisations. For example, participant E (Dynamics CRM Practice Manager from Telecommunications Sector) pointed out that:

a really good customer always comes to us … That doesn’t mean anything if the customer’s perspective is completely different of the organisation. They may be buying products because they don’t have a choice, there’s nothing else in the market, but as soon as something else comes in, they’re going to just go to another brand or another shop.

Four participants (A, J, K and P) agreed that organisations should be about the ‘wellness or the wellbeing of customers’. As an example, participant A (Executive CRM Manager from Financial Services Sector) believed that:

if you look at the customer being the centre of everything you do, then CRM needs to be there to be able to enable a single view of the customer. Understand their needs, understand how you can fulfil their needs, and make life easy for them. We’re all about the wellness or the wellbeing of our customers. The CRM can help predict that we are performing to the best of our ability to their wellness.

The majority (17) of participants commented that ‘level of commitment in serving customers’ needs’ should be monitored and measured by senior managers. In a slightly different vein, participant F (Senior CRM Manager from Food and Beverages Sector) observed:

I don’t know that the level of commitment needs to be monitored as such. Its moreso the results that you’re getting from the customer that need to be monitored. As long as you have sponsorship internally from a business and from the senior level management around your CRM plan, your strategy is to monitor results.
Participant M (CRM Manager from Facilities Services Sector) highlighted the need to develop processes to capture customers’ needs. She mentioned that this business has implemented:

a whole process around [the capturing of customers’ needs] and it’s called the “NOSE” theory. NOSE is looking at the Needs, Outcomes, Solutions and Evidence; it identifies what our customer needs, what we can actually provide them, where are our solutions, and what’s the evidence we have to support that outcome. We do focus on that quite a lot, identifying two or three key needs that our customer wants.

Two participants (A and L) mentioned that they use a propensity model to measure the level of commitment. Participant A (Executive CRM Manager from Financial Services Sector) commented that:

the propensity model that basically just measures the prediction probability on when [a customer] will leave. If [a customer] is highly likely to leave the [business] for whatever reason, then the business would contact [them] to see how they can assist better.

This point was reinforced by Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) who asked:

When are they likely to buy a home? When are they likely to have an addition to their family? Is their relationship breaking up? These are big customer moments when customers will make big decisions about their financial services. From the bank’s point of view what we’ve done is pull in the data from lots of sources like online. It’s all about getting the data and then making it available and actionable where it counts.

2a.2 Intelligence gathering

Seventeen participants responded to that question with the majority believing that CRM is most suitable for customer intelligence gathering and slightly less so from competitors. For example, participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) highlighted that:

CRM is about using your customer data, so it’s probably slightly less from your competitors. We can say you can see which of your customers have got services elsewhere and that provides you an insight, but it’s hugely informative about your customers and what their needs are and what needs they fulfil with you. That is why I said we absolutely would prioritise the use of our existing customer data online and
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offline and any behaviour and any notes on the customer information they share with
you provides an insight around that customer.

Participant E (Dynamics CRM Practice Manager from Telecommunications Sector) also acknowledged that ‘CRM is a very good tool for capturing all their information about customers in and around products, about preferences, thus providing valuable marketing information’. Participant I (CRM Marketing Manager from Higher Education Sector) also noted:

the customer is incredibly important, it should be regarded as the central nervous system for customers. One of the most important parts of CRM in my point of view is when customers leave you, if you’ve got really good CRM you get really good intelligence why customers are leaving and potentially which competitors they are going to.

Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) noted that:

competitors I’m not sure about that, because ... the only way you would see anything useful is if you did a competitor analysis through CRM, is through some unstructured analysis on the responses you get from your customers.

Eleven participants (I, O, H, D, J, K, L, M, Q, P and R) observed that ‘capturing the relevant data’ with CRM allows the identification of potential opportunities. For instance, participant I (CRM Marketing Manager from Higher Education Sector) remarked:

if you’re capturing the right data it definitely can identify new opportunities. For example, people might come in and start asking to do a degree that we don’t offer. If CRM is capturing that information we can do the analysis and say okay, we need to offer a Bachelor of Underwater Basket Weaving. Let’s go out and do that because we’ve got a lot of clients asking for it, so I think 100% if you’re capturing it right it definitely could do that.

Participant O (CRM Delivery Manager from Gambling and Casino Sector) also said that:

CRM can provide customer data. It’s a data source for any analytics that goes into market development. What it can do is provide you with the information, the data in which you can suddenly see the potential opportunities arise.

Five participants (G, H, O, P and R) indicated that CRM can be used for ‘prototype
product testing’. As example participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) confirmed that:

because you can prototype products tested, you can do what is called “A-B testing” as campaigns. You can use CRM to send out 100,000 emails, 50 of them are for this particular product, 50 of them are for a new product. You test it then.

Participant H (CRM Communication Manager from Retail Sector) pointed out that his organisation:

would test products in certain markets, and test campaigns in certain markets and then actually roll them out to the larger market. We’re actually looking at going to other markets and we’re initially using our CRM at our database to give us some education about, “Okay you know what? What type of presence do we need there or actually do we need a presence at all? Are we setting up a store in this new market? Are we going to increase our revenue to a point where it’s of value to us?”

2a.3 Inter-functional coordination

Seventeen participants commented that key success factors for CRM to succeed are the cooperation between different departments in the organisation and the availability and ease of access of the information. As an example, participant K (CRM Project Manager from Pharmaceuticals Sector) said:

Finance, HR, admin, IT, they all need to understand the products, the sales people, the customers, because at the end of the day the better knowledge and tools they have, the more they will be able to add value. They need to work all together.

He added:

management and staff need to get out of [their] silos, …[and] all working for one common vision together. I don't see enough of that being done, no. And CRM, the core of it is the customer. I think that needs to be in every function and every department’s core capability, it really does.

Likewise, participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) cited the reasons for the lack of cooperation and coordination within the organisation. He commented that in an organisation:

if they give a project to deploy CRM to a particular division, it’s normally the IT group that will do that. They’re generally not good in engaging with business customers. If they give it to the sales team, then the sales team will fix the problem from the sales team’s perspective, but won’t be able to do it from the operations or the
billing or the marketing perspective.

Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) also elaborated that:

I don’t particularly think that CRM is a marketing tool. I’m very much of a believer, as I’ve mentioned, that customer strategy or chief customer officer should be a separate function. It doesn’t belong to marketing; it doesn’t belong to anyone. It’s a function so it belongs to them and it’s a shared service like HR too, so anyone who is interested in customer insights, it could be marketing, it could be credit, could be finance, new product development, legal, consumer affairs. They should all have access to it. Not just marketing.

4.2.2.2 Research Question 2b

How can CRM technology capability and customer-linking capability be integrated to improve marketing capabilities?

In answering the Research Sub-question 2b, the research identified three a priori themes from the literature, which comprise 2b.1 (Key target customer), 2b.2 (Understanding customer needs and requirement), and 2b.3 (Maintain and enhance relationship with customer). The following describes each of the a priori themes and sub-themes (as shown in Table 3.11 Final template) that came directly from the data provided by the participants during the semi-structured interviews.

2b.1 Key target customer

Fifteen participants agreed that while CRM technology enables a firm to develop a strong relationship with key target customers, it is not sufficient to be regarded as completely effective. Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) stressed that the:

CRM can enable it, but it’s not sufficient. If you think of the human body, the CRM is like the bloodstream. It doesn’t make the company effective, it just keeps it alive. Data is the blood flowing through the CRM bloodstream. It’s sufficient to keep the body alive but it doesn’t mean that you’re going to be very good at interacting with customers. Future CRMs will need to look at the context of a customer’s interaction. They’ll look at the customer’s need in comparison to what the company can deliver.
Participant H (CRM Communication Manager from Retail Sector) noted that a lot of the time it [targeting key customers] doesn’t happen. He mentioned that:

I think in an ideal world, people say, “We have key target segments”, but when, and especially from a retail perspective, when sales aren’t doing well, then CRM is basically seen as the panacea for everything. So, it will be, “Oh, don't worry about the segments, we just want to push all this information out to our customers.” So yes, it does basically help with that, but you actually do need a very strong leadership team to actually stick to that segmentation.

Participant F (Senior CRM Manager from Food and Beverages Sector) assumed that it depends on the insights and the analysis that business gets from the customer data that they are collecting. He mentioned that:

if you can understand the trends and you can understand how people are acting and where and why, then adopting that technology inside of business does allow you to get a better relationship with the customer, but it needs to be used in the right way because if a company is simply going to implement a CRM tool and then just start firing out communication to customers, left, right and centre, with very little thought about how they target those customers, then that is going to be more of a waste of their time. They’re not going to get as high an ROI on that.

Similarly, participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) was more critical of companies that are using a blanket approach in their customer marketing campaigns. Often organisations just send bulk emails to their customers based on certain demographic criteria without understanding the preference of the customers. Participant N added that the business needs to:

understand the preference of the customers … [and if the organisation] starts listening to the customers … and explore the data that was collected when the customer interacted with [the business] in the past.

Nevertheless, participants L and O agreed that the data business gathered only shows the ‘customer behaviour’ but not the ‘customer’s motivation’ to engage with the business. For example, participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) commented that:

I think it’s coming back to when you use the data to inform you of the way your customers have opportunity. I wouldn’t say we did that very well, but understanding who your customers are, what they do, where they shop, how they spend their time, and using that to inform your next development is powerful. We would do a
lot of customer-centred design where you bring customers in that are in your target group to give you the feedback. I think that is where the powerful use of customer data to identify who your target market is has merit, but the data is only their behaviour, it doesn’t show their motivation, you’ve got to bring them in to understand their motivations.

Participant O (CRM Delivery Manager from Gambling and Casino Sector) also mentioned:

There’s many motivations that can get someone through your front door or to buy in your products and services. CRM is really about taking the information that an individual is prepared to give you and use the information to capitalise on an existing schema, but still CRM does not tell you the customer motivation.

Six participants (D, L, P, G, J, and K) believed that being able to ‘create a personalised experience’ for customers improves the relationship with key target customers and CRM can enable that. For example, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) added that:

when a customer interacts with someone, a company or an organisation, the better that the customer is understood and the more focused the experience they have, the more likely they’re going to stay with that organisation.

Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) also commented that:

if the business ensures that the CRM system is much about listening and sensing what the customer is caring about and then responding to that with something that is very relevant, personalised and easy to fulfil, then you get very highly engaged customers, high advocacy and high sales rate.

The key success factor lies in the ability to respond to the customer need rather the business need. She cited an example where a low customer conversion rate turns into a high 60% to 80% conversion rate due to the ability to understand and fulfil the customer need.

Participant P (Senior CRM-ERP Consultant from Computer Software Sector) commented on the importance of an up-to-date customer profile data repository. He added that using CRM the organisation:

can further take advantage of marketing automation and based on the interaction with emails and communication with […] the customers, say they click on
the link or they view a certain page. Based on the actual interactions, [the business can] send them follow up emails that are also relevant to the way they have interacted and in that way making them more personal. They need to be highly targeted and specific and the way you do that is use CRM and marketing integration.

2b.2 Understanding customer needs and requirements

Fifteen participants responded that their CRM system needs to possess the ability to capture customers’ needs and requirements so the business can have a better understanding of its customers. For example, participant A (Executive CRM Manager from Financial Services Sector) acknowledged that:

we use our CRM to help with, to capture our customer’s needs, we used it through with the legal leads analysis and build emotional connection because we delve into their lives.

Participant F (Senior CRM Manager from Food and Beverages Sector) also highlighted the need to recruit a professional data analyst to comb through the customer data to understand customers’ insights, however he acknowledged that the employment of these professional resources may not be affordable by several businesses.

Three participants (A, I and J) emphasised that it is crucial for the business to meet the customers’ needs. Moreover, it is important to have ‘a seamless process’ that is non-obtrusive for the customers. For example, participant A (Executive CRM Manager from Financial Services Sector) indicated that:

we capture data that in a way that is easy and non-obtrusive for our customers. The process actually is quite seamless, so much so that you may not even realise that you’ll be going through a process if you’re speaking to one of our representatives.

Participant I (CRM Marketing Manager from Higher Education Sector) added that seamless integration across multiple channels can be actioned using emails and other social online channels, all of which can be used as information cues to help operators at call centres to respond to the customer enquiries or sales.

2b.3 Maintaining and enhancing relationship with customers

As many as fourteen participants considered that CRM technological capabilities assist a firm to maintain and enhance relationships with customers. For example,
participant F (Senior CRM Manager from Food and Beverages Sector) highlighted the importance of developing a customer profile through past interactions of the customers with the business. He added that:

because on an ongoing basis [the business has] already developed a profile on what communications that a particular customer likes or what products they like to buy. … If [the sales staff] know how to communicate [with] those customers and you have different types of journeys already set up where people simply get funnelled into communications at certain points in their customer lifecycle, if you can automate that as much as possible then that’s very powerful.

Twelve participants (A, B, C, D, F, G, H, J, K, O, P and R) believed that by having information at hand and ‘just in time’ services, businesses can develop a great customer experience and are able to maintain and enhance the relationship with the customers. As an example, participant A (Executive CRM Manager from Financial Services Sector) believed that ‘having information [at] hand, having the ability to be able to perform the transaction the customer is requesting just in time’ will definitely enhance the customers’ experience and their empathy towards the organisation, but he cautioned that ‘companies who do not have that information or the ability to respond to the customers’ needs, those are the organisations that are losing their customers’.

4.2.2.3 Research Question 2c

*How can CRM technology capability and innovation capability be integrated to improve marketing capabilities?*

In answering the Research Sub-question 2c, the research identified three a priori themes from the literature, which comprise 2c.1 (Products and services innovation), 2c.2 (Process innovation), and 2c.3 (Market innovation). The following describes each of the a priori themes and sub-themes (as shown in Table 3.11 Final template) that came directly from the data provided by the participants during the semi-structured interviews.

2c.1 Products and services innovation

16 participants believed that while CRM technology assists innovation capability of the their business, it is an undervalued area within Australian enterprises (participant
K, CRM Project Manager from Pharmaceuticals Sector). A majority of participants believed that CRM assists service innovation capability of the business.

Participants A and E commented on the essential ability of the CRM to capture customer requirements and needs since a product comes from a need in the market, so business needs to understand what the market really wants, to then build a product to meet that need.

Thirteen participants (A, D, E, F, G, H, I, J, L, N, O, P and R) believed that being able to innovate depends on ‘the quality of intelligence and analysis’ gathered by the CRM. For example, participant A (Executive CRM Manager from Financial Services Sector) noted:

> from a customer’s perspective it is about intelligence and analysis, for whatever information you gather from the customer. Quality of intelligence you gathered. Face to face, over the phone, through a channel or just purely through their use of your product will help design and come up with the ideas of new innovative products to ensure you’re meeting their needs to the future as well.

Participant J (CRM Strategy Manager from Financial Services Sector) also remarked that:

> if the data going in is really accurate, that can lead to innovation of a product because you can say, well customers are always weighing up between these two products, maybe a hybrid of those two would be a really great product to offer.

Five participants (J, E, G, L and P) affirmed that successful businesses ‘use historical analysis to predict the future’ directions based on current trends and utilise this strategy to deliver innovative products and services. As example, participant J (CRM Strategy Manager from Financial Services Sector) noted that:

> based on that historical analysis you can start predicting the future, as to how the trend is going to go. That will allow you to then provide some innovative processes, products and services that are the result of extensive analysis and research. They actually analyse every single thing.

In combining these three factors, ‘business can come up with ideas that enable the design of new products or services’ (participant A, Executive CRM Manager from Financial Services Sector), or ‘modify existing product and service’ (participant G, Senior Project Manager-Digital CRM project from Financial Services Sector), or
business may ‘realise customers are always weighing up between these two products, maybe a hybrid of those two to create new product/service to offer’ (participant J, CRM Strategy Manager from Financial Services Sector).

2c. 2 Process innovation

Sixteen participants expressed the view that the CRM technology can enable innovative processes since the CRM database contains data to allow their company to perform analysis, to assess the company’s performance through the CRM’s dashboard and to extract customer preferences to develop future products. Only one participant (A, Executive CRM Manager from Financial Services Sector) was able to give an example of how their CRM technology can facilitate the process innovation. He said that ‘gathering needs analysis is an innovative process that the CRM can provide for us’.

Three participants (N, J and O) pointed out that one of the benefits of CRM is that CRM ‘facilitates process and consistency’. As participant J (CRM Strategy Manager from Financial Services Sector) noted that ‘whereas that information is there so I think that process about how to use it’. Participant O (CRM Delivery Manager from Gambling and Casino Sector) also declared that:

the real challenge is making sure that the content that’s being given to your employee helps them perform tasks more accurately. So, I don’t necessarily see it as innovative as much as efficient. I guess that’s innovation. I don’t think the key idea is innovation.

Four participants (A, B, D and J) believed that ‘a differentiator CRM system’ can empower innovation capability of the business. This is where only one participant (A, Executive CRM Manager from Financial Services Sector) out of 18 claimed that they created a differentiator CRM system to facilitate their innovation capability. Other participants referred to cost involved and lack of innovative-oriented culture as main barriers for their businesses. Participant A explained how they created a differentiator CRM system and overcame those challenges and now lead their industry. In terms of creating a differentiator CRM system he commented that:

12 years ago we commenced a journey for our CRM and today our business is known for technology innovation, it’s a .net java-based application, and we built it for our needs. You could go out and buy them, you could buy Clarify, which is an Amdocs
CRM, you could buy Salesforce, and customise them. However, they will meet a generic need. We created it as a differentiator for us, because we’ve got our own IP built in that application that other people can’t have. It is literally a game changer for us. It enables us to differentiate against our competitors.

