

**An Analysis of CRM and E-CRM Strategies in Small to
Medium Businesses in Ireland.**

By

Winnie Padian

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Academic Supervisor: Mr. Alan Kelly



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Abstract

The central research question for this current study is: The analysis of Customer Relationship Management (CRM) and Electronic Customer Relationship Management (E-CRM) strategies in small to medium businesses in Ireland. In order to answer this question, the following research questions were devised and the answers were deduced from the findings and results of the qualitative analysis conducted:

RQ1: Define the principles of CRM and E-CRM that are linked with the retention of customers.

RQ2: Find and discuss the online channels that are available to businesses so that they can better define their E-CRM. Find out exactly what practises are being used in order to evaluate and control customers. Examples of market leaders and their E-CRM strategies will be outlined and discussed here.

RQ3: Analyse the importance that is being placed on E-CRM from an Irish online business perspective. Make an assessment of their views and thoughts on E-CRM activities.

RQ4: Finding out how innovative, focused and productive they are in their processes when using online channels for E-CRM.

Plagiarism Declaration

This thesis is my own work. I have not plagiarised it from any source. I know that plagiarism is a serious form of academic dishonesty. I have referenced all ideas borrowed from others.

Signed: Winnie Padian

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Winnie Padian

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Chapter One - Introduction

1.0 Aims of the research

This master's dissertation was conducted in order to explore Customer Relationship Management (CRM) and Electronic-Customer Relationship Management (E-CRM) strategies in small to medium businesses in Ireland. The increasing usage of the internet enables companies to easily open up online businesses and to reach their customers. Consumers are flooded with an oversupply of the products and services in different industries. There is an ever increasing number of small to mediums sized businesses in Ireland. This means competition is high and it is more difficult to retain customers because they can easily switch to another competitor. The aim of the research is to investigate the CRM/E-CRM strategies of small to medium businesses in Ireland and how they are using these strategies to retain customers.

1.1 Problem Discussion

Because more and more businesses have an online presence competition is high and consumers can choose from a varied amount of different suppliers on the market. In order for businesses to know what customers like and want, they must develop a relationship with them. In order to do this they must have CRM and E-CRM strategies in place. Many companies spend a lot of time and resources trying to attract new customers when retaining current customers is just as important.

1.2 Structure of Dissertation

The forthcoming chapters discuss the elements of Customer Retention, CRM and E-CRM. The literature review informs the reader about the foundations of these terms. Following on from the theory the analysis and findings of the research are presented. The final chapter gives the author's recommendations and suggestions.

1.3 Methodology

In order to give the reader an insight into how the research for this dissertation was conducted and how data was collected, a methodological chapter is included. In the methodology chapter it becomes clear how the purpose and the aims of the study were fulfilled and the authors' approaches are outlined. The chapter will include a discussion of the chosen research approach, the research strategy, the method of data collection and ethical considerations.

Chapter Two – The Literature Review Part One

2.0 Introduction to Chapter

Peter Drucker (1973) once famously said that the sole purpose of a business was ‘to create a customer’. However since then, keeping a customer has become much more important according to Dawkins and Reichheld (1990). Customer retention has been shown to be a primary goal in firms that practice relationship marketing (Gronroos, 1991; Coviello *et al.*, 2002).

2.1 Customer Retention

In order to successfully implement CRM strategies the company must have a greater understanding of its customers, understanding the position of the customer in their relationship with an organisation is key to online marketing strategy (Chaffey, 2009). In doing so one must assess the position of customers within the customer lifecycle.

Fig. 2.1 The four classic marketing activities of CRM (Chaffey, 2009)

Customer extension

- Sense and respond
- Cross-selling and up-selling
- Optimise service quality
- Use the right channels

Customer retention

- Understand individual needs
- Relevant offers for continued usage of online services
- Maximise service quality
- Use the right channels



Customer selection

- Who do we target?
- What is their value?
- What is their lifecycle?
- Where do we reach them?

Customer acquisition

- Target the right segments
- Minimise acquisition cost
- Optimise service quality
- Use the right channels

Fig. 2.1 above shows the stages a company will pass through in the long term relationship through customer selection, acquisition, retention and extension.

- Customer Selection: Identifying key customer segments and targeting them for relationship building
- Customer Acquisition: Strategies and techniques to gain new customers
- Customer Retention: Techniques to maintain relationships with existing customers
- Customer Extension: Techniques to encourage customers to increase their involvement with an organisation

Defining Customer Retention

Gronroos, 2000 writes that the management of customer relationships in business is not new phenomena. According to Gronroos, 1991 and Coviello *et al.* 2002, customer retention is the primary goal in firms that practice relationship marketing but the meaning and measurement of customer retention can vary from industry to industry (Aspinall *et al.*, 2001).