In terms of cost involved to create a differentiator CRM system he said that:

if you’re looking at the amount of dollars, any CRM as a solution is going to be expensive, particularly for major corps which is us. However, the solution that we have is in-house, I don’t have an ongoing cost that I pay SAP, or Salesforce, or Oracle for. Instead we spend that same money on developing it, and further enhancing it, and continuing to drive it forward. We have the size and scale to be able to do that. Smaller companies probably wouldn’t be able to do so. I have some 400 debs building on our CRM at any given time. I’ve got the size and scale to be able to develop and deliver enhancements against the solutions, to be able to drive it forward. By doing so we’re always meeting our needs, not the needs of many.

In terms of ability of differentiator CRM systems to improve their innovation capability, he claimed that:

for a financial service business to be seen as a technology innovator, particularly in markets like this, it’s usually Telcos or IT providers. We innovate better than they do. We always have other companies coming to us and trying to learn from how we do things. Again, that’s just kudos to say we’re innovating and we’re looking after our customers.

2c. 3 Market innovation

Seventeen participants believed that data collected by the CRM helps their marketing innovation. As an example, participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) commented:

the way you interact with a customer can be traditional, through SMS or email or chat or what have you. What you do with that information and how you rate it and how you add value to it, can be quite innovative.

Three participants (F, J and P) reported that with intelligence gathered by CRM they can start ‘to build demographic profiles’ and arrange their marketing spending. For example, participant F (Senior CRM Manager from Food and Beverages Sector) cited that:
if you know where your customers are living and you know little things about their demographics, for example you might have collected information on their level of income or how often they like to purchase certain products or their postcode or their address, you can start to build demographic profiles on where people live and that can actually help quite a lot with things like above the line marketing spent, whether it’s radio advertising or TV advertising, other sorts of outdoor advertising like billboards, bus parks, bus shelters.

Two participants (P and R) believed that if business ‘integrates a CRM solution with a marketing solution’, CRM marketing can pull segments and risks from CRM and send targeted information to those customers. For example, participant P (Senior CRM-ERP Consultant from Computer Software Sector) cited that CRM can provide a very segmental database and allows you to capture information about customers. If you integrate your CRM solution with a marketing solution you essentially provide a database that can be kept up-to-date by your sales team, by your service team, by different departments of the organisation interacting with the customer using the CRM system. By them having access to up-to-date information from that database, marketing can pull segments and risks from the CRM and send targeted information to those customers. That is the advantage of having the CRM and the marketing platform integrated.

4.2.3 Research Question 3

*How do Australian managers perceive the CLV-related and financial outcomes they obtain through their current CRM (comprising CRM technology capability and non-CRM marketing capability)?*

As discussed in Section 2.8.3, to answer Research Question 3 the research identified four a priori themes from the literature, which comprised 3.1 (Customer retention), 3.2 (Customer acquisition), 3.3 (Cost reduction) and 3.4 (Return on investment). The following describes each of the a priori themes and sub-themes (as shown in Table 3.11 Final template) that came directly from the data provided by the participants during the semi-structured interviews.

3.1 Customer retention

Fifteen participants believed CRM technology improves their performance because if their business can influence customers’ choice of purchasing and encourage them to
purchase more often or encourage them to spend more with each purchase, then CRM has increased their lifetime value to the business. Businesses also want to be able to retain them and market them over a long period of time.

Some participants commented that they use ‘various methods for measuring CLV’, such as customer interactions (E, F, G and K), customer retention (L and P), dollar value they spend with business (E, F, G, I and N), engagement cycle (H and K), profitability (L and N), projection of forecasting point of view (I), Net Promoter Score (Q), RFM model (E, F, H and N) loyalty and time customers stay with business (A, B, C, F, G, N and P), revenue customers generate (A, B, F, I and P). For example, participant E (Dynamics CRM Practice Manager from Telecommunications Sector) elaborated that:

we normally measure three things, it’s the typical RFM model, which is how often does a customer interact with you, or buy something from you. How much they buy and how much dollar value they spend with you? So we measure those three parameters, and then that gives us the customer, we call it the customer rating. It may not be the customer value, but it gives the rating whether this is a gold customer or a silver or a bronze, those sort of things.

Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) also cited that:

we measure frequency of interactions with customers. Overall lifetime value, which is measured in dollars and number of referrals of that customer to other customers. They make an estimate of what they think the lifetime value would be and they watch how that changes as to whether the customer leaves or not.

Participant H (CRM Communication Manager from Retail Sector) also reported that:

we measure how frequently the change is in customer groups, if you’ve got a customer group that is highly engaged. From a purchase perspective, how do you get them to advocate for you, using the channels that they like to speak on.

Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) also noted that:

we measure retention and profitability, so that is your sort of appreciation of are you getting customers to take a product and keep a product and use it to the best effect? If you are looking out for a customer properly from the moment they first sign
up, make sure they’re getting the best use out of the service and then they’re more likely to keep with you and add more services to that.

Participant Q (Global IT, Business Relationship Manager CRM from Logistics and Supply Chain Sector) added that ‘we have a Net Promoter Score and we do that once a year and we do relatively well, so that’s one way of measuring it. Lifetime buyers essentially’.

Participant P (Senior CRM-ERP Consultant from Computer Software Sector) also said:

it gets down to how much you spend on maintaining a customer relationship as opposed to how much revenue you gain from that relationship. Essentially, it is always more expensive to acquire a new customer than it is to maintain an existing customer.

Participant I (CRM Marketing Manager from Higher Education Sector) also declared that ‘I think it was what the formula is, but it’s basically the projection of future revenue that a customer generates for your company at that point in time’. Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) acknowledged that there are ‘a lot of statistical techniques like RFM model, regency, frequency and monetary values’.

Participants believed customer retention be improved based on ‘customer satisfaction’ (16 participants), ‘loyalty’ (17 participants), ‘the amount of time customer stays with business’ (7 participants), and ‘the revenue that customers generate’ (5 participants). For example, participant A (Executive CRM Manager from Financial Services Sector) noted that:

we are all in different circumstances, though somebody in the low socioeconomic environment won’t necessarily generate a lot of revenue per se, because they may not have home loans, they may not have savings, they may not have a great deal of wealth, but still have a lifetime value. They might make us their main financial institution for whatever products they do have and they stay with us for a long time. That’s when they can get loyalty bonuses by getting better offers for them.

Eleven participants commented about various methods of customer satisfaction measurement, such as KPIs (P), customer satisfaction index scores (N), measuring qualitatively and quantitatively (P), Net Promoter Score (M and N). Participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) stated that
there’s two ways to measure it. There’s customer satisfaction index scores. Then there is Net Promoter Scores. It allows you to judge whether the people are interacting, are they promoting your brand, or are they detractors. It tells you how good you’re doing in the market. If a CRM platform and the contact centres and additional capabilities cannot improve in that promoter score, there’s something wrong. It doesn’t necessarily tell you there is something wrong with CRM, but it will tell you that there is something wrong.

Seventeen participants considered that loyalty with the customer is ‘only marginally impacted by CRM’. For example, participant D (General Manager, Loyalty and Data Solutions from Retail Sector) reported that ‘loyalty with the customer is only marginally impacted by the firm’s CRM policy. There’s a whole range of other things that go around that’. Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) also mentioned that:

loyalty is an outcome. It’s not guaranteed by a CRM system; loyalty from a customer is rewarded when the company understands their needs and predicts what they want before they want it.

Seven participants (E, F, H, K, L, O and R) believed that loyalty is ‘very fickle’. Participant F (Senior CRM Manager from Food and Beverages Sector) reported that in a world of choice and in today’s market situation it is difficult to maintain loyalty data base or customer data base as only a small percentage of a customer database is truly loyal and it will be quite difficult to retain most of those customers. Participant B (CRM Manager from Gambling and Casino Sector) compared customer loyalty to an iceberg, saying that:

loyalty’s just on the top. There’s a lot of things that happen behind the scenes to make me a loyal member, whether it’s the people side or the process side. It is the hidden value of the customer relationship that will enhance and retain customer loyalty.

Participant F (Senior CRM Manager from Food and Beverages Sector) also reported that it is only:

a small percentage of a customer database that is truly loyal and it will be quite difficult to actually retain most of those customers and have them be anything close to being loyal, and the customer loyalty really depends on how well the business analyses the customer data.
Participants L and R identified ‘elements of longevity and depth’ with the customer as two important factors that keep customers loyal to a business. Participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) said:

You want tenure and a share of their wallet. It all comes back to the elements of longevity and depth with the customer that require a customer-centric culture. If you truly are customer-centric and if you truly communicate with the customer in a way that the customer finds it catered around them, and not about the business, then you will not only get tenure, you will get a share of that wallet.

3.2 Customer acquisition

Sixteen participants believed that their CRM technology assists customer acquisition since CRM technology can help their businesses provide customers or potential customers relevant and timely offers. As an example, Participant B (CRM Manager from Gambling and Casino Sector) mentioned how CRM could help to acquire new customers. He said that:

CRM could really help. For example, in the online world, if I know that someone is browsing for a hotel and I can flash them a display ad, come to the Star or come to Hilton, come to Shangri-La, that’s the offer. It’s more valuable. It’s being more relevant and timely, at the right place at the right time. That really helps customer acquisitions. CRM technically has a role to play in customer acquisition.

Participant P (Senior CRM-ERP Consultant from Computer Software Sector) also acknowledged that:

for business development, if you are acquiring new customers you need a process in place that you follow up with potential customers on a regular basis. If you don’t have a process and tool that allows you to schedule, monitor, track and follow up with your key potential accounts, there is less likelihood that you would remember or you will set the next action date that you need to, to reach out and touch base with them and acquire those new customers. I would say definitely having a CRM in place to keep track and monitor and pursue target customers is important.

Three participants (A, B and L) believed that for businesses to acquire new customers the CRM system must be able to ‘originate the products for a single customer’ to meet
their needs. For example, participant A (Executive CRM Manager from Financial Services Sector) reported that:

> to acquire new customers and make sure that they’re buying their products, CRM system should be able to originate all those products for a single customer to meet their needs; it’s critical to the business in a sense in the long term.

### 3.3 Cost reduction

Fifteen participants claimed that CRM can reduce the cost within three years because process optimisation is the major benefit of CRM. Working out what this process looks like is the first year. The second year is making it faster and then the third year is taking processes out that don’t add value (Participant G, Senior Project Manager-Digital CRM project from Financial Services Sector).

Participant J (CRM Strategy Manager from Financial Services Sector) also suggested that:

> the cost reduction involves reducing or optimising sales people’s time. So, through the use of CRM, [business is] able to clearly identify the areas that [they] get to focus on and take actions rather spending time chasing potential unsuccessful deals.

Eleven participants (A, B, E, F, G, J, L, N, O, Q and P) believed that CRM reduces and optimises sales people’s time and ‘automates business processes’ and saves time and cost. For example, participant J (CRM Strategy Manager from Financial Services Sector) declared that:

> the cost reduction involves reducing and optimising sales people’s time. So through the use of CRM you are able to clearly flag the areas that you’ve got to focus on. If you have 20 deals in the pipeline and you know if you’ve got analytics that says this one needs to be actioned in the next two weeks, then you need to directly focus on it, so I think that reduces cost rather than spending all this time going through the motions. There are a lot of costs that can be reduced from that.

Participant F (Senior CRM Manager from Food and Beverages Sector) noted that:

> because you can set up a number of automated customer journeys, once you get your insights and your analysis you can set up behavioural automations that track people through their customer life cycle. Before then you would need several staff members to build those communications and manually deploy them every single day; if you can set up those to be automated then that saves a lot of time and it does save on labour cost.
Nevertheless, participant B (CRM Manager from Gambling and Casino Sector) suggested that if a business invests and continues to fund the operation of a CRM then:

it’ll truly be able to start generating real cost savings, by having operating and achieving a system that can aggregate all of the customer information together and not remove basically paper based solutions or non-existing solution to the CRM will be able to help automate.

Four participants (A, B, D and R) believed that cost reduction is influenced by the ‘maturity scale of the CRM adoption’. For example, participant A (Executive CRM Manager from Financial Services Sector) commented that:

it can but that’s probably very much along the maturity scale of CRM adoption. Live a limited lifestyle, the initial cost of the CRM can sometimes be a barrier for people to spend money. They also need to invest, keenly invest. I wouldn’t say have continue invested and drive the CRM to meet their business needs.

### 3.4 Return on investment

Fifteen participants believed the CRM can contribute to their ROI. Four participants (A, D, G and P) commented that the CRM in the longer term, between ‘three to five years’, can generate ROI for the business. Nevertheless, participant A (Executive CRM Manager from Financial Services Sector) elaborated that:

the return for a CRM will not be realised in the first few years of its implementation. It’s needed in the long haul, to make sure you’re going to get your true value.

Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) also stated that ‘CRM contributes to ROI by generating new sales, understanding the customer data, increasing the frequency of relevant communications and hopefully increasing loyalty’.

Five participants (E, H, J, K and P) reported that the contribution of CRM to ROI is very ‘hard to measure’ because first the return of investment lies in the proper and intelligent use of the customer data collected by the CRM. The value of ROI is hard to measure because there are so many complicating factors such as sales staff, products, services, tools, processes influencing the performance of a business.
For example, participant N (Head of CRM/CX and Digital Enablement from Automotive Sector) reported that:

I think so, but it’s very hard to measure. I know there’s been a lot of research done on this particular point because it’s hard to, often its CRM investment is done on an increase of sales which I think is very typical to do. So I think on things like reducing customer attrition or customers going to competitors and also through ... but making sure that return on investment is really achievable. Because otherwise, I think we’re seeing level engagement in that as well where, oh, this just didn’t even achieve. It might be doing all these really great things, it’s just that the measures were wrong and it wasn’t realistic and then people feel disheartened and pull away from it. The measures that are done have to be very achievable and very accurate and really be able to align to CRM, and not more general things.

Participant K (CRM Project Manager from Pharmaceuticals Sector) also noted that:

It’s the hardest thing to do with any project is to show the value. The reason is there are so many complicating factors. What drives sales, there’s external market environments that we have no influence over, there’s the sales people, there’s the tools, there’s the processes, the products, the services. Not one single thing contributes well or another.

4.3 Within and Cross Sector Analysis

It was decided to conduct a number of post hoc analyses to ascertain if and to what extent different patterns emerged as a result of looking both within and across the various sectors. What follows in the first instance is a compare and contrast of the data collected within each of the three sectors, where there were participants from more than one sector, i.e. financial services, gambling and casinos and retail sectors. The purpose of this analysis is to explore similarity and differences within each of the three sectors. Next a cross sector analysis with a variable-oriented approach (see Section 3.3.4.1) highlights the main similarities and differences across each of the twelve sectors.
4.3.1 Within Sector Case Analysis

4.3.1.1 Financial Services Sector

Post hoc analysis of the data of participants A, G, J and L from the four enterprises within the financial services sector revealed similar findings as those reported for the initial analyses (Section 4.2). Some exceptions were noted. For example, in terms of innovation capability it would seem that Participant A’s enterprise adopted a differentiator CRM system along with an innovative-oriented culture. These two factors explain why this particular enterprise is leading the financial services sector.

Overall there was consensus regarding the value of CRM technology resources. For example, the four participants in the finance sector had similar levels of integration of CTC. Similarly, there was general agreement across all enterprises in the financial services sector in terms of importance of free and unfettered access to the relevant data.

While all four participants from this sector shared a perception of the importance of providing HR support in the form of training, only one participant (A) was able to report the presence of adequate training.

The gap between the theory and practice of measuring the effectiveness and success of CRM was quite pronounced in the examples of three of these four participants, with the single exception being participant (A), whose organisation was committed to a measurement process using in-house designed software.

Essentially, there were broad levels of agreement as to how best to boost financial outcomes in terms of cost reduction and return of investment. For example, all participants were strongly of the view that automated business processes save time and therefore reduce costs.

4.3.1.2 Gambling and Casino Sector

Careful inspection of the data relating to participants B and O from the two gambling and casino organisations found no substantive differences as to how best to integrate CRM technology resources, human resources and business resources. All agreed that
CRM technology capability rested on the balanced integration of these three resources.

The within case analyses for research questions 2 and 3 for the gambling sector yielded a similar pattern of results to those found in the overall analyses of the 18 participants discussed in Sections 4.2.2 and 4.2.3.

4.3.1.3 Retail Sector

Analysis of the data of participants D and H from the two retail enterprises suggests that broad similarities exist within the retail sector on most levels with respect to CRM practices. However, there were some notable differences that stemmed from differing points of emphasis (e.g. the provision of service by frontline staff). It was clear that face to face contact with customers in department stores remains an important aspect of CRM. Data analyses of the food and beverage store, however, revealed a shift towards virtual reality accompanied by a reduction in the number of frontline staff. Customers are expected to manage their own service.

4.3.2 Cross Sector Analysis

Ideally, the results of specific analyses employing inferential statistics would enable the identification of the most salient factors that account for the differences in CRM-related performance outcomes in one sector over another. However, the present qualitative data set does not lend itself easily to such analyses.

It should be noted, however, that the aim of the present study is more about theory building than theory testing. Thus, this study adopted a cross case analysis with variable-oriented approach (see Section 3.3.4.1). Accordingly, what follows is a series of comparisons and contrasts between the various sectors against key factors of interest for each of the major research questions, e.g. investment in training programmes, type of CRM-related management strategies, provision of personalised experience for customers, segmentation strategies, innovation capability and level of maturity.
RQ1. How and to what extent do managers at Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?

Lack of investment in training programmes was evident across 15 of the enterprises participating in the interviews: financial services (G, J, L), gambling and casino (B, O), retail (H), music, telecommunications, food and beverage, higher education, pharmaceuticals, facilities services, automotive, logistics and supply chain. Participants reported that enterprises spend a lot of time and financial resources to implement a CRM solution, nevertheless they have not equally reserved sufficient time and budget to training their employees.

In the course of each interview, each participant was asked general questions about the nature of their organisation’s CRM (see Questions 3 and 32 of questionnaire in Appendix 2). Some of the data elicited pertained to CRM-related management strategy. As shown in Table 4.1, six types of CRM-related management strategies were referred to, namely contact management, contract management, retention management, offer management, acquisition management and customer development.

To begin with, offer management is used as strategy when an enterprise uses their CRM initiatives to offer their products or services. For example, within the financial services sector banks typically provide a range of products and services that enable them to develop a large database of potential customers for their products and services. Contact management is utilised when an enterprise is intending to develop a sophisticated database which contains more than a simple name and address. The database should provide a more holistic view of the customer relationship that reflects a record of past interactions as well as audit trails of activities.

Contract management allows an organisation to keep track of the daily activities associated with managing and maintaining the contracts. It also provides an engine, dashboards and reporting that make it simpler to manage a vast number of contracts and automated emails and merged documents. Customer acquisition management, customer retention management and customer development management occur when a company uses its CRM initiatives to build its relationships with customers and develop the customer life cycle. As indicated in Table 4.1, only the financial services sector (especially the banking industry) and the telecommunications sector adopted all six CRM-related management strategies.
Table 4.1 The data for 12 sectors in terms of 6 types of CRM-related management strategy

<table>
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<tr>
<th>Sector</th>
<th>Code</th>
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<th>Contract Management</th>
<th>Retention Management</th>
<th>Offer Management</th>
<th>Acquisition Management</th>
<th>Customer Development</th>
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Source: Developed for this research

RQ2. How and to what extent do managers at Australian enterprises integrate CRM technology capability and non-CRM marketing capabilities?

Inspection of the data (presented in Section 4.2) suggests that a majority of Australian enterprises struggle to provide a personalised experience for their customers. Only Participant A’s enterprise (financial services sector) claimed to be able to provide a personalised experience for their customers. The participants emphasised that the provision of appropriate sales and marketing software together with team collaboration are required to enable the firm to make the most of their CRM investments, improve customer experience, increase brand loyalty and drive revenue.

A majority of Australian enterprises still struggle to get past basic segmentation strategies. The participants agreed their segmentation strategy is based on broad segmentation. Enterprises who offer an overall management strategy are more likely
to implement a smart segmentation strategy. The financial services sector and telecommunications sector are among a minority that are capable of adopting a micro segmentation strategy and hence customise their products and services.

There is a lack of innovative-oriented culture within Australian enterprises. Only the financial services sector (A) claimed to be using CRM to boost innovative capability. Accordingly, they were able to absorb technological challenges along with the costs of training in the personalisation of products and services. Overall, the financial services sector is more in tune with maximising CRM capability because of the nature of their business. They are required to have more detailed customer data.

**RQ3. How do Australian managers perceive the CLV-related and financial outcomes they obtain through their current CRM (comprising CRM technology capability and non-CRM marketing capability)?**

Low levels of maturity associated with CRM practice within Australian enterprises were found in this thesis research. For example, music sector, food and beverages sector, higher education sector and pharmaceuticals sector, facilities services sector and logistics and supply chain sector were too immature in term of CRM activities to understand the benefits of CRM. They need to view CRM as a tool that can help to create excellent customer relationships as well as long term customer patronage. For example, the facilities services sector and logistics and supply chain sector are using their CRM for limited contact and contract management proposes only.

### 4.4 Chapter Summary

Chapter 4 began with an introduction and outline overview of the chapter (Section 4.1) before explaining the key findings as a ‘within case’ analysis (Section 4.2) and a ‘cross case analysis’ of the within case (Section 4.3). Next chapter (5) will draw conclusions in relation to the three research questions and six sub-questions crafted for the study, and to link the research findings to the literature reviewed in Chapter 2.
5. Conclusions and Implications

5.1 Introduction

This final chapter provides an interpretation and discusses implications of the key findings identified in Chapter 4. Findings are interpreted and synthesised to provide a conclusion to answer the overarching research problem identified in Section 1.2. Essentially:

How can fully integrated CRM technologies, complemented by organisational and marketing resources and capabilities, be utilised to improve firm’s performance?

What follows are the specific research questions derived from the research problem:

RQ 1. How and to what extent do managers at Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?

RQ 2. How and to what extent do managers in Australian enterprises integrate CRM technology capability and marketing capabilities?

RQ 3. How do Australian managers perceive the CLV-related and financial outcomes they obtain through their current CRM (comprising CRM technology capability and non-CRM marketing capability)?

This chapter considers the posited ‘Conceptual framework of transforming CRM technology and marketing capabilities into firm performance’ developed and presented in Section 2.8.4. It culminates in the presentation of an augmented and extended ‘Conceptual framework of transforming CRM technology and marketing capabilities into firm performance’.
The findings are examined in view of the literature presented in Chapter 2 for each of the three research questions and six sub-questions crafted for the study. Specifically, the conceptual framework developed in Chapter 2 is used in this chapter as a base model against which the study’s findings will be compared. This chapter also addresses limitations, highlights areas for future research and provides final conclusions. The seven sections of the chapter are visualised in Figure 5.1.

Figure 5.1. Overview of Chapter 5

5.2 Conclusions About the Research Questions

5.2.1 Research Question 1
How and to what extent do managers at Australian enterprises integrate CRM technology resources, human resources and business resources to develop and preserve CRM technology capability?

As discussed in Section 2.8.1, the researcher conceptualised CRM technology
capability in a similar way to Coltman et al. (2011) and Rapp et al. (2010) as a higher-order construct reflecting the contribution of each of the three lower-level capabilities, namely CRM technology resources, human resources, and business resources. Based on this understanding, Research Question 1 was set out based on how these three CRM technology resources can be integrated to preserve CRM technology capability. To answer Research Question 1, three sub-questions (1a, 1b, and 1c) needed to be answered.

### 5.2.1.1 Research Sub-question 1a

**How crucial are CRM technology resources to fully maximise the CRM technology currently in use?**

As noted in Section 2.8.1.1 CRM technology resources is identified as a first-order construct with three a priori themes that were drawn from Rapp et al. (2010). These themes consisted of three subthemes: Customer data, Access to data and customer interactions, and Integrating data from different contact points (as presented in Section 2.8.4). The findings can be interpreted for each of these three themes.

**1a.1 Customer data**- It was evident from the literature review (Section 2.3.1) that CRM technology assists the firm to collect customer data more effectively (Jayachandran et al. 2005; Rapp et al. 2010). As examined in Section 4.2.1.1, all participants interviewed confirmed that CRM technology is an enabler, a repository and a platform that assists their business to harness the data from any source. This includes transactional data, account data, customer verbatim data and online behavioural data. Thus, CRM provides information about all the firm’s business services and, therefore, provides ‘more personalised journeys for the customer’ (Q, L, A, D, I, H and P). This research finding accords with the literature of Sin et al. (2005) and Rust and Verhoef (2005). Based on the consensus from the participants, it was agreed that more detailed customer data collection would facilitate a firm to understand their customers better.

Again, a majority of the participants agreed that ‘a fully integrated CRM technology’ (A, C, D, E, I, L, N, Q, P, and R) aligns with the literature, such as Mendoza et al. (2007), Bull (2010) and Chang et al. (2010), that a central customer database would be of significant benefits not only to marketing, but also to aid in automating the
organisation’s business processes. Further, the data as presented found that a fully integrated CRM technology provides a ‘single view of the customer’ (A, C, D, E, I, L, N, Q, P, and R). Participants (A, B, E and L) mentioned that a single view of the customer allows a CRM-oriented organisation to ‘engage in conversation and communication’ to empower its employees to provide a more personal interaction with the customer. It appears the data supports the literature, such as Kalakota and Robinson (2001) and Chan (2005).

A majority of the participants was also in agreement that a fully integrated CRM system with the firm’s existing system would allow them to collect information from all customer touch points, hence resulting in a single view of a customer for the organisation. Such integrated systems provide a business with ‘relevant customer data’ from many internal and external sources and can reduce operating costs for the business (A, G, B, D, H, J, K, N, P and R).

In short, given the fast moving technology, integrating CRM with a single view of a customer is less cost-prohibitive and provides improved efficiency especially in customer relationship.

While, it seems, the majority of participants agreed upon the ability of a fully integrated CRM to provide a single view of the customer and relevant customer data, the findings indicate that still the challenge for Australian enterprises is understanding the ‘processes how and where the information is used’ (B, C, J, P, G and R) and making sure there is ‘good quality of data’ (K, G and O). Based on the researcher’s observation, it appears participants were aware of the benefits of CRM but do not exactly know how and where to make use of the data.

Interestingly, most of the participants have reconfirmed the findings of the Telyte Australia study (2017) that while demand of high volume data along with real-time intelligence are increasing exponentially, businesses are having trouble in keeping up. Details of these gaps were discussed in Section 1.1.3 and the participants have reconfirmed this.

1a.2 Access to data and customer interactions- As discussed in Section 2.3.1, several authors, such as (Day 2003; Kale 2004; Hunter and Perreault 2007; Rapp et al. 2010 ), emphasised that data must be readily accessible to employees in order to
enhance the responsiveness of the firm to satisfy customers’ needs. The data as presented in Section 4.2.1.1 concurred.

However, participants (O and Q) believed that access to information is critical as long as it is ‘relevant and used by the correct people’. In other words, their argument was that data should not be freely available to everyone. This was in agreement with Jayachandran et al. (2005) that priority for firms working with CRM is providing relevant employees with access to updated and integrated customer information. One would tend to agree that data security is paramount and that access should only be provided to the relevant user(s).

As Fournier, Dobscha and Mick (1998) identified, access to sensible customer database information hinges upon an organisation’s policy. This assumption also met with participants’ concurrence. For example, while it seemed that the majority of participants were aware of the benefits of access to updated and integrated customer information, some of the participants were not willing to let employees outside of their department access customer information due to their business model and privacy policy. Three participants (F, N and Q) referred to ‘privacy policy’ as a barrier to not allowing everyone in a business access to customer data. This finding is at odds with the main body of literature concerning this point.

Findings from the study further support the importance of allowing unrestricted access to customer data. This ensures that the firm fully understands the customer and is able to provide a ‘more personalised experience’ with the brand (D, E, H, I, K, N, P and R). When asked how practical was it in their own organisation, only two participants (A from the Financial Services Sector and D from the Retail Sector) out of 18 confirmed, while others stated that ‘we are not there yet’ or ‘we don’t practice it in our business’. This brought in to question the contradiction between practical use or just ‘saying it’.

Seven participants (B, C, E, G, J, L and N) stated that staff access to data and customer interactions is of utmost importance. This is because it empowers their employees to vary the content of services and goods to satisfy customers’ requirements. Again, when applying the above comments to their business in Australia, it was identified that access to data and customer interactions allows
enterprises ‘to normalise and equalise their resourcing’ (L and G) and ‘reduce the amount of duplication from the customer’s point of view’ (G, P and Q). This means a customer’s interaction history should be available to staff at all levels concerned and not just limited to one person or one task. This is in agreement with literature findings as reviewed in Section 2.3.

1a.3 Integrating data from different contact points- Following on from 1a.2, the research findings (discussed in Section 4.2.1.1) confirmed that having information from different contact points allows Australian enterprises to get to first base and to be able to talk to the customer in a knowledgeable fashion. This enables them to build a single view of a customer which is very critical for them to manage their brand as well as understand how the organisation presents itself in the market. This supports Rapp et al.’s (2010) viewpoint discussed in Section 2.8.2.1.

This research also found that integrating data from different contact points enables their businesses to ‘articulate customer’s information’ (A, B, C, D, F, G, H, I, J, K, L, N, O and P) and provide timely response through the initial contact point to facilitate an efficient and satisfactory outcome of the customer’s needs and enhance the corporation’s image. There is evidence from the data to support the view that has been reflected in a study by Jayachandran et al. (2005) and Rapp et al. (2010) who indicated that when the history of a customer’s relationship with the firm is accessible to support customer interactions, customers receive consistent and effective responses.

This research also found that enterprises use the concept of the ‘Omni-channel communications stream’ for integration of data from different contact points (participants P and R, both Senior CRM-ERP Consultants from Computer Software Sector). Omni-channel communications stream demonstrates how businesses reach their customers on multiple levels and multiple touch points, including areas such as Facebook, Instagram, LinkedIn, email, mobile, chats, and so on, which also allows firms to gauge customers’ preferences and reactions to certain products and procedures. This concept somehow was not reflected in the literature.

Eckerson and Watson (2000) and Kotorov (2003) further suggested that firms should use CRM technology to facilitate customer interactions and create a 360 view of customers to learn from past interactions in order to optimise future business schemes,
such as new product introduction, and improved customer relationship. The data collected, in fact, advanced this thought, but suggested that the information needs to be integrated from multiple touch points to be able to provide a ‘360 view of the customer’ (M, O and K). Creating the 360 view of customer is most challenging for Australian enterprises, especially in regards to the quality of data and subsequent data cleansing practices. This is because it is essential to portray an accurate and up-to-date picture of customers. The 360 view of customers also necessitates a big data analytics strategy to marry structured data with unstructured data as it exists on social media platforms (participant K, CRM Project Manager from Pharmaceuticals Sector). This view was also supported by Acharjya and Kauser Ahmed (2016) and Chen and Popovich (2003) who studied the challenges of collecting large amounts of data and its technical limitation.

Furthermore, research found that ‘capturing the customer’s engagement’ plays the most important role in data integration (B, C, D, F, G, H, I, J, K, L, P and R). By creating the customer engagement, the ‘conversation goes to another level’ (participant B, CRM Manager from Gambling and Casino Sector), and if business attempts to learn what the customer is interested in and understands why they have the need and find ways to apply that to the customer, ‘they are much more rewarded with a higher customer conversion rate than if they just use a plain old approach’ (participant L, General Manager-Customer Relationship Marketing and Digital from Financial Services Sector). This finding supports the study of Kumar, Aksoy, Donkers, Venkatesan, Wiesel and Tillmanns (2010) that proposed several behavioural, attitudinal, and network metrics to measure customer engagement.

To conclude, the data analysed thus far suggests that CRM technology resources are crucial to fully maximise the CRM technology currently in use. The findings were in line with those of Jayachandran et al. (2005), Coltman (2007), Rapp et al. (2010), and Coltman et al. (2011), although the researcher also identified several gaps between theory and practice which would have implications for theory and practice. This will be addressed in Section 5.3.1 and 5.3.2. This then leads to the next research sub-question.
5.2.1.2 Research Sub-question 1b

How crucial are and in what way can human resources maintain CRM technology capability?

As illustrated in Section 2.8.1.2, Research Sub-question 1b investigated the human resource dimension of CRM technology capability. Three themes were drawn from Rapp et al. (2010) including 1b.1 Top management involvement, 1b.2 Employees’ acceptance of change, and 1b.3 Fitting CRM technologies within the company’s culture. An analysis of the results is contained in Section 4.2.1.2.

1b.1 Top management involvement- This research’s findings (see Section 4.2.1.2) reported that top management’s involvement is critical to the success of CRM. This view is expressed by several authors, including (Chen & Popovich 2003; Sin et al. 2005; Rahimi & Berman 2009), who stated that senior management need to be fully involved in the implementation of CRM technology solutions (see Section 2.3.2). All participants believed that they received appropriate support from their top management. Thus, there is no gap between theory and practice in the Australian context.

Analysis of the data also found that involvement should be ‘bottom-up as well as top-down’ in order to create 360 view of the customers (B, A, O, E, G, I, K, L, N and D). These factors are supported in the literature by several authors (Mendoza et al. 2007; Rahimi & Berman 2009; Chang et al. 2010; Sindakis, Depeige & Anoyrkati 2015) who emphasised the need for the end-user’s involvement during the whole process of CRM implementation. Only 10 Participants (B, A, O, E, G, I, K, L, N and D) agreed to have bottom-up as well as top-down involvement in their businesses. Thus, there is a gap between theory and practice in the Australian context.

Analysis of the data revealed top management at Australian enterprises is responsible and capable for creating a ‘CRM system that is satisfactory, reliable and operational’ (A, B, C, G, J, K, L, N, O, Q, P and R). Support for this view is expressed in the literature by Zablah et al. (2004) who argued for support and commitment to CRM by employees so that they can appreciate the benefits of putting in place CRM solutions that come about as a result of modifying business processes.
The findings also confirmed that top management needs to support ‘a customer-centric culture all the way from the top to the bottom’. Only four participants (E, G, R, and L) claimed that they received the support for a customer-centric culture from the top to the bottom. This view advances the literature (Chen & Popovich 2003; Lin, Chen & Kuan-Shun Chiu 2010; Rapp et al. 2010; Shang & Lin 2010; Chang et al. 2010) who all stressed the importance of a customer-centred culture from the top to the bottom.

It was also found that top management must ‘support continual investment, continual training’, and continuous updating of their knowledge within. This is because CRM is becoming constantly more sophisticated, the data and the technology they integrate should be constantly improved (I, A, J, C, K, M, Q and R). In terms of continual investment in CRM, as reflected by Bose (2002), when a new sales channel or product becomes available the customer interaction points need to be updated otherwise the firm risks losing the competitive edge (Chen & Popovich 2003). The majority of participants were not satisfied with the level of support for continual training by their top management. Thus, there is a gap between theory and practice in the Australian context.

The findings also highlighted ‘lack of suitable qualification’ at all levels of management as a reason why CRM implementation is struggling (N, O and R) – see Section 4.2.1.2. This observation finds support in the work of Abdul-Gader (1990) and Itami, Kusunoki, Kusunoki, Numagami and Takeishi (2010) that relevant qualifications by management at all levels is critical.