The general review of articles focusing on customer retention is that a business can yield several economic benefits (Dawkins and Reichheld, 1990 and Buttle, 2004) and improving retention rates of customers increases the profitability of a company (McDougall, 2001). The customer profitability rate tends to increase over the life of a retained customer (Murphy and Murphy, 2002). Brady (2009) adds that it is imperative to keep hold of current customers, it is far easier, less costly, offers less stress and a money saving endeavour. Weinstein, 2002 writes that most companies spend the majority of their time, energy and resources chasing new business. It is very important to do so. Businesses should invest in the strategies that are suitable to their industry in order to evaluate their customers and improve customer retention rates (McDougal, 2001). The overall view of customer retention is that it enhances long term loyalty. It is clear from the articles already written that companies must develop their marketing strategies around the tools and techniques that are available online in order to retain customers. It is vital to have an online presence. The web serves as a global means of connecting individuals and

organisations (Pitta and Fowler, 2005), Andersen (2005), Varey (2002) and Szmigin *et al* (2005) noted that connecting with customers helps strengthen market relationships.

Owyang (2008) devised a list of the many forms of web strategies businesses can use. This is a list of online tools and tactics available to companies but will vary from industry to industry. These are a Corporate Domain, Search Marketing, Out Bound and Syndicated Web Marketing, Brand Extension, Community Marketing and Social Media Marketing, Virtual Worlds, experimental and related Mediums. Companies must use techniques in a strategic way in order to have a successful online presence. Very few studies have highlighted the techniques of online marketing possibly because they are constantly changing. There are a host of online marketing techniques and applications in which businesses can use in order to evaluate their customer activity. Digital technology, particularly the internet, has been described as an enabler of a global marketplace, characterised by “equal access to information about products, prices, and distribution” (Strauss *et al.*, 2006).

Some of the most valuable and efficient digital channels for marketers include email, digital advertising, mobile, search, online communities and social media. Infusing these interactive mediums with deep consumer insight helps marketers (Digital Marketer, 2010).

2.2 Customer Retention Techniques

Retention involves keeping the most valuable customers, understanding their loyalty factors that keep them buying and then developing strategies that encourage loyalty to cement the relationship (Chaffey, 2009). Members of pigsback.ie receive e-newsletters with accordance to their interests when they first signed up. Members receive weekly or monthly updates with the latest deals and offers and articles members may be interested in reading. Members read or sign up to offers and in return receive ‘pigsback points’ as an incentive and these can be cashed in to receive rewards. Another example company involved in such a loyalty scheme is the mobile phone company, O2. The success of these

businesses is due to their investment in E-CRM. These are good examples of permission marketing, where it is 'anticipated, relevant and personal' (Godin, 1999). Customers can agree to opt-in and be involved in their marketing activities in return for an incentive. As it is now a legal requirement, companies must now show the options of opting in and out on their online website. (This issue is discussed in a later chapter).

Beaulieu (2011) devised a summary of customer-retention strategies used by the online movie company Netflix.

Build trust from the first day. Netflix does not scare potential customers away by asking them for credit card information when they begin their trial membership. All Netflix wants is an email address.

Deliver a glitch-free experience. Within minutes, trial members are watching their first streamed video.

Personalise the customer experience. New Netflix members fill out a short questionnaire about their film preferences. Based on what they say, customers are greeted by personalised viewing recommendations every time they sign in. Positive interactive experiences often build strong customer advocates.

Generate customised follow-up communications. Netflix sends a gentle reminder email within a few days if the customer that signs up for a trial membership does not start using it.

Personalisation and Customisation

Businesses can customise and personalise products and communications to strengthen long-term relationships with customers. Personalisation refers to the customisation of information requested by a site customer at an individual level; mass customisation involves providing tailored content to a group or individuals with similar interests (Chaffey, 2009).

The best known example of personalisation is Amazon; their database can reveal that customers who bought book x also bought book y; they have hello or welcome back greetings and personal recommendations for their customers. Mass customisation is where a company offers so many different options that a customer feels the product has been designed especially for them. The best example of this is Dell where customers can 'build' and customise their own computer.

Personalisation and customisation have expanded to emphasise a much broader notion of CRM. Papatthanassiou (2004) investigated critical issues for the successful implementation of mass customisation, namely management approaches to developing mass customisation, employees' awareness and the potential of the internet as a means for closer interaction and collaboration with customers for the customisation of services.

CRM applications have largely been driven by technology and newer approaches to customization (Nguyen and Simkin, 2011). The communication directed towards potential buyers can now be customised at an individual level through emails, social media e.g. using Facebook pages, YouTube and Twitter and blogs (Greenberg, 2009; Quinton and Harridge-March, 2010).