1b.2 Employees’ acceptance of change- The data analysis discussed in Section 4.2.1.2 confirmed that employees’ acceptance of change is the most important factor in success for CRM system adoption because by engaging employee in the change, management can learn and improve the change process and more importantly the change process gain less resistance from employee. This view finds support by Halkias and Komodromos (2015) and Pessoa and Marques (2016) who also indicated that clear communication must occur in order to increase the will to accept the changes (see Section 2.3.2).
Many of the participants (B, N, O, C, D, E, J, and K) claimed that their employees’ fear of failure was the reason for not willingly accepting the proposed changes in their businesses. Participants suggested that ‘bringing employees on board’ is the task of a change manager and should be accomplished in a transparent manner. For this to happen the organisation needs to have strong leadership to provide training and linking them to the vision of the firm (Participant N, Head of CRM/CX and Digital Enablement from Automotive Sector). However, participants reported bringing employees on board as a gap in their organisations. This leads to a gap between theory and practice in the Australian context. This view, supported by Chen and Popovich (2003), Sin et al. (2005), Mendoza et al. (2007), Rahimi and Berman (2009) and Brito (2011), indicates that organisations must share their values and goals with employees and CRM strategies need to be clearly communicated throughout the whole organisation.

Data analysis also established that the age of employees is one of the barriers to change. Participants acknowledged that ‘older employees are less willing to engage with any new system in place’ (B, C, J and P). They suggested that management needs to invest in the ‘coaching and training of elderly employees’ and need to spend more time with those specific employees because different people need different levels of coaching. Accordingly, several participants (B, L, A, C, D, H, K, M, N, Q and P) pointed out that depending on the roles and responsibilities, training must be very rigorous and ongoing and employees need to follow a change management process. These findings are in line with Patrickson and Ranzijn (2004), Ranzijn et al. (2002) and National Seniors Australia (2011). Participants reported this as a gap in their organisations. Thus, there is a gap between theory and practice in the Australian context.

Data analysis also found there is ‘lack of investment in training or ongoing training’ for CRM users in Australia due to the cost involved (A, C, E, F, H, I, J, K, M and N). In addition, having ‘intuitive and easy to use CRM solutions’ enables a better conversation between employees and customers. This also results in reduced costs, time saving and requires less training (A, C, E, H, K, L, M and P).

As suggested by Adebanjo (2003), Chang et al. (2010), Beldi et al. (2010) and Mendoza et al. (2007), CRM software must be configurable and user-friendly (see
In this study, it seems only one enterprise (participant A, Financial Services Sector) out of 18 enterprises interviewed could provide intuitive and easy to use CRM solutions. He believed that training should be less focused because competence training is so costly. Instead business should be able to reduce training time by making it easier for employees to use the systems. Other participants reported this as a gap in their organisations. Thus, there is a gap between theory and practice in the Australian context.

The data analysis also found that the involvement of front-line employees depends on the nature of the business. The involvement of the front-line employees is significant because when customers walk into a branch (such as banks) the the front-line employee needs to interact directly with the customer (D, E, F, M, N and P). This finding was not unanimous; as one participant (E, Dynamics CRM Practice Manager from Telecommunications Sector) alleged, the role of the front-line employee is sort of diminishing day by day. The shift is moving away from front-line employees to more virtual channels (such as retail services). This view is supported by the studies of Kelley (1993) and Bettencourt and Gwinner (1996).

Data analysis further found that having quick access to relevant customer data provides the information to forge a meaningful relationship with that customer. If they do not have the necessary technology to give them the information needed (P and R) businesses will be unable to establish a meaningful relationship. This observation is supported by Bose (2002) and Stair and Reynolds (2013) who suggested that front-line employees must be able to easily and quickly access relevant information.

1b.3 Fitting CRM technologies within the company’s culture- As discussed in Section 4.2.1.2, research findings confirmed that organically aligning the technology with a culture can change everything. Businesses who have an open, diverse, engaging culture, where learning is supported and making mistakes is tolerated, indeed have better CRM performance (Participant G, Senior Project Manager-Digital CRM project from Financial Services Sector). This view is supported in the literature (Al-Mashari & Zairi 2000; Chen & Popovich 2003; Rapp et al. 2010; Iriana et al. 2013), which acknowledged that successful CRM implementation requires changes to organisational culture (see Section 2.3.1).
Analysis of data found that several participants (D, E, F, G, J, L and R) did not see aligning CRM technology within the culture as a challenge in their businesses. They outlined certain ‘conceptual issues’ such as customer life cycle management, customer management, customer engagement and customer-centric approach, which are seen to be a formidable challenge. Yet there is no gap between theory and practice in fitting CRM technologies within the company’s culture in the Australian context.

In summary, the data analysed thus far suggests that human resources are crucial to fully maximise the CRM technology currently in use. The findings were in line with those of Jayachandran et al. (2005), Coltman (2007), Rapp et al. (2010) and Coltman et al. (2011). However, the researcher also identified several gaps between theory and practice which would have implications for theory and practice. This will be addressed in Sections 5.3.1 and 5.3.2.

5.2.1.3 Research Sub-question 1c

How crucial are business resources to assist in maximising CRM technology capability?

As illustrated in Section 2.8.1.3, Research Sub-question 1c examined the business processes dimension of CRM technology capability and three themes were drawn from Rapp et al. (2010), those being 1c.1 Formal strategic plan for CRM initiatives, 1c.2 Integration of CRM technology plan into company’s overall plan, 1c.3 Measurement of the effectiveness and the success of CRM. A detailed analysis of the results related to Research Sub-question 1c are presented in Section 4.2.1.3.

1c.1 Formal strategic plan for CRM initiatives- As deliberated in Section 4.2.1.3, the findings confirmed that having a formal strategic plan is absolutely critical, and without an appropriate strategy management is not able to execute successful CRM implementation. This view is supported in the literature by Thompson and Nelson (2004), Rapp et al. (2010) and Pedron, Picoto, Dhillon and Caldeira (2016), who claimed that management must identify organisation needs and translate general objectives into CRM requirements (discussed in Section 2.3.3). All participants claimed to have formal strategic planning for their CRM initiatives and without a strategic plan for their CRM initiatives they tend to ‘use a current CRM solution that is available at the particular point in time’ (A, O and R). However, when CRM
strategy is ongoing, as in large organisations, it takes a long time to get momentum along with funding to raise a project, and so they need to always be thinking three to five years ahead (Participant J, CRM Strategy Manager from Financial Services Sector). As established in Chapter 4 (Section 4.2.1.3), the CRM process is one of continual story telling of ‘what is possible, what is working, and what is being learnt’ (L and G). This view is supported in the study of Thompson and Nelson (2004), a guideline on developing a CRM. Thus, data analysis found no gap between theory and practice in the Australian context.

1c.2 Integration of CRM technology plan into company overall plan- As discussed in Section 2.4.1.3, while all participants agreed that it is critical for a CRM technology plan to be integrated into their company overall plan, the actual experiences differed. For instance, four participants (A, B, D, H) alleged that in their business, integration has been relatively successful. Three participants (J, G, Q) reported that it had probably not integrated as much. Other participants were not sure because they did not have CRM measurement in place or lacked experience in measuring their CRM performance. This points to CRM as an evolving process, the importance of which is reflected by the work of Rapp et al. (2010) and Thompson and Nelson (2004) (discussed in Section 2.3.3). Thus, there is a gap between theory and practice in the Australian context.

In terms of overall strategy, several participants suggested some key points that allow business to integrate its CRM technology plan into the business overall plan. To begin with, three participants (A, L and O) recommended that business adopt an ‘easy-to-use application’ that is much more robust and efficient. Secondly, eight participants (A, E, H, J, K, L, O and Q) pointed out the importance of ‘appropriate people and processes’ that enable a business to drive its CRM technology plan. Two participants (P and E) also noted that business must make sure ‘the current technology that are in place are appropriate for integration’ into the CRM technology plan and after that, the overall strategy plan. That is to say, the importance of the link between a firm’s CRM technology plan and its overall strategic business plan cannot be overstated. These views support studies by Chen and Popovich (2003).

1c.3 Measurement of the effectiveness and the success of CRM technology- As discussed in Section 4.2.1.3, while most participants used different methods of
measurement in their businesses, they all agreed that measuring effectiveness of CRM was important. Most participants conceded that they only focus on measuring the projects’ outcome and they do not measure long term benefits of CRM. As participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) commented, the journey of CRM needs to be measured every three years, although, he believed that 50 to 60 percent of Australian businesses do not measure it at all. This view advances the literature of those such as Adebanjo (2003), Thompson and Nelson (2004), Light (2003), Mendoza et al. (2007) and Rahimi and Berman (2009) who emphasised that firm should define measurable objectives which can be achieved at the end of each stage of the CRM implementation.

To sum up, the data analysed thus far suggests that business resources are crucial to fully maximise the CRM technology currently in use. The findings were in line with those of Jayachandran et al. (2005), Coltman and Dolnicar (2007), Rapp et al. (2010) and Coltman et al. (2011).

5.2.1.4 Conclusion of Research Question 1

The research findings of Research Sub-question 1a discussed in Section 4.2.1.1 confirmed that the three a priori themes identified from the literature (1a.1 Customer data, 1a.2 Access to data and customer interactions and 1a.3 Integration of data from different contact points) are crucial to fully maximise the CRM technology currently in use. Overall, the findings of Research Sub-question 1a were in line with those of Jayachandran et al. (2005), Coltman (2007), Rapp et al. (2010) and Coltman et al. (2011).

The research findings of Research Sub-question 1b discussed in Section 4.2.1.2 confirmed that all three a priori themes identified from the literature (1b.1 Top management involvement, 1b.2 Employees’ acceptance of change, and 1b.3 Fitting CRM technologies within the company’s culture) are crucial to the maintenance of CRM technology capability. The findings of Research Sub-question 1b were in line with those of Jayachandran et al. (2005), Coltman (2007), Rapp et al. (2010), and Coltman et al. (2011).
The research findings of Research Sub-question 1c as reviewed in Section 4.2.1.3 confirmed that all three a priori themes identified from literature (1c.1 Formal strategic plan for CRM initiatives, 1c.2 Integration of CRM technology plan into company overall plan, and 1c.3 Measurement of the effectiveness and the success of CRM) are crucial to assist in maximising CRM technology capability. The findings of Research Sub-question 1c were in line with those of Jayachandran et al. (2005), Coltman and Dolnicar (2007), Rapp et al. (2010), and Coltman et al. (2011).

However, the researcher also identified gaps between theory and practice related to Research Sub-questions 1a, 1b and 1c which would have implications for theory and practice. These gaps will be addressed in Sections 5.3.1 and 5.3.2.

The first aim of this thesis was to determine which combination of CRM technology resources, human resources, and business resources is required to successfully implement CRM. This aim is met by addressing RQ 1. The findings of Research Sub-questions 1a, 1b and 1c confirmed that integration of CRM technology resources, human resources and business resources is crucial to assist in maximising CRM technology capability. This finding was in line with those of Jayachandran et al. (2005), Coltman (2007), Rapp et al. (2010) and Coltman et al. (2011) that confirmed the view that CRM technology resources must be integrated with human skills and customer-centric business processes to develop overall CRM technology capability (see Section 2.6). This finding is also reflective of RBV which emphasises that an organisation must integrate all of its resources in the delivery of its services (Sirmon, Hitt & Ireland 2007).

5.2.2 Research Question 2

How and to what extent do managers in Australian enterprises integrate CRM technology capability and non-CRM marketing capabilities?

As mentioned in Section 2.8.2, Research Question 2 was made up of three sub-questions, 2a, 2b and 2c as follows:

5.2.2.1 Research Sub-question 2a

How can CRM technology capability and market orientation be integrated to improve marketing capabilities?
As presented in Section 2.8.2.1, Research Sub-question 2a investigated three behavioural components of market orientation as suggested by Narver and Slater (1995). These were comprised of 2a.1 Customer oriented organisational culture, 2a.2 Intelligence gathering, and 2a.3 Inter-functional coordination. A detailed analysis of the results related to Research Sub-question 2a is presented in Section 4.2.2.

2a.1 Customer-oriented organisational culture- As discussed in Section 4.2.2.1, research findings confirmed that having a customer-oriented organisational culture associated with CRM is critical to improve Australian enterprises’ performance. All participants reported having a customer-oriented organisational culture associated with their CRM activities. This view is supported by the literature, such as Jayachandran et al. (2005), Chang et al. (2010), Garrido-Moreno and Padilla-Meléndez (2011), and Wang and Feng (2012), who stated that a customer-oriented culture is more likely to build an efficient CRM system (see Section 2.4.2.1).

Analysis of data also found that firms must think about ‘the well-being of customers’ (A, J, K and P). It is important that the firm can adopt a ‘customer perspective’ to ascertain how the customers see their organisation (E, J, L, P and R). These strategies are contained in the work of Davies, Chun, da Silva and Roper (2004) and Wang et al. (2004). For example, Davis et al. (2006) claimed that the perspectives of employees and the customer should contain no gaps.

Data analysis also found that 17 participants believed that management must ‘monitor and measure the level of commitment in serving customers’ needs’. This view is supported in the literature such as that of Rapp et al. (2010) and Thompson and Nelson (2004).

Another participant finding concerned the task of assessing the level of employee commitment to fulfil their customers’ need. Only seven participants (N, P, M, A, L, E, and O) reported that their organisation used particular methods to measure the level of employee commitment. These included surveys, KPIs, the NOSE theory, and the Propensity model. If customers are highly likely to leave their business for whatever reason, then they would contact the customer to see how they could better assist them. This view is expressed in the literature (Rapp et al. 2010).
2a.2 Intelligence gathering - Findings from data analysis suggested that CRM is suitable for customer intelligence gathering. However, among Australian enterprises CRM is less suitable in relation to competitors’ intelligence gathering. A number of informants reported that capturing the right data with CRM is the key to ‘identify potential opportunities’ (I, O, H, D, J, K, L, M, Q, P and R). This view is consistent with studies by Raghunathan (1999), Bose (2002) and Gupta and Sharma (2013) which emphasised the importance of capturing high quality and relevant data that can be used to improve decision making quality. Data analysis thus far suggests that Australian enterprises use their CRM to its potential to gather customer intelligence. There was no gap identified between theory and practice in the Australian context.

2a.3 Inter-functional Coordination - As remarked in Section 4.2.2.1, seven participants pointed out that cooperation between different departments is one of the key factors ensuring the success of CRM initiatives in their businesses. This research finding is consistent with the literature (Chen & Popovich 2003; Sin et al. 2005; Mendoza et al. 2007; Pedron & Saccol 2009; Rahimi & Berman 2009; Shang & Lin 2010) which all agreed that in order for CRM to succeed, a multi-department and a multidiscipline project team is required to facilitate communication and information sharing across relevant organisational departments (see Section 2.4.2.1).

5.2.2.2 Research Sub-question 2b

How can CRM technology capability and customer-linking capability be integrated to improve marketing capabilities?

As illustrated in Section 2.8.2.2, Research Sub-question 2b investigated three a priori themes of customer-linking capability which Hooley et al. (2005) claimed are descriptive of the firm’s ability to connect with and improve the current relationships with customers. These are 2b.1 Strong relationship with key target customers, 2b.2 Understanding customer needs and requirements, and 2b.3 Maintaining and enhancing relationship with customers. A detailed analysis of the results related to Research Sub-question 2b was presented in Section 4.2.2.2. See also Table 3.11 which contains a priori themes and related sub-themes.

2b.1 Key target customer - As discussed in Section 4.2.2.2, interviewees were of the view that CRM technology capability enabled the front-line employees to create a
personalised experience (D, L, P, G, J, and K) as part of developing a strong relationship with key target customers. The literature indicates that CRM is devoted to building relationships with key customers (Tuominen, Rajala & Möller 2004), through personalised/customised offerings (Payne 2000; Sin et al. 2005). The majority of participants reported that the building of these key relationships was not done effectively within their enterprises. For example, focusing just on customer data including intelligence gathering does not automatically reflect ‘the customer’s motivation’ (L and O). These findings advance the literature such as that of Afthinos, Theodorakis and Nassis (2005) who argued that understanding the customer’s motivation provides a more complete information package to be applied in making marketing decisions. Thus, there is a gap between theory and practice in the Australian context.

2b.2 Understanding customer needs and requirements- As referred to in Section 4.2.2.2, the result of the data analyses revealed CRM capability enables the firm to understand customers’ needs and requirements. The aim is to build an emotional connection with the customer. This finding is supported by the CRM literature reviewed in Section 2.3.

Data analysis also found that in order to ensure that the firm meets its customers’ needs it is critical to create ‘a seamless process’ that captures the data in a way that is easy and non-obtrusive for our customers (A, I, J and P). All participants reported to have a seamless process in a way that is easy and non-obtrusive for their customers. This view is supported in the literature by Bose (2002), Kumar (2011) and Mehta (2011) who all stressed that different departments should work together to produce a seamless process of interaction and experience with the customers. Thus, there is no gap between theory and practice in the Australian context.

2b.3 Maintain and enhance relationship with customers- As discussed in Section 4.2.2.2, data analysis confirmed that fully integrated CRM technology capability enables the firm to maintain and enhance relationships with its customers. This view is supported in the literature of Hooly et al. (2005) and Bendapudi and Berry (1997) (see Section 2.4.3.1). Data analysis also found that ‘having information at hand and just in time’ assists the business to create a great customer experience (A, B, C, D, F, G, H, J, K, O, P and R). This view is supported by Chen and Popovich (2003) who
noted that fast access to an information database enables a quick response to customer requests.

5.2.2.3 Research Sub-question 2c

How can CRM technology capability and innovation capability be integrated to improve marketing capabilities?

As illustrated in Section 2.8.2.3, Research Sub-question 2c illustrated three a priori themes of innovation capability. The researcher adopted four initial a priori themes from Ghafari et al. (2011) and modified them to three themes by collapsing product and service innovation into a single theme. They are: 2c.1 Products and services innovation, 2c.2 Process innovation, and 2c.3 Market innovation. A detailed analysis of the results related to Research Sub-question 2c was presented in Section 4.2.2.3. See also Table 3.11 which contains the a priori themes and related sub-themes.

2c.1 Products and services innovation- As discussed in Section 4.2.2.3, majority of participants believed that CRM assists the services and products innovation capability of their business. The research findings are supported in the literature, such as that of Ghafari et al. (2011), Cheng and Krumwiede (2012) and Christofi et al. (2015).

An unprompted majority of participants further suggested that CRM can assist a firm to innovate products and services. Participants had identified that there are three success factors: 1) ‘the maturity of the organisation and the technology they have adopted’ (A, B, C, D, H, I and J), 2) being able to ‘conduct an extensive historical analysis’ to predict the future and understand current trends (J, E, G, L and P), and 3) being able to ‘gather high quality and accurate intelligence’ surrounding possible future products and services (A, D, E, F, G, H, I, J, L, N, O, P and R). In combining these three factors, ‘business can come up with ideas that enable the design of new products or services’ (participant A, Executive CRM Manager from Financial Services Sector), or ‘modify existing product and service’ (participant G, Senior Project Manager-Digital CRM project from Financial Services Sector), or business may ‘realise customers are always weighing up between these two products, maybe a hybrid of those two to create a new product/service to offer’ (participant J, CRM Strategy Manager from Financial Services Sector). A new theme thus emerged, different to the researcher’s literature review.
2c.2 Process innovation- As discussed in Section 4.2.2.3, research finding confirmed that while the majority of participants believed that CRM can enable innovative process, only one participant (A, Executive CRM Manager from Financial Services Sector) was able to give an example of how their CRM technology can facilitate the process innovation. He said that ‘gathering needs analysis is an innovative process that the CRM can provide for us’. This finding is supported by the literature (Ghafari et al. 2011; Christofi et al. 2015).

In contrast a number of other participants were unable to articulate the need for integrating innovative capability with the overarching CRM technology. Only three participants (N, J and O) were able to point to the general benefits of CRM. They included ‘simplification of process’, ‘efficiency of process and consistency’ and ‘reduction of cost of process’. Thus, there is a gap between theory and practice in the Australian context.

2c.3 Market innovation- As commented on in Section 4.2.2.3, data analysis of the majority of participants revealed that CRM technology helps marketing innovation. To begin with, information gathered by CRM (e.g. the building of ‘demographic profiles’) will provide them with much needed information regarding marketing spending (F, J and P) (for more examples see Section 4.2.2.3). This example is one of the few that shows how the use of CRM data can assist with the development of the firm’s marketing innovation. Yet they were unable to state precisely how this accrued. For the most part there is little or no evidence as to how CRM data can be used in marketing innovation. This finding along with other anomalies will be discussed below.

To summarise the conclusions about RQ2c, as discussed in Section 2.4.4 the relationship between CRM and innovation capability in CRM has been investigated empirically by only two researchers – Christofi et al. (2015) and Ghafari et al. (2011). Both studies found a strong link between the adoption of CRM technology and improvement of an organisation’s innovation capability. The results of theses studies are echoed in the findings of this thesis research. All participants agreed that CRM technology facilitates innovation capability in terms of product, service, marketing and process of the firm.
However, this belief did not readily translate into practice. It seems that innovation based CRM is underappreciated in Australian enterprises. This gap between theory and practice is underlined by participant K who said:

"it is an undervalued area and people like to throw around the word CRM and say “we have CRM” and we have this and we have that. But actually, looking at the processes of it, it’s not done."

Only two participants (A, Executive CRM Manager from Financial Services Sector, and D, General Manager, Loyalty and Data Solutions from Retail Sector) out of 18 participants claimed that they are capable of innovating (in product, service, process and market) via CRM initiatives.

When the researcher asked the reason for this gap, four participants (A, B, D and J) believed that ‘a differentiator CRM system’ is required to enable innovation capability. This is where only one participant (A, Executive CRM Manager from a leading Financial Services Sector) out of the 18 claimed that they had created a differentiator CRM system to facilitate their innovation capability. Other participants referred to the cost involved and lack of innovative-oriented culture as impediments to the adoption of a differentiator CRM system which would afford the flexibility needed to innovate. Participant A explained how they overcome those challenges and now lead their industry for innovation. To see his comments, refer to Section 4.2.2.3.

### 5.2.2.4 Conclusion of Research Question 2

The research findings of Research Sub-question 2a as reviewed in Section 4.2.2.1 confirmed that all three a priori themes identified from the literature (2a.1 Customer oriented organisational culture, 2a.2 Intelligence gathering, and 2a.3 Inter-functional coordination) are crucial to improve marketing capabilities of the firm. The findings are in line with those of Jayachandran et al. (2005), Rapp et al. (2010), Wang and Feng (2012) and Coltman (2007) who examined the complementary position of customer orientation and CRM technology. No gap was identified between theory and practice in the Australian context.

The research findings of Research Sub-question 2b as examined in Section 4.2.2.2 confirmed that all three a priori themes identified from the literature (2b.1 Strong relationship with key target customers, 2b.2 Understanding customer needs and
requirements, and 2b.3 Maintaining and enhancing relationships with customers) are crucial to improve marketing capabilities of the firm. The findings are in line with the those of Day (2003) and Rapp et al. (2010) who examined the complementary role of customer-linking capability and CRM technology.

The research findings of Research Sub-question 2c as discussed in Section 4.2.2.3 confirmed that all three a priori themes identified from the literature (2c.1 Products and services innovation, 2c.2 Process innovation, and 2c.3 Market innovation) are pivotal to any attempts to improve the marketing capabilities of the firm. The findings are in line with the those of Christofi et al. (2015) and Ghafari et al. (2011) who found a strong link between the adoption of CRM technology and improvement of an organisation’s innovation capability.

However, the researcher also identified gaps between theory and practice related to sub-questions 2b and 2c which would have implications for theory and practice. These gaps will be addressed in Sections 5.3.1 and 5.3.2.

The second aim of this thesis research was to determine the extent to which successful CRM investment requires an integration of CRM technology capability and marketing capabilities. This aim is met by addressing RQ 2. The findings of Research Sub-questions 2a, 2b and 2c confirmed that CRM technology should be integrated with the firm’s marketing capabilities in order to improve the firm’s performance. This finding is in line with Chang et al. (2010) who found marketing capability mediates the association between CRM technology use and firm performance.

The third aim of the thesis research was to determine a general framework for CRM performance which explains how, and through which mechanisms, the integration of CRM technology capability and marketing capabilities occurs. Further, by addressing RQ 1 and RQ 2, the third aim was achieved by detailing how and to what extent the integration of CRM technology capability and marketing capabilities is required to improve firm performance. The research-derived conceptual model (see Section 2.6.3) argues for the integration of market-related capabilities, together with technology-related capabilities in order to achieve better performance. This is also reflective of RBV which emphasises that a firm requires a set of technology-related resources as well as market-related resources to develop its technological and market-related capabilities, respectively, and achieve competitive advantage (Dougherty 1992;

### 5.2.3 Research Question 3

*How do Australian managers perceive the CLV-related and financial outcomes they obtain through their current CRM (comprising CRM technology capability and non-CRM marketing capability)?*

Research Question 3 was introduced in Section 2.8.3. Four a priori themes for CRM-related firm performance were identified which focused on CLV-related and economic performance as the chief firm performance measure used in this study. In this regard, the researcher evaluated 3.1 Customer retention, 3.2 Customer acquisition, 3.3 Cost reduction, and 3.4 Return on investment, as instruments of firm performance. A detailed analysis of the results related to Research Question 3 were presented in Section 4.2.3.

**Customer retention**- As discussed in Section 4.2.3, research findings confirmed that 15 participants believed CRM has a large impact on CLV because of the way it influences customers and encourages them to purchase more often. CRM technology allows for an effective marketing strategy by encouraging the customer to stay with the brand for a long period of time. This finding is supported by the literature reviewed in Section 2.5.1.

Participants believed that economic performance is based on ‘customer satisfaction’ (16 participants), ‘loyalty’ (17 participants), ‘the amount of time the customer stays with the business’ (7 participants), and ‘the revenue that the customer generates’ (5 participants).

In terms of customer satisfaction, the data analysis found that 16 participants agreed that CRM contributes to satisfaction, albeit indirectly. 11 participants reported measuring customer satisfaction by various methods such as KPIs, customer satisfaction index scores and Net Promoter Score.

In terms of loyalty, there are several key factors that must be in place to enhance customer loyalty. For example, there needs to be a complete understanding of:

- ‘Customer-employee relationship’ (participant B, CRM Manager from Gambling and Casino Sector)
• ‘Customer engagement, frequency of relevant communications with the customer, understanding customers’ needs and being able to predict what customers want before they want it’ (participant G, Senior Project Manager-Digital CRM project from Financial Services Sector).

To achieve these objectives, participant L (General Manager-Customer Relationship Marketing and Digital from Financial Services Sector) emphasised ‘the importance of a customer-centric strategy which is to communicate with customers in a way that customers feel they are the centre of everything.

These indirect relationships between CRM, satisfaction and loyalty are supported by the literature (Blattberg, Getz & Thomas 2001; Gounaris, Tzempelikos & Chatzipanagiotou 2007; Carnegiea, Wilcox & Zhuc 2008 and Malthouse et al. 2008) that found linking loyalty and satisfaction has a low effect on retention because satisfaction is just one element of loyalty. There are other elements that need to be taken into consideration such as customer perceived value, product uniqueness, ease of purchase and customer service as suggested by Blattberg et al. (2001).

This study’s data also found that loyalty is ‘very fickle’ (participant E, Dynamics CRM Practice Manager from Telecommunications Sector), a finding that was supported by six other participants (F, H, K, L, O and R). In today’s market, which is governed by a world of choice, it is difficult to maintain customer loyalty. Only a small percentage of the CRM customer database can be regarded as truly loyal and it will be ‘quite difficult to retain most of those customers’ (participant F, Senior CRM Manager from Food and Beverages Sector). This view is supported by Fay (1994), Veliyath (1996) and Lazarevic (2012) who confirmed that loyalty has become increasingly elusive in recent times.

**Customer acquisition**- As discussed in Section 4.2.3, research findings confirmed that 16 participants believed that CRM technology can assist customer acquisition. Participant A (Executive CRM Manager from Financial Services Sector) commented that:

> to acquire new customers and make sure that they are buying their products, CRM technology should be able to originate all those products for a single customer to meet their needs, it’s critical to the business in a sense in the long term.
This view is supported by the literature reviewed in Section 2.5.1.

**Cost reduction** - As in Section 4.2.3, the research findings revealed that 15 participants believed that CRM technology can lead to improved firm performance by reducing its business costs. Process optimisation is the key approach here. Participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) illustrates this point nicely by emphasising the need to ‘take out processes that don’t add value’.

Still on cost reduction, 11 participants (A, B, E, F, G, J, L, N, O, Q and P) subscribed to the view that by ‘automating their business processes’ they can save sales people’s time and therefore costs. Finally, the data from this study suggested that cost reduction is influenced by ‘the maturity scale of CRM adoption’ and the technology organisation has adopted (A, B, D and R). This finding finds strong support in the study by Ang and Buttle (2002) as illustrated in 2.6.4.3. This finding also highlights the importance of ensuring employees are fully trained in the use of CRM technologies. It also speaks to the need to close the gap between theory and practice in those organisations that purport to be implementing CRM technologies.

**Return on investment** - As mentioned in Section 4.2.3, 15 participants believed CRM can contribute to ROI. As participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) commented, ‘CRM can contribute to ROI by generating new sales, understanding the customer data, increasing the frequency of relevant communications and hopefully increasing loyalty’. Data also found that CRM in the longer term (three to five years) can generate ROI (A, D, G and P). These findings are supported by Ang and Buttle (2002).

According to four participants (E, H, J, K) the contribution of CRM to ROI is ‘very hard to measure’ for Australian enterprises. This view is reinforced in the literature by studies such as Ang and Buttle (2002), who indicated that less than 10% of organisations have a tangible and reliable ROI measure for their CRM.
5.2.3.1 Conclusion of Research Question 3

Findings from participants confirmed that CRM contributes to firm performance through the processes of customer acquisition, customer retention and cost reduction, all of which can be housed in the customer database. The net effects are higher levels of customer satisfaction and customer loyalty which combine to encourage the customer to stay with the business longer and spend more on the product and services. There are other factors that need to be regarded in order to ensure continued customer satisfaction and loyalty. As participant G (Senior Project Manager-Digital CRM project from Financial Services Sector) noted, ‘frequent relevant communication with the customer is vital to understanding their needs and being able to predict what customers want before they want it’. Overall, the findings related to this third research question accord with those of Ang and Buttle (2002) as well as Gummesson (2004).

5.3 Research Contribution

This section presents the research contributions based on the findings discussed in Section 5.2. The implications for theory of this thesis research are offered, followed by discussion of the implications for policy and practice. Finally, an augmented conceptual framework is presented.

This study is valuable to academics as it is a natural pioneer in its designated field, but it is also useful to the practitioners in the CRM-related marketing capabilities field because the applied nature of the study provides a conceptual framework that assists managers in making better CRM implication decisions.

5.3.1 Implications for Theory

The findings of this thesis research have four theoretical implications.

Firstly, as was established in Chapter 2, CRM draws heavily on the RBV of the firm as well as the services marketing disciplines. The main contribution of this thesis research is to provide a conceptual ‘Framework of transforming CRM technology and marketing capabilities into firm performance’, that integrates CRM technologies with a firm’s existing organisational and marketing resources and capabilities (introduced
in Section 2.8.4). This contribution to the CRM and marketing discipline follows the
tradition of previous researchers (Coltman 2007; Coltman et al. 2011; Rapp et al
2010) who proposed conceptual models (discussed in Section 2.6). The conceptual
framework of the current thesis research addresses calls by previous researchers for
more comprehensive models of the CRM-related marketing capabilities (Coltman
2007; Chang et al. 2010; Rapp et al. 2010; Ghafari et al. 2011; Christofi et al. 2015).

As discussed in Section 5.2, several sub-themes revealed from the semi-structured
interviews (Table 3.11 Final template) were found to be critical to the success of
CRM investment and, thus, supported and extended the existing CRM and marketing
cababilities literature. Seven enhancements were made to the conceptual ‘Framework
of transforming CRM technology and marketing capabilities into firm performance’.
Five of these relate to new factors; two further changes relate to extensions to existing
factors. These findings enhanced the research’s conceptual ‘Framework of
transforming CRM technology and marketing capabilities into firm performance’ to a
new version named ‘Extended framework of transforming CRM technology and
marketing capabilities into firm performance’ (see Section 5.3.3). These findings
contribute to the body of knowledge, as the conceptual framework of this research
suggests that the integration of CRM technology and market-related resources and
capabilities are required to generate new capabilities with pioneering effects (Herzog
2011; Lockett et al. 2009) that will ultimately lead to improved firm performance.

Secondly, RBV suggests that in the absence of resources, firms ought to look beyond
their organisational boundaries to acquire or develop new capabilities in order to
create a competitive advantage (Reitzig & Wagner 2010). However, RBV has not
identified the kinds of actions that are crucial to how the resources that are existing
can be used to add value (Ngo & O’Cass 2012; Sok, O’Cass & Miles 2016). The
relationship between the organisation’s resources and capabilities (described in
Section 2.2.4) has not been fully studied (Sok et al. 2016) (Knowledge Gap 1).

Further, while there is some empirical support for the effectiveness of CRM
technologies overall (Jayachandran et al. 2005; Ray et al. 2005; Mithas et al. 2005),
there is yet no hard evidence to suggest what is required in the way of resources and
capabilities for CRM technology to bring about improvements to customer
relationships (Rapp et al. 2010; Wang & Feng 2012). In addition, there is limited
empirical research into the capability view of CRM (Trainor et al. 2010; Coltman 2007; Coltman et al. 2011; Rapp et al. 2010) (Knowledge Gap 2).

This thesis research filled an important gap in the existing CRM capability literature by identifying several a priori themes from the literature review and examined the interrelationships between CRM and each of these a priori themes. The findings of this thesis research confirmed all of the a priori themes identified from the literature and thus supported and extended the existing literature. Five of these findings relate to three new factors: bringing CRM skilled employees on board, combined IT and business qualifications and vigorous and ongoing training programmes, and two further changes relating to extensions to existing factors: omni-channel communication stream and bottom-up as well as top-down involvement. These findings revealed that the success of CRM investment is heavily dependent on a fully integrated CRM technology, well trained CRM employees and appropriate business processes that when combined enable the firm to develop its CRM technological capability (Rapp et al. 2010; Coltman et al. 2011).

Thirdly, according to RBV, firms must integrate their technology- and market-related resources in order to achieve competitive advantage (Herzog 2011). Thus, there is a critical need to know more of how a firm’s IT can be used to enhance its marketing capabilities and how, in turn, these capabilities link to organisational performance, and help establish and maintain a competitive advantage (Chang et al. 2010; Trainor et al. 2010). There is, however, no agreement as to which higher-order marketing capabilities merit the most attention for improving firm performance (Knowledge Gap 3). Besides, there is no existing research aimed at documenting the effect of CRM technologies on the improvement of marketing capabilities and how these capabilities affect organisational performance (Knowledge Gap 4).

This thesis research filled an important gap in the existing literature and extended the literature by integrating and examining the effect of CRM technologies on the improvement of three higher-level non-CRM marketing capabilities such as market orientation, customer-linking and innovation capability and how these capabilities affect organisational performance. This notion led to the development of the conceptual framework of this research (see Section 2.8.4).
Fourthly, this thesis research filled an important gap in the existing innovation capability literature by identifying several a priori themes from the literature review and examining the interrelationships between CRM and each of these a priori themes. The findings of this thesis research confirmed all of the a priori themes identified from the literature and further extended the existing literature. Two of these new findings relate to a differentiator CRM system and innovative-oriented culture. These findings revealed that to improve innovation capability of the firm an innovative-oriented culture and a differentiator CRM system are needed which would afford the flexibility needed to innovate.