According to Bharwada (2010) customer retention must be a top-down, companywide initiative. Truly committing to customer retention is hard work because it affects virtually every aspect of your organisation, but the payback in sustainable growth and profitability makes the effort worthwhile. The path to customer retention involves six key steps shown in Figure 2.2.

Fig. 2.2 The six steps to improve customer retention (Bharwada, 2010)**1. Ask**

Ask your customers what they want and what they like and dislike. Include customer surveys on your website, at the point of sale, and in package inserts. Remember that customers expect you to take action when they complain, especially if you initiated the dialogue. Use feedback from your surveys to make improvements to your product or service.

2. Evaluate

Evaluate your customer data to find out who your best customers are. When you know who your best customers are, you can tailor your marketing programs to keep those customers and encourage them to spend more with you.

3. Stimulate

Send direct mail and email reminders. Thank them for their business. Do everything you can to make the "honeymoon" phase of your relationship special.

4. Reward

Reward your customers with meaningful perks for doing business with you. Everyone has a loyalty program these days. Instead of always giving customers what they expect, give them the unexpected.

5. Aggregate

Sell other products and services. Doing so is much easier when you already have a relationship with the customer. Offer customers one-stop shopping, consolidated billing, free postage, and other benefits for giving you more of their business. Consumers are looking for service providers that can make their lives easier.

6. Take action

A great product and great customer service are the foundation for customer retention. Positive word-of-mouth is by far the best marketing tool. Be proactive. Follow through and take action. Use direct mail, email, newsletters, and other marketing tools to make your best customers feel special, they will tell their friends how great it is doing business with your company.

The role of customer retention in the overall organisational strategy is one of protecting and managing the primary source of resources. It is also one of defending and enhancing market position, and of optimizing resources and opportunity (Bharwada, 2010).

2.3 Benefits of using customer retention techniques

Using Customer Retention techniques helps to develop customer loyalty and satisfaction.

Customer Loyalty

Loyalty is the inner connection and its expression in behaviour from a person, group or community. Loyalty means to share the values of others and to represent or defend it if they are not fully shared. Loyalty is always voluntary (Babylon, 2010). Therefore the loyalty a customer displays towards a company can be described as customer loyalty. Holetzky (2010) describes customer loyalty as the behaviour of repeat customers, as well as those that offer good ratings, reviews, or testimonials about products and services. In reviewing the literature on customer it has become clear many authors use Harley-Davidson as one of the best examples that shows how to create customer loyalty. Harley-Davidson reinvented the motorcycle world and has more to do with fraternity than with machinery. When someone is buying a Harley, he or she joins a culture and a “Harley”-family. Moreover, Harley-Davidson is selling a lifestyle (Walletpop, 2010).

However loyalty in an online context is more fragile than in a face-to-face context (Hamid and Kassim, 2004).

Customer Satisfaction

A review of literature indicates that satisfaction is a major determinant of customer loyalty. Customers that are satisfied are more likely to be loyal (Armstrong and Kotler, 2007). Customer satisfaction is central to relationship success and constructs such as commitment, trust and relationship quality help the emergence of customer retention and long-term customer relationships (Osarenkhoe and Bennani, 2007).

2.4 Customer Relationship Management (CRM)

Due to rapidly changing business environments and more demanding consumers, companies have to search for new ways to achieve and retain a competitive advantage through customer intimacy and customer relationship management in order to develop customer retention and loyalty (Kracklauer *et al.*, 2004). Going back through the literature from the last decade there are many definitions of CRM to be found. CRM is the development and maintenance of mutually beneficial long term relationships with strategically significant customers (Buttle, 2004). It is an IT enhanced value process, which identifies, develops, integrates and focuses the various competencies of the firm to the 'voice' of the customer in order to deliver long term superior customer value, at a profit to well identified, existing and potential customers" (Plakoyiannaki *et al.*, 2001). Chaffey *et al.* (2009) defines CRM as 'marketing led approach to building and sustaining long term business with customers. Gamble *et al.* (2006) defines it as an enterprise-wide commitment to identify your named, individual customers to create a relationship between your company and these customers so long as the relationship is mutually beneficial. Customer relationship management itself is not a new concept it is now practical due to recent advances in enterprise software technology (Chen & Popovich, 2003).