5.3.2 Implications for Policy and Practice

Seven managerial implications for CRM practitioners in the Australian business context arise from the thesis research findings. These are detailed below.

1. Managerial implications for adopting the research’s augmented conceptual framework

Based on the literature reviewed in Chapter 2, the researcher found that Australian enterprises’ success is directly attributable to the quality of the relationships with their customers. CRM investment identifies the necessary resources firms need to nourish and grow all their business relationships. While Australian enterprises have embraced CRM technology in theory, there remains a lack of empirically derived strategies that would facilitate the implementation of CRM technologies (refer to Knowledge Gap 5 in Section 2.7).

This thesis research filled an important gap in the existing literature by investigating the effectiveness of CRM investment among Australian enterprises and constructing a conceptual framework (see Section 2.8.4). The findings of this thesis research (discussed in Chapter 4) advanced existing practical knowledge since it identifies the specific challenges faced by Australian enterprises. The outcome from this research has identified more information. Hence a new augmented framework has been developed (see Section 5.3.3). As will be seen this has practical implications since the augmented research conceptual framework could be used as a guideline by senior managers in Australian enterprises to implement effective CRM activities.
The need to develop appropriate CRM systems is underlined by the fact that most of the senior managers participating in this study contacted the researcher seeking information about the research’s findings that would enable them to successfully incorporate empirically derived strategies into their CRM systems. This initiative also documents a lack of current information about the effectiveness of CRM which is consistent with the aims of this study.

2. Combined IT and business qualifications

This thesis research’s findings (Section 4.2.1.2) as considered in Section 5.2.1.2 suggested the lack of combined IT and business qualifications at all levels of management as a reason why CRM implementation is struggling in Australia. As stated by Abdul-Gader (1990) and Itami et al. (2010), relevant qualifications for management at all levels is critical for their ability to develop their management skills and knowledge in order to employ practical management tools. CRM training alone is not thought to be adequate. A solid academic grounding in both IT and marketing is required to fully appreciate and exploit CRM in a way that enhances organisational performance. Only three participants (see Section 3.3.2.4) possessed CRM-relevant tertiary level qualifications. Not surprisingly, this small group showed a greater conceptual grasp of CRM variables.

This shortcoming was exacerbated by the inability of Australian managers in certain sectors to fully articulate the theoretical propositions around which this study was erected. This gap between theory and practice (discussed in Section 5.2) was not reflected in the literature upon which this study was based. Consequently, the researcher was not initially aware of this gap. For example, within the financial services sector, participants lacked insights into the importance and value of innovation when developing a CRM framework. This gap and its potential effect on CRM practice will be discussed more fully in the section on practical implications that follows below.

3. Bringing CRM skilled employees on board

As revealed in the review of the thesis research’s findings (Section 4.2.1.2) the adoption of a CRM system, in and of itself, will do little to enhance the organisation’s overall performance. CRM may fail if employees have not been brought on board in the correct manner. What is needed is a willingness on the part of all employees to use
their newfound knowledge for the benefit of the whole organisation. Bringing CRM skilled employees on board is concerned with change management, ongoing training, and communicating the vision along with the strategies needed to achieve that vision. This calls for the integration of HR practices to ensure the successful implementation of CRM technologies (Dyer & Reeves 1995; Kochan & MacDuffie 1995). For this to happen, an organisation needs to have strong leadership to bring CRM skilled employees on board and link them to the vision of the firm.

4. **Bottom-up as well as top-down involvement**

Several studies (Chen and Popovich 2003; Mendoza et al. 2007; Rahimi and Berman 2009; Chang et al. 2010; Shang and Lin 2010; Sindakis et al. 2015) emphasised that users’ requirements and expectations should be reflected from the beginning of a CRM implementation. This means that the involvement and participation of all levels of management as well as CRM skilled employees and customers is required to optimise the process of implementation. In particular, the thesis research’s findings, as discussed in Section 5.2.1.2, suggest that implementation of CRM must have strong top management support. Additionally, the participants of this research emphasised the importance of the fact that involvement must be the bottom-up as well as top-down.

5. **Developing an innovative-oriented culture**

Five levels of CRM maturity as identified by Davis et al. (2006) are operation, consolidation, integration, optimisation and innovation (see Section 2.4.8.3). Thus, the firm at the highest level must pursue techniques to reinvent and convert their value position for sustainable growth. The findings (Section 4.2.2.3), as reviewed in Section 5.2.2.3, suggested there is lack of innovative-oriented culture within Australian enterprises. Only two enterprises (participants A from Financial Services Sector and D from Retail Sector) claimed to be using their CRM to its maximum potential. Thus, they were able to absorb technological challenges along with the costs of training in the personalisation of products and services. Clearly they were in the minority. Only one enterprise (participant A, Executive CRM Manager from Financial Services Sector) could fully utilise its CRM capabilities to boost innovation capability.

As a consequence of the above, whilst senior managers who participated in this
research had a good general knowledge of the success factors relating to CRM technologies and innovation capability, this knowledge at the level of an individual did not translate readily into organisational practice. This gap between theory and practice could be due to other organisation cultures (tall poppy syndrome, for example), demands or political priorities.

To shed light on the problem, participant A referred to the presence of a ‘tall poppy syndrome culture’ that may be peculiar to Australian businesses. As stated by Peeters (2004, cited in O’Neill, Calder and Allen 2014, p. 211), ‘this behavior is common in Australia and occurs when successful individuals are cut down to size by those who are less successful in order to normalise them’. When present, this constitutes a barrier that causes people to avoid risk-taking that may impact negatively on their career aspirations. As a result they choose to ‘stick with the knitting’ (participant H, CRM Communication Manager from Retail Sector). The tall poppy syndrome is but one example of the inherent difficulties associated with the introduction of organisational change within Australian enterprises. There is need for senior managers to develop and drive an innovative-oriented culture throughout the organisation because organisational culture is the window through which customers and suppliers perceive the organisation.

6. **Investing in vigorous and ongoing training programmes**

The findings of this thesis research (Section 4.2.1.2), as examined in Section 5.2.1.2, suggest that the implementation of new CRM practices has to be accompanied by a vigorous and ongoing training programme depending on the roles, responsibilities and ages of the employees. Bose (2002) and Chen & Popovich (2003) suggested that the customer interaction points need to be updated regularly otherwise the organisation risks losing its competitive edge. The majority of participants were not satisfied with the level of support provided for training by their top management due to the cost involved. To lower costs it is suggested that managers provide intuitive and easy-to-use CRM solutions. For example, CRM software can serve as a useful tool to reduce the cost of continual training.

7. **Adopting a differentiator CRM system as a way of boosting innovative capability**
It was obvious from the findings of this thesis research that while resources like CRM technology and human resources were available to most enterprises interviewed (see Section 4.2.1), what distinguishes the successful from the not so successful firm is often related to the differentiator CRM systems (discussed in Section 4.2.2.3) and processes used to deliver the CRM activities (discussed in Section 4.2.1). This importance has been emphasised by Barney & Mackey (2005). Furthermore, as this thesis research’s findings suggest, marketing capabilities and their integration with CRM technology capability (discussed in Section 5.2.2) were found to be key to the success of CRM investment, as well as resulting in a sustainable competitive advantage (Herzog 2011). While the importance of these issues was acknowledged by the majority of participants, it seems only one participant (A from Financial Services Sector) could point to the importance of the adoption of a differentiator CRM system along with relevant processes and marketing capabilities. The majority of participants referred to cost involved together with a lack of an innovative-oriented culture as impediments to the adoption of a differentiator CRM system which would afford the flexibility needed to innovate (see Section 4.2.2.3).

5.3.3 An Augmented Framework

The findings reported in Chapter 4 and interpreted in this chapter so far indicate seven enhancements to the conceptual ‘Framework of transforming CRM technology and marketing capabilities into firm performance’, which was introduced in Section 2.8.4 (Figure 2.12). Five of these relate to new factors within HR and IC; two further changes relate to extensions of existing factors within CTC. The seven enhancements for the framework of transforming CRM technologies and marketing capabilities into firm performance are discussed below and presented in a revised, enhanced framework in Figure 5.2.
Figure 5.2. Extended framework of transforming CRM technology and marketing capabilities into firm performance

RQ 1a. CRM Technology Resources
1a.1 Customer data
1a.2 Access to data on customer interactions
1a.3 Omni-channel communication stream (goes beyond integration of data)

RQ 1b. Human Resources
1b.1 Bottom-up as well as top-down involvement
1b.2 Employee's acceptance of change
1b.3 Fitting CRM technologies within company's culture
1b.4 Combined IT and business qualifications
1b.5 Bringing CRM skilled employees on-board
1b.6 Vigorous and ongoing training program

RQ 1c. Business Resources
1c.1 Formal strategic plan for CRM initiatives
1c.2 Integration of CRM technology plan into the company's overall plan
1c.3 Measurement of the effectiveness and the success of CRM

RQ2a. RQ2b. RQ2c. Non-CRM Marketing Capabilities

RQ2. Market Orientation
2a.1 Customer-oriented organisational culture
2a.2 Intelligence gathering
2a.3 Inter-functional coordination

RQ 2b. Customer-Linking Capability
2b.1 Strong relationship with key target customers
2b.2 Understanding customer needs and requirements
2b.3 Maintaining and enhancing relationships with customers

RQ 2c. Innovation Capability
2c.1 Product and service innovation
2c.2 Process innovation
2c.3 Market innovation
2c.4 Differentiator CRM system
2c.5 Innovative-oriented culture (but not poppy syndrome)

CRM Technology Capability

CRM-Related Performance Outcome
3.1 Customer retention (CLV)
3.2 Customer acquisition (CLV)
3.3 Cost reduction (Financial)
3.4 Return on investment (Financial)

Source: Developed for this research
Firstly, as considered in Section 5.2.1.1, the CTR component of CTC ‘Integration of data from different contact points’ is more appropriately covered in the extended concept of ‘Omni-channel communications stream’. Omni-channel communications streams capture how businesses reach their customers on multiple levels and multiple touch points, including areas such as Facebook, Instagram, LinkedIn, email, mobile, chats and so.

Secondly, to the HR component ‘Top management involvement’ of CTC: As considered in Section 5.2.1.2, this is more realistically captured in the concept of ‘Bottom-up as well as top-down involvement’. The participation of all levels of management, CRM skilled employees and customers is needed in order to optimise the process of implementation.

Thirdly, to the HR component of CTC is added the new capability for ‘Combined IT and business qualifications’. This helps to address the problem (raised in Section 5.2.1.2) of Australian managers, in general, not possessing sufficient CRM-relevant tertiary level qualifications. To reiterate, CRM training alone is not adequate. It is regarded as necessary but not sufficient to ensure the success of CRM. It is suggested that a solid academic grounding in both IT and marketing is required to fully appreciate and exploit CRM.

Fourthly, to the HR component of CTC is added the capability for ‘Bringing CRM skilled employees on board’. This can only be achieved through appropriate staff training, as argued in Section 5.2.1.2.

Fifthly, to the HR component of CTC is added ‘Vigorous and ongoing training programmes’. CRM training alone is not adequate to achieve CTC. As discussed in Section 5.2.1.2, the training needs to be vigorous and ongoing, depending on the roles, responsibilities and ages of the CRM-skilled employees.

Sixthly, to the IC component of non-CRM marketing capabilities is added ‘A differentiator CRM system’. This helps to improve the innovation capability of the firm, as commented on in Section 5.2.2.3.

Finally, to the IC component of non-CRM marketing capabilities is added an ‘Innovative-oriented culture’. This would address the relative immature level of CRM adoption in Australia, as referred to in Section 5.2.1.3.
Overall, the enhanced framework helps managers to develop and implement more appropriate CRM campaigns, reduces the risks of failure and eliminates unnecessary marketing costs when conducting a CRM campaign.

The framework also encourages managers to shift towards an innovation-oriented model and to pay attention to the fostering of an organisational culture that embraces innovation within the organisation.

Used as a systematic tool, the enhanced framework can assist managers with all factors needed to implement more effective CRM practice. Where managers follow the enhanced framework, they will be able to optimise the operational efficiency and improve the positive impact of their CRM system.

In summary, this thesis highlights the importance of CRM and its future contribution to businesses. This thesis suggests that all levels of a firm must engage, co-operate and embrace this technology. The future utilisation of CRM correctly will determine the success or failure of a firm.

5.4 Limitations of the Research

The main delimitations of this study were explained in Section 1.8 of the thesis. The major delimitation concerned the geographical region available for data collection. This study was conducted in Australia and it is acknowledged that the findings are not readily transferable to other geographical regions. Similarly, data were collected from large Australian enterprises. Thus, the research findings may also lack generalisability to other sized organisations. Finally, the views expressed were those of middle and senior management in organisations representing a wide range of sectors – financial services, gambling and casinos, retail, computer software, music, telecommunications, food and beverage, higher education, pharmaceutical and automotive. Because of the unbalanced nature of the sample it is difficult to extrapolate the findings beyond the present sample.

Chapter 3, Section 3.6, discussed the limitations associated with semi-structured interviews research methodology. To begin with, the sample size was small due, in part, to time constraints, costs associated with data collection and a reluctance by senior and middle managers to participate in the research. Many stated ‘we have privacy issues’, or ‘as part of our contract policy we cannot participate’. Two
respondents participated freely in the semi-structured interviews only to withdraw from the study because of fears of being identified following certain disclosures. For this reason, information regarding the ages and job experiences of participants were not tabled at the request of participants in order to maintain their privacy.

This research was cross-sectional in nature instead of being longitudinal. As stated by Saunders, Lewis and Thornhill (2009) a cross-sectional study observes a specific phenomenon at a specific point in time. Therefore, the researcher collected data just once as part of a determination to meet the research objectives, which indicates the research as being a snapshot and hence cross-sectional in nature (Cavana et al. 2001). Perhaps a longitudinal study which gathers data over a longer time may have been a better choice of research methodology. Unfortunately, the time assigned for completing a doctoral study was held to be insufficient to conduct a longitudinal study.

5.5 Suggestions For Further Research

Given the qualitative nature of this current study, the sample size of 18 enterprises was deemed to be adequate. One variation to the adopted research methodology could entail a longitudinal study where each organisation serves as its own control. In this way, the gradual evolution of the level of maturity within each organisation could be measured over time. If detected, this would provide justification for an ongoing investment in CRM practice.

Low levels of maturity associated with CRM practice within Australian enterprises were found in this research. This gap between theory and practice with regard to CRM implementation was treated in Section 5.2. To explain this gap, it may be useful to explore what is perceived as a general reluctance on the part of middle managers to develop and submit a business case for change. Future research, if broadened in scope, might be able to identify further sub-themes that the current research was not able to identify.

In order to be able to extrapolate the findings to other enterprises in other geographical locations and a wider spread of industry types, it may be useful to conduct a survey as part of a positivist based approach to the research problem. This
would help determine the most salient factors that account for differences in CRM-related performance outcomes in one sector over another. It would also help determine the extent of immature practices of CRM enterprises in Australia.

Current thesis research found that innovation via CRM in undervalued by Australian enterprises. For example, research found only one enterprise out of 18 interviewed (participant A from Financial Services Sector) could distinguish itself through the adoption of a differentiator CRM system along with relevant processes and marketing capabilities, especially innovation capability. The link between CRM and innovation capability as also established by Ghafari et al. (2011) and Christofi et al. (2015), who found a significant relationship among CRM and innovation capabilities (see Section 2.4.9.4), is worthy of further investigation in order to ascertain the potential of CRM for innovation purposes.

5.6 Conclusion

This thesis research aimed to investigate how can fully integrated CRM technologies, complemented by organisational and marketing resources and capabilities, be utilised to improve a firm’s performance. This aim was achieved by developing and testing a conceptual framework for CRM performance and offering an enhanced model for ‘transforming CRM technology and marketing capabilities into firm performance’.

As well as confirming the conceptual model, the findings from this research strengthen the existing body of knowledge relating to CRM. Specifically, it reinforces the view that CRM as a holistic entity consists of a blend of information technology resources, human resources and business resources. Further, successful CRM implementation requires an integration of CRM technology capability and marketing capabilities. Different points of emphasis were observed in the Australian context.

The first issue encountered was the inability of Australian managers to fully articulate the theoretical propositions around which this study was erected. Inevitably this led to a gap between theory and practice. It seemed that the general knowledge of Australian managers regarding CRM did not manifest itself holistically in the workplace. For example, the majority of the participants agreed that CRM technology can facilitate innovation capability in term of product, service, marketing and process of the firm.
This belief, however, did not readily translate into practice. It seems that innovation-based CRM is undervalued in Australian enterprises.

The second issue related to the immaturity of CRM adoption in Australia as only two enterprises seemed to utilise CRM to its full potential. Only two participants’ enterprises (participants A and D) claimed to be using CRM to its maximum potential and only one enterprise (participant A) could fully utilise its CRM capabilities to boost innovation capability.

Thirdly, there was a general unwillingness on the part of senior managers to develop and submit a business case for change regarding the adoption of CRM. This was thought, in part, to be due to the presence of a tall poppy syndrome that may be peculiar to Australian businesses. Allied with this factor was the overall costs associated with the introduction of an organisation-wide process such as CRM. In Australia, it would appear that a significant amount of training would need to be undertaken at all levels of the organisation before managers could begin to look for a return on investment in terms of a firm’s financial performance. As has been asserted this requires a complete integration of the organisation’s CRM capabilities.
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7. Appendix

**Appendix 1: Various CRM definitions and authors**

<table>
<thead>
<tr>
<th>Author</th>
<th>Definitions</th>
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<tbody>
<tr>
<td><strong>Capability</strong></td>
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<tr>
<td>Stone and Woodcock (2001, p. 1)</td>
<td>CRM is a term for methodologies, technologies, and e-commerce capabilities used by companies to manage customer relationships.</td>
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<td><strong>Philosophy</strong></td>
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<tr>
<td>Buttle (2001)</td>
<td>CRM is about the development and maintenance of long-term, mutually beneficial relationships with strategically significant customers.</td>
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<tr>
<td>Hasan (2003, p. 16)</td>
<td>CRM is not a discrete project – it is a business philosophy aimed at achieving customer centricity for the company.</td>
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<td><strong>Process</strong></td>
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<tr>
<td>Zablah, Bellenger, and Johnston (2004, p. 480)</td>
<td>CRM is an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships.</td>
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<td><strong>Strategy</strong></td>
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<tr>
<td>Hobby (1999)</td>
<td>CRM is a management approach that enables organizations to identify, attract, and increase retention of profitable customers by managing relationships with them.</td>
</tr>
<tr>
<td>Parvatiyar and Sheth (2001, p. 5)</td>
<td>CRM is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer.</td>
</tr>
<tr>
<td>Singh and Agrawal (2003)</td>
<td>CRM is an enterprise wide initiative that belongs in all areas of an organization.</td>
</tr>
<tr>
<td>Verhoef and Donkers (2001, p. 189)</td>
<td>CRM enables companies to invest in the customers that are (potentially) valuable for the company, but also minimize their investments in non-valuable customers.</td>
</tr>
<tr>
<td>Peppers, Rogers and Dorf (1999, p. 101)</td>
<td>CRM means being willing and able to change your behaviour toward an individual customer based on what the customer tells you and what else you know about that customer.</td>
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<tr>
<td><strong>Technology</strong></td>
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<tr>
<td>Couldwell (1999)</td>
<td>CRM involves using existing customer information to improve company profitability and customer service.</td>
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<tr>
<td>Ryals and Payne (2001, p. 3)</td>
<td>CRM is information-enabled relationship marketing.</td>
</tr>
<tr>
<td>Shoemaker (2001, p. 178)</td>
<td>CRM is the technology used to blend sales, marketing, and service information systems to build partnerships with customers.</td>
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*Source: Developed for this research based on Zablah et al. (2004)*
Appendix 2: Interviewing Guide

Interviewing Guide

INTERVIEWEE CODE: _______ Date: ___/___/____ Time _____: _______
Location: _______________________________ Transcript Number: ________

Thank you for accepting to be interviewed. For your information, the data collected by this interview will remain anonymous and confidential.

Have you read and signed the Consent Form?

**Let me introduce myself:** I am Baharak Mohabbattalab and I am doing my doctoral research at Southern Cross University, and thank you for your participation.

Let me explain a bit about research and purpose of interviewing you.

I am studying CRM technology capability and intended to test a framework which explains how CRM technology capability should integrated with marketing capabilities to improve firm performance. The primary purpose for this research is to understand the causal links, it does not attempt to prove or disprove a theory’s propositions. Thus, senior manager’s perspectives are very important in this research and that is the main reason I have contacted you.

In this research CRM technology capability represents deliberate and persistent investments in a combination of human resource, CRM technology and business resource. Further, research argues that CRM technology capability particularly when coupled with marketing capabilities such as market orientation, customer-linking capability and innovation capability improves firm performance.

**Data Collection:**

All information collected remain confidential and you will be given a codified identification.

Shall we start the interview questions?

1. Are you making decision in regards to CRM technology?
2. Would you please tell me a bit about your background with CRM?

3. What type of CRM-related management strategies have you adopted in your business?

4. Based on your experience, how has CRM changed in last 10 years?

5. In your experience, to what extent is CRM technology capable of providing your business with customer data?

6. To what extent does access to data on customer interactions enable your employees to deliver a better service?

7. In your experience, how does integrating customer information from different contact points (e.g., mail, web, fax, face to face) assist your business to improve relationship with your customers? Can you explain more about it?

8. How can adoption of CRM technology enable your business to make a strong relationship with key target customers?

9. To what extent should your top management support CRM technology investment?

10. How important is employee’s acceptance of change in your business? And how can your top management support employees?

11. How challenging is embedding CRM technologies within your company’s culture? And how can your top management overcome that challenge?

12. In your experience, how should your top management regularly measure the effectiveness and the success of its CRM technology (projects or campaigns)

13. In your experience, how crucial is having a formal strategic plan for CRM technology initiatives in your business?
14. In your experience, how important is it for an effective CRM technology plan to integrate into the company’s overall business plan?

15. How critical is monitoring and assessing the level of commitment in serving customers’ needs in your organisation?

16. How crucial is having a customer-focused strategy as part of your CRM investment?

17. How critical is a customer-oriented organisational culture in your business to the success of CRM implementation?

18. How critical is the involvement of your front-line employee to deliver value created by CRM? In what extend your top management provide training for front-line employee?

19. How important is the adoption of CRM technology in assisting your business to develop new markets?

20. In your experience, how effective do you see CRM technology for the intelligence gathering (customer and competitors perspectives)? Would you let this intelligence flow across different departments? (explain how do you practice intelligence gathering)

21. In your experience, to what extent does the adoption of CRM provide your business with a competitive edge?

22. In your experience, to what extent does the possession of relevant CRM technology competencies enable your business to understand what customer needs and requirements are?

23. In your experience, to what extent does the possession of relevant CRM technology competencies enable your business to maintain and enhance relationships with customers?
24. How critical is the adoption and successful implementation of CRM in today’s competitive environment to achieve innovative products?

25. How CRM can assist your business to achieve an innovative process?

26. In your experience, how can a successful CRM implementation contribute to CLV? How do you measure CLV?

27. In terms of your own perceptions, how realistic is achieving customer satisfaction through CRM investment? (How do you achieve customer satisfaction? How do you measure it)

28. In your experience, to what extent can your business encourage customer loyalty through CRM investment? (How do you measure loyalty in your business)

29. To what extent is customer retention achieved via CRM investment in your organisation?

30. To what extent can customer acquisition be achieved via CRM investment in your organisation?

31. To what extent can CRM investment contribute to cost reduction? (Long term or short term/ how you achieve cost reduction)

32. Do you think implementing CRM will contribute to return on investment in your business? Why?

33. In your experience, how effective do you find CRM investment in your business?

34. Where do you see CRM in next 10 years?
Appendix 3: Expedited Application Approval

SCU HUMAN RESEARCH ETHICS COMMITTEE (SCU HREC)

NOTIFICATION

Expedited Application Approval

To: Dr Tania von der Heidt and Me Bahararz Mehabatalab

From: Professor Bill Boyd
        Chair, Human Research Ethics Committee (HREC)

Project name: Effectiveness of CRM Investment in Australian Retail: An Investigation into senior management perspectives.

Approval Date: 17th August 2016

Approval Number: ECN-16-245

Expiry Date: 16th August 2019

Dear Tania and Bahararz,

Thank you for the expedited ethics application received 19th August 2016. This was considered by the Chair of the HREC, Professor Bill Boyd, and found to be of merit, low risk and meeting the Statement principles.

I am pleased to advise you that ethics approval has been granted for this research project. Please note the ethics approval number above.

Your responsibilities under this approval are as follows:

1. The Coordinating Principal Investigator will report to the SCH HREC annually in the specified format and notify HREC when the project is completed.
2. The Coordinating Principal Investigator will immediately notify the SCU HREC, on the appropriate form, of any change in protocol.
3. The Coordinating Principal Investigator will notify the SCU HREC if the project is discontinued at a participating site before the expected completion date, with reasons provided.
4. The Coordinating Principal Investigator will notify the SCU HREC of any plan to extend the duration of the project past the approval period listed above and will submit any associated required documentation.
5. The Coordinating Principal Investigator will immediately report anything that might warrant review of ethical approval of the project on the Adverse Events form.

Researchers conducting a study in a country other than Australia, need to be aware of any protocols for that country and ensure that they are followed ethically and with appropriate cultural sensitivity.

Should you have any queries about the SCU HREC’s consideration of your project please contact ethics lsomerc@scu.edu.au. The SCU HREC Terms of Reference, membership and standard forms are available from http://scu.edu.au/research/index.php?cat_id=1225&cat=1225

SCU HREC wishes you every success in your research.

Kind Regards,

[Signature]

Prof. Bill Boyd
Chair, Human Research Ethics Committee
Appendix

Appendix 4: Consent Form

CONSENT FORM

Title of research project: How effective are CRM investments of Australian enterprises? An investigation of senior management perspectives.

Name of researcher: Baharak Mohabbattalab

Name of Supervisor: Dr Tania Von Der Heidt and Dr Peter Wai-Hong Wong

NOTE: This consent form will remain with the Southern Cross University researcher for their records.

Tick the box that applies, sign and date and give to the researcher

I agree to take part in the Southern Cross University research project specified above.

Yes ☐ No ☐

I have been provided with information at my level of comprehension about the purpose, methods, demands, risks, inconveniences and possible outcomes of this research, including any likelihood and form of publication of results.

Yes ☐ No ☐

I agree to be interviewed by the researcher

Yes ☐ No ☐

I agree to allow the interview to be *audio-taped and/or *video-taped

Yes ☐ No ☐

*I agree to make myself available for further interview if required

Yes ☐ No ☐

I understand that my participation is voluntary

Yes ☐ No ☐

I understand that I can choose not to participate in part or all of this research at any time, without negative consequence to me

Yes ☐ No ☐
Appendix

I understand that any information that may identify me, will be de-identified at the
time of analysis of any data. Therefore, any information that I have provided cannot
be linked to me (Privacy Act 1988 Cth)

Yes ☐ No ☐

I understand that neither my name nor any identifying information will be disclosed
or published (**delete this statement if the study is completely anonymous)

Yes ☐ No ☐

I understand that all information gathered in this research is confidential. It will be
kept securely and confidentially for 7 years at the University

Yes ☐ No ☐

I am aware that I can contact the supervisor or researcher at any
time with any queries

Yes ☐ No ☐

I understand that the ethical aspects of this research have been approved by the SCU
Human Research Ethics Committee

Yes ☐ No ☐

If I have concerns about the ethical conduct of this research, I understand that I can
contact the SCU Ethics Complaints Officer

Yes ☐ No ☐

Participants name:

________________________________________________________________________

Participants signature:

.................................................................................................................................

Date: ______________________

☐ Please tick this box and provide your email address below if you wish to receive a summary of the results:

Email:

________________________________________________________________________
### Appendix 5: First cycle coding

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<td>1a.1 Customer data</td>
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### Appendix

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#### Research question 1C

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<td>1c.2.2 A learning process</td>
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<td>1c.2.3 Easy to use application</td>
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<td>1c.2.4 CRM capability for originating customers</td>
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<td>1c.2.5 Involvement of Individual who needs to drive the technology</td>
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<td>1c.2.6 The current technology that in place are appropriate and compatible for integration into the CRM platform</td>
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<td>1c.2.7 Appropriate people and processes</td>
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<td>1c.3 Measurement the effectiveness and the success of its CRM technology</td>
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<td>1c.3.1 Avoid large cost to the organisation</td>
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<td>1c.3.2 Economies of scale in terms of time saving</td>
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<td>1c.3.3 Improve the variety of products</td>
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<td>1c.3.6 Various methods of measurement</td>
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#### Research Question 2a

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<td>2a.1.1 Customer's perspective</td>
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<td>2a.1.2 Enable a single view of the customer</td>
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<td>2a.2.2 Prototyped product tested</td>
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<td>2a.2.4 Customer preference</td>
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<td>2a.2.5 Have an active dollar for customer</td>
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<td>2a.2.8 Know your competitors better than you know yourself</td>
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<td>2a.2.9 Many different department work together</td>
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<td>2a.2.10 Quality of data</td>
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### Research Question 2b

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<td>2b.1.10 Sending the right message to the right customers at the right time</td>
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<td>2b.1.12 Understand customer lifecycle</td>
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### 2b.2 Understanding customer needs and requirements

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### 2b.3 Maintain and enhance relationships with customers

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### Research Question 2c

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<td>2c.1.5 Use historical analysis to predict the future</td>
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### 2c.2 Process innovation

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<td>2c.2.3 Create dashboards of the information</td>
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<td>2c.2.4 Develops and deliver enhancements against the solutions</td>
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<td>2c.2.7 Gathering needs analysis</td>
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<td>2c.2.8 Innovation as core value proposition</td>
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<td>2c.2.9 leads to simplification of process</td>
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<td>2c.2.11 Parallel task training</td>
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### 2c.3 Market innovation

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<tr>
<td>2c.3.1 Build demographic profile</td>
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<td>2c.3.2 Integrate CRM with marketing platform</td>
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### Research Question 3

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<td>3.1.1 CLV measurement</td>
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<td>3.1.2 Time customer stay with business</td>
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<td>3.1.3 Customer satisfaction</td>
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<td>3.3.4 Loyalty is very fickle</td>
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<tr>
<td>3.3.5 Element of longevity and depth with customer</td>
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<tr>
<td>3.4.6 Loyalty with the customer only marginally impacted by CRM's</td>
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### Appendix

<table>
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<tr>
<th>3.2 Customer acquisition</th>
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<td>3.2.1 Originate the product for a single customer</td>
<td>3</td>
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<tr>
<td>3.2.2 Schedule, monitor, track and follow up with your key potential accounts</td>
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<tr>
<td>3.2.3 Understand insights</td>
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<table>
<thead>
<tr>
<th>3.3 Cost reduction</th>
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<tr>
<td>3.3.1 Automate business process up to 80%</td>
<td>11</td>
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<tr>
<td>3.3.2 System that can aggregate all of the customer information together</td>
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<td>3.3.3 The maturity scale of CRM adoption</td>
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<tr>
<td>3.3.4 To streamline your processes</td>
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<th>3.4 Return on investment</th>
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<tr>
<td>3.4.1 Acquisition rate</td>
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<tr>
<td>3.4.2 Hard to measure</td>
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<tr>
<td>3.4.3 Increase of sales</td>
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<tr>
<td>3.4.4 More aligned sales follow up process</td>
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<tr>
<td>3.4.5 ROI Turn around in 3 to 5 years</td>
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# Appendix 6: Second cycle coding

<table>
<thead>
<tr>
<th>Code</th>
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<tr>
<td>RQ 1a</td>
<td>18</td>
<td>“CRM is to provide more customer intelligence. It really can provide a business with more data on customer behaviour, improve segmenting, more personalized journeys for the customer, preferences, behaviours. That thing which a company may have previously been completely blind to.” (I).</td>
</tr>
<tr>
<td>1a.1 Customer Data</td>
<td>7</td>
<td>“A fully integrated CRM provides a single view of the customer and information as well. By having a single view of the customer, you don’t have to switch between CRM systems and find information or provide non-relevant information, save time and efforts.” (A).</td>
</tr>
<tr>
<td>1a.1.1 Personalised journey for the customer</td>
<td>10</td>
<td>“By having a single view of the customer, you don’t have to switch between CRM systems and find information or provide non-relevant information, save time and efforts” (A).</td>
</tr>
<tr>
<td>1a.1.2 A fully integrated CRM process</td>
<td>10</td>
<td>“CRM allow organizations to hybrid of conjunction and conversation and communicate with customer faster. That can be reflected from the average handling time organization have with the customers, so without CRM customers were just on the phone call for 10 seconds, now because of personalization they’re having a more meaningful and relevant conversation, and the average handling time has gone up” (B, E, and L).</td>
</tr>
<tr>
<td>1a.1.2.1 A single view of the customer</td>
<td>10</td>
<td>“If you look at how you collect data, where you store that data and how you use that data, that usage of that data basically remains, sits under two quadrants. One is analytics, the other one is campaigning. To merge them together, so effectively everything revolves around data” (B).</td>
</tr>
<tr>
<td>1a.1.2.2 Engage conversation and communication</td>
<td>3</td>
<td>“Aligning the processes, the quality of the data, and making sure the staff are trained is a challenge. It's a long-term ambition. Organization needs to focus on ensuring each of the functions standardize themselves first, and then they can integrate those for the 360 view of customer” (K and O).</td>
</tr>
<tr>
<td>1a.1.3 Relevant customer data</td>
<td>10</td>
<td>“If you look at how you collect data, where you store that data and how you use that data, that usage of that data basically remains, sits under two quadrants. One is analytics, the other one is campaigning. To merge them together, so effectively everything revolves around data” (B).</td>
</tr>
<tr>
<td>1a.1.4 Process how</td>
<td>6</td>
<td>“If you look at how you collect data, where you store that data and how you use that data, that usage of that data basically remains, sits under two quadrants. One is analytics, the other one is campaigning. To merge them together, so effectively everything revolves around data” (B).</td>
</tr>
<tr>
<td>1a.1.5 Where the information is used</td>
<td>6</td>
<td>“Because now instead of one person being an account manager just to a customer, many people can account manage the same customer, because they can all look back at the history and see what the customer’s been doing, either on the Web or on the phone. That makes it easier for a business to interact with a customer, because they know that the interaction history is available to anyone who touches that customer” (G).</td>
</tr>
<tr>
<td>1a.1.6 Quality of data</td>
<td>3</td>
<td>“If the employee has access to that customer’s interaction history, customer doesn’t have repeat themselves or explain themselves, what their request is or what the complaint is or what the issue is. It reduces the amount of duplication from the customer’s point of view” (G).</td>
</tr>
<tr>
<td>1a.2 Access to data on customer interactions</td>
<td>16</td>
<td>“If I’m talking to you now and let’s say you came to me, you had an offer and you had an offer like this, right? Based on the interaction that you had with”</td>
</tr>
<tr>
<td>1a.2.1 Normalize and equalize business resourcing</td>
<td>2</td>
<td>“Depends on the view in that the data can be seen in many ways, if you have frontline staff and they can be sort of a very intimidating view on relevant data. So it’s important and beholden to a business to invest in making sure that the correct use has been to the correct people” (O).</td>
</tr>
<tr>
<td>1a.2.2 Access to relevant information by the correct people</td>
<td>2</td>
<td>“‘I’m talking to you now and let’s say you came to me, you had an offer and you had an offer like this, right? Based on the interaction that you had with”</td>
</tr>
<tr>
<td>1a.2.3 Reduced the amount of duplication</td>
<td>3</td>
<td>“‘If the employee has access to that customer’s interaction history, customer doesn’t have repeat themselves or explain themselves, what their request is or what the complaint is or what the issue is. It reduces the amount of duplication from the customer’s point of view” (G).</td>
</tr>
<tr>
<td>1a.2.4 Personalized customer experience</td>
<td>8</td>
<td>“‘It allows organizations to understand the customer, and provide more personalized experience with the brand, in order to enrich the customer experience” (D).</td>
</tr>
<tr>
<td>1a.2.5 Empower employees to vary the content of service and goods</td>
<td>7</td>
<td>“‘I’m talking to you now and let’s say you came to me, you had an offer and you had an offer like this, right? Based on the interaction that you had with”</td>
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<tr>
<td>1a.2.6 Privacy policy</td>
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<td>“When the customer signing up to that loyalty program, they can consent and accept to the privacy policy of providing their data so any time an employee, myself or another one of my team members is working with that data, looking at that data, it’s always secure” (F).</td>
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<tr>
<td>1a.3 integrating customer information from different contact points</td>
<td>17</td>
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<tr>
<td>“Articulate that customer, and that customer’s profile back to the person who is supporting them so they can fulfill that customer’s needs and support them in their financial wellbeing” (A).</td>
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<tr>
<td>1a.3.1 Articulate customer information</td>
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<tr>
<td>“It is coming from different places so you might have an integrated Facebook profile, you might have integration with their LinkedIn to see what they are doing on LinkedIn and all of these different communications stream email, mobile, chats, even website live chats that they come into your websites giving them a section where they can chat” (P).</td>
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<td>1a.3.2 Omni-channel communications stream</td>
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<tr>
<td>“It is important to integrate the information but the information in order to be integrated, you need to have structured processes, you need to make sure the staff are trained properly to understand those processes, and you need to make sure the information is uniform meaning apples with apples. It's definitely a long term ambition. I think we need to focus on ensuring each of the functions standardize themselves first, and then we can integrate those for the 360” (K).</td>
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<tr>
<td>1a.3.3 360 view of customer</td>
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<tr>
<td>“When I'm talking the customer, rather than saying, hey, X, have you received the email and you read it? I would simply say, I see that you already read that email. Did you find the article interesting? The conversation goes to another level. Creating that engagement, we're trying to basically harness the engagement that was already being created for the next level of conversation” (B).</td>
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<td>1a.3.4 Harnessing the customer engagement</td>
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<td>“It should be bottom-up and top-bottom as well. CRM can’t target successfully if you don’t have a data sponsorship. From an IT perspective, you need the CIO. From a marketing perspective, you need the CMO. At the same time, they need to trickle down the objective of what CRM is trying to do” (B).</td>
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<td>RQ 1b</td>
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<td>1b.1 Top management support</td>
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<td>1b.1.1 Lack of support from top management support</td>
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<tr>
<td>“It should be bottom-up and top-bottom as well. CRM can’t target successfully if you don’t have a data sponsorship. From an IT perspective, you need the CIO. From a marketing perspective, you need the CMO. At the same time, they need to trickle down the objective of what CRM is trying to do” (B).</td>
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<td>1b.1.2 Bottom-up as well as top-down involvement</td>
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<tr>
<td>“Businesses need to also invest to ensure that the system remains stable for your users otherwise you will find that the system will become below par, there will be lots of incidents, lots of problems and it will no longer become service usable and then you will end up to invest to buy a new solution” (A).</td>
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<tr>
<td>1b.1.3 Create stable CRM platform for all users</td>
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<tr>
<td>“Senior management have to do that because they have to understand it and also be there with limited budgets to really advocate for why increased funding and continual funding needs to be spent on the asset. It can’t just be something that you create, drop on the shelf and walk away, it needs continual investment, continual training, continual understanding” (J).</td>
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<tr>
<td>1b.1.4 Support ongoing investment</td>
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<td>“If you are servicing customers the culture has to be around, not just around how the relationship is with the customers, but you also have to understand how the customer see the organization. That is the inside out view of how the organization see the customers and there's a outside view of how the customer see the organization. The executives and the top management really would understand both views ... How they see customers and how they think their customers see them. They need to drive that customer centric culture all the way from the top to the bottom” (E).</td>
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<td>1b.1.5 Develop and drive customer centric culture</td>
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| “CIOs and CTOs come in those senior positions without having any...

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| 1c.1.1 Use a current CRM solutions that is available at the particular point in time | 3 | “If you don't have a strategy, you're just using solution for it's point of time. You need to always be thinking three to five years ahead. We're thinking three and five years ahead on where we need to take the CRM going forward, and investing so as well. You need to be investing at the same sort of time period. It takes that long to develop such a solution, particularly when you've got the size and the scale of an organization such as us” (A).  
“It’s constantly storytelling. It’s constantly, your kind of just sort of sit and forget. You can have a full strategy plan and they’ll look at the PowerPoint and then go off and do their own thing. It’s an ongoing telling the story of what is possible, giving the examples of what’s working, giving the example of what’s being learnt so that people come on the journey with you. It’s not just a point in time” (L). |
|   |   |   |
| 1c.1.2 Constantly storytelling | 2 |   |
| 1c.2 CRM technology plan integrates into company overall business plan | 15 |   |
| 1c.2.1 Easy to use application | 3 | “If you can create a really conducive application then you can reduce the dependency on process because the application can guide the person using the system through the process and make sure they are getting the best outcome for that customer and the business” (A). |
| 1c.2.2 The current technology that in place are appropriate and compatible for integration into the CRM platform | 2 | “You find more and more a cloud based platforms are more scalable all the time and they are meant for integration so it really depends on your current application framework and how integration would be, how you would integrate those applications into your CRM system. That all comes down to engaging a CRM partner and understanding what the best approach is for integrating with your current systems and if there are better platforms or better suites of applications that would fit that business better over time or moving into the future” (P). |
| 1c.2.3 Appropriate people and processes | 8 | “When you've got the people and process, more or less with proving what is possible, then you go with the tech. We spend a lot of money in technology now but we didn’t get it from day one. We’ve had to build over time, so we had to prove what is possible, prove that we could get engagement with the frontline, prove that we could get engaged with the leadership team in the frontline, prove that we could turn the data into insights that was meaningful and do that in sort of what I call a pilot way. Once to prove it was possible then we earned the right to say, it’s a different technology to take it to scale and make it much more robust and make it more timely and make it more efficient” (L). |
| 1c.3 Measuring the effectiveness and the success of its CRM technology | 18 | Intangible methods of measurement as brand, your customer loyalty, your customer attention (E). Other participants focus on tangible methods of measurement such as A control based (D, L, and N), AB measurement (I, L, N, and O) Acquisition rates (N), Advocacy (L), Average basket size (H), Cadence testing (F), Channel testing (F), Control groups (I, L, and N), Copy testing (F), Creative testing (F), Dollar values (E), Main financial institution (A), Key performance indicators (K, M, Q, and P), Lead conversions (N), Measures of retention (L and P), Net Promoter Score (J, N, and Q), Number of sales (E, Q and P), Opens and clicks or likes, comments (H), Retention rates (N and P), Return on the investment (D and G), Sales conversions (N and O), Segmenting approach (G and O), Share of wallet (L), Survey (N and P), The conversion rate (A, E, F, G, H, I and N), The data quality (M and N), Total revenue (H, L, and P), Traffic to the site (H), Turnover (O). |
| 1c.3.1 Various methods of measurement | 15 |   |
| RQ 2a |   |   |
| 2a.1 customer-oriented organizational culture | 14 |   |
2a.1.1 Customer's perspective

“You need to have that customer view, you need to have the outside in view of the customer, you need to understand how does a customer actually see your organization. There's very little value in actually trying to understand the customer from the inside out, your organization might think, "we have a customer, looking at a customer record, or this customer here, this person has bought fifty thousand dollars of products of us in the last four years. Really good customer, always comes to us". That doesn't mean anything if the customer's perspective is completely different of the organization. They may be buying products because they don't have a choice, there's nothing else in the market, but as soon as something else comes in, they're going to just go to another brand or another shop” (E).

2a.1.2 The wellness or the well-being of customers

“If you look at the customer being the centre of everything you do, the CRM needs to be there to be able to enable a single view of the customer. Understand their needs, understand how can you fulfil their needs, and make life easy for them. We're all about the wellness or the well-being of our customers. The CRM can help predict that we are performing to the best of our ability to their wellness” (A).

2a.1.3 monitoring and assessing the level of commitment in serving customers' needs

2a.2 Intelligence gathering

2a.2.1 Identify potential opportunities

“If you're capturing the right data it definitely can identify new opportunities. Talking about maybe not so much here, even though your way would be an example so people might come in and start asking to do a degree that we don’t offer. If we are getting enough so CRM is capturing that information we can do the analysis and say okay, we need to offer a Bachelor of underwater basket weaving. Let's go out and do that because we've got a lot of customers of asking for it so I think 100% if you're capturing it right it definitely could do that” (I).

2a.2.2 Prototype products tested

“Because you can prototype products tested, you can do what is called “A-B testing,” as campaigns. You might be sending out 100,000 emails, 50 of them are for this particular product, 50 of them are for a new product. You test it then” (G).

2a.3 Inter-functional corporation

2a.3.1 Many different department work together

“Finance, HR, admin, IT, they all need to understand the products, the sales people, the customers, because at the end of the day the better knowledge and tools they have the better they will be able to add value. They need to work all together, ultimately they're all working in. I remember my old colleagues from finance, a lot of them had never been on a sales call. Same as HR, same as IT. That was one of my big hobby horses, I used to call, I used to insist that it's important for every single employee to get out and understand the customers and see what the sales people are doing and understand, go to the sales cycle meetings which happen every quarter. You all need to get out of your silos, you're all working for one common vision together. I don't see enough of that being done, no. And CRM, the core of it is the customer. I think that needs to be in every function and every department's core capability, it really does” (K).

RQ 2b

2b.1 key target customers

2b.1.2 Personalized experience

“It all comes down to this personalized experience. When a customer interacts with someone, a company or an organization, the better that the customer is understood and the more focused the experience they have, the more likely they're going to stay with that organization” (D).

2b.1.3 Customer motivation

“IT think it's coming back to when you use the data to inform you of the way your customers have opportunity. I wouldn’t say we did that very well but understanding who your customers are, what they do, where they shop, how they spend their time, and using that to inform your next development is powerful. We would do a lot of customer central design where you bring
Appendix

customers in that are in your target group to actually give you the feedback. I think that is the where the powerful combination of the customer data to identify who your target market is, but the data is only their behaviour, it’s doesn’t show their motivation, you’ve got to bring them in to understand their motivations” (L).

2b.2 Understand customer needs and requirements

2b.2.1 A seamless process

“We capture that in a way that is easy and non obtrusive for our customers. We can help them to optimize their money, get the best out of them, they'll stay with us longer and we can support them longer. The reason actually is quite a seamless process, so much that you may not even realize that you’ll be going through a process if you're speaking to one of our representatives. They would speak to you and see how you're doing, if you have any plans for the future” (A).

2b.3 maintain and enhance relationships with customers

2b.3.1 Information at hand and just on time services

“Having the tools to be able to provide that service is critical for the representative who's representing your organization to the customer. Having information to hand, having the ability to be able to perform the transaction the customer is requesting. All of that is just expected now. It's a given that that just happens. When companies don’t have that information or the ability to respond to the customers needs, those are the organizations that are losing their customers or in the existing 5-10 years” (A).

RQ 2c

2c.1 Products and services innovation

2c.1.1 Quality of Intelligence and analysis

“From a customer’s perspective it is about intelligence and analysis, for what information you gather from the customer. Quality if intelligence you gathered. Face to face, over the phone, through a channel or just purely through their use of your product will help design and come up with the ideas of new innovative products to ensure you're meeting their needs to the future as well” (A).

“Based on that historical analysis you can start predicting the future, as to how the trend is going to go. That will allow you to then provide some innovative processes product services and things like that, so that the example in return is, there is a little, they are so good that they actually analyze every single thing, they'll analyze the customer as to what their bank balance is, what ... Basically they monitor a few things, the recent frequency in monetary values, how recent, as a customer, how frequently do you visit them, and what sort of money you spend at them. That allows them to then aggregate that to a market segment level and then allows them to predict the future plans which allows them to build better products, better services, better processes” (J).

2c.2 Process innovation

2c.2.1 Facilitates process and consistency

“Whereas that information is there so I think that process about how to use it, and when to use it absolutely leads to simplification of process, efficiency of process and consistency. Which we know then drives a better customer experience” (J).

2c.2.2 Differentiator CRM system

“You could buy Clarify, which is an Amdocs CRM, you could buy Salesforce, and customize them. However, they will meet a generic need. I know the other banks, particularly one not too far away from here, they're looking to purchase an off-the-shelf CRM, and customize it to their needs. We started from the ground up and said, "Let's build what we need, and develop it." It's created the... It's a differentiator for us, because we've got our own IP built in that application that other people can't have. It is literally a game changer for us. It enables us to differentiate against our competitors” (A).

2c.3 Market innovation

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## 2c.3.1 Build demographic profiles

“If you know where your customers are living and you know little things about their demographics, for example you might have collected information on their level of income or how often they like to purchase certain products or their postcode or their address, you can start to build demographic profiles on where people live and that can actually help quite a lot with things like above the line marketing spent whether it’s radio advertising, TV advertising, other sorts of outdoor advertising like outdoor billboards, bus parks, bus shelter advertising all that sort of thing. If you can get an idea about where your customers live and where they travel, then you can be quite targeted with those kinds of communications into where you want to acquire customers and where you don’t want to acquire customers. You would avoid putting spend for those areas in those demographical suburbs” (F).

“CRM can provide a very segment able database and allows you to capture information about customers. If you integrate your CRM solution with a marketing solution you essentially provide a database that can be kept up-to-date by your sales team, by your service team, by different departments of the organization interacting with the customer using the CRM system. By them having up-to-date information from that database, marketing can pull segments and risks from the CRM and send targeted information to those customers. That is the advantage of having the CRM and the marketing platform integrated” (P).

## RQ 3

### 3.1 Customer retention

| 3.1.1 CLV measurement | 16 |


### 3.1.2 Time customer stay with business

“We're all in different circumstances though, somebody in the low socioeconomic environment won't necessarily generate a lot of revenue per se, because they may not have home loans, they may not have savings, they may not have a great deal of wealth, but still lifetime value. They make us their main financial institution, whatever products they do have they have them all with us, and they stay with us for a long time. That's when they can get loyalty bonuses by getting better offers for them. Whereas other customers, the other end of the spectrum, that may have lots of money, and stay with us a very short time, they're just customers that hop from place to place to place to get the best deal for them at that time. Which there's a place for them, but that's not long-term value for us as an organization” (A).

### 3.1.3 Customer satisfaction

“Loyalty is very fickle. Today I'm here, tomorrow I can go somewhere else. In this current situation, in market it is really really hard to maintain that loyalty data base or customer data base” (E).

“‘There is an element of longevity and there is an element of depth, so you want tenure and you want a share of wallet. It all comes back to if you truly are customer centric, if you truly communicate to customers in a way that the customer finds it centered around them and not about the business then you will not only get tenure you will get share of wallet. It’s only when you’ve got that kind of sentiment with a customer that you’ll get loyalty. We see customers who feel that and who will absolutely be less likely to turn, happy to pay a bit of a premium and absolutely happy to not only give you more business but tell all their friends and family about you” (L).

### 3.1.5 Element of longevity and depth with customer

“loyalty with the customer is only marginally impacted by the firm’s CRM’s policy. There’s a whole range of other things that go around that” (D).

### 3.1.6 Loyalty marginally impacted by CRM

“Being able to originate the product for a single customer to meet their needs. That’s the reason we’re in business. To acquire new customers and make sure that they’re buying our products. If your system can originate all those products, it's critical to your business in a sense in the long term” (A).
### 3.3.1 Automate business process

“CRM can reduce the cost by the 3 years because process optimization is the major benefit of CRM, from an automation perspective. Working out what this process looks like is the first year. The second year is making it faster and then the third year is taking processes out that don’t add value” (G).

### 3.3.2 The maturity scale of CRM adoption

“That's probably very much along the maturity scale of CRM adoption. Live a limited lifestyle, the initial cost of the RM, can sometimes be a barrier for people to spend money. They also need to invest, keenly invest. I wouldn't say have continue invested and drive the CRM to meet their business needs” (A).

### 3.4 Return on investment

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<th>3.4.1 Hard to measure</th>
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<td>“It's really, really hard, because it's not, you can't just put a CRM solution in and then say, &quot;okay tell me what the return on my investment is&quot;. As I said before, the return on the investment comes over a period of time. The CRM allows you to capture all this information, what you do with the information over a period of time is where the return on the investment is” (E).</td>
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<th>3.4.2 ROI Turn around in 3 to 5 years</th>
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<td>“Being a solution that can eventually turn into automation. Although you’d need a long NPV because the pay back period would need to be quite substantial to be able to make sure that you’re generating an ROI which is an investment of CRM. It's not a quick turn around. You won’t get to see it, certainly in my experience. You won't see an ROI that's going to turn around in 3 years of 5 years. It's needed in the long haul, make sure you're going to get your true value” (A).</td>
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