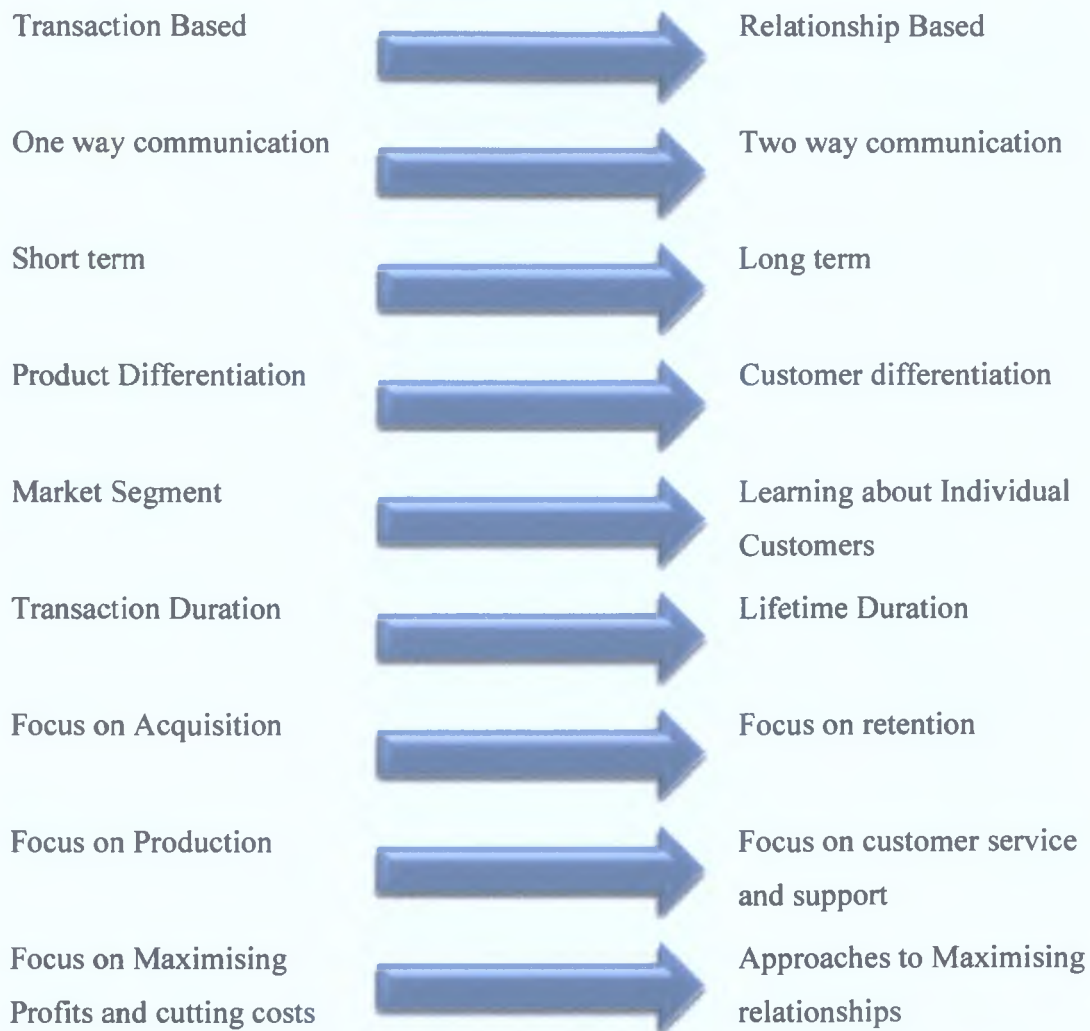
Evolution of CRM

It is necessary to go back and explore the history of marketing theory in order to explain CRM. It was around the turn of the twentieth century, buyers and sellers lost their intimate relationships. Prior to the Industrial Revolution, sellers knew their customers, many times by name and generally understood their needs. Mass production built a wall between buyers and sellers where the main concept was to find customers for standardised products. The history of marketing suggests that a shift has occurred over the past few decades. Egan (2004) describes the period of 1950-70 as the golden age of marketing. It was an era of mass marketing, with consumers highly trusting brands. In order to become market leader, many companies had to cut down on their operational costs resulting in the ability to sell products and services at a lower price. This often proved not to be sustainable as the strategies were easily imitated by competitors. Since

then, firms have gone from centring their attention on a transaction based selling platform to a more relational based approach (Gummesson, 1999; Gronroos, 1994; Morgan and Hunt, 1994; Peppers *et al*, 1999; Boulding *et al*, 2005; Frow and Payne, 2009; Bull and Adam, 2011).

Customers are more empowered today than ever before and the Internet is accelerating the trend toward greater customer empowerment. CRM applications attempt to focus on the customer specifically one customer at a time, to build a long-lasting mutually beneficial relationships. Customer relationship management is a comprehensive approach that promises to maximize relationships with all customers. Many authors have written about the transition from a more transaction based approach to relationship based. Figure 2.3 shows a summary of an overall view of the transition.

Fig. 2.3 The transition between transaction based and relationship based relationship marketing (own illustration).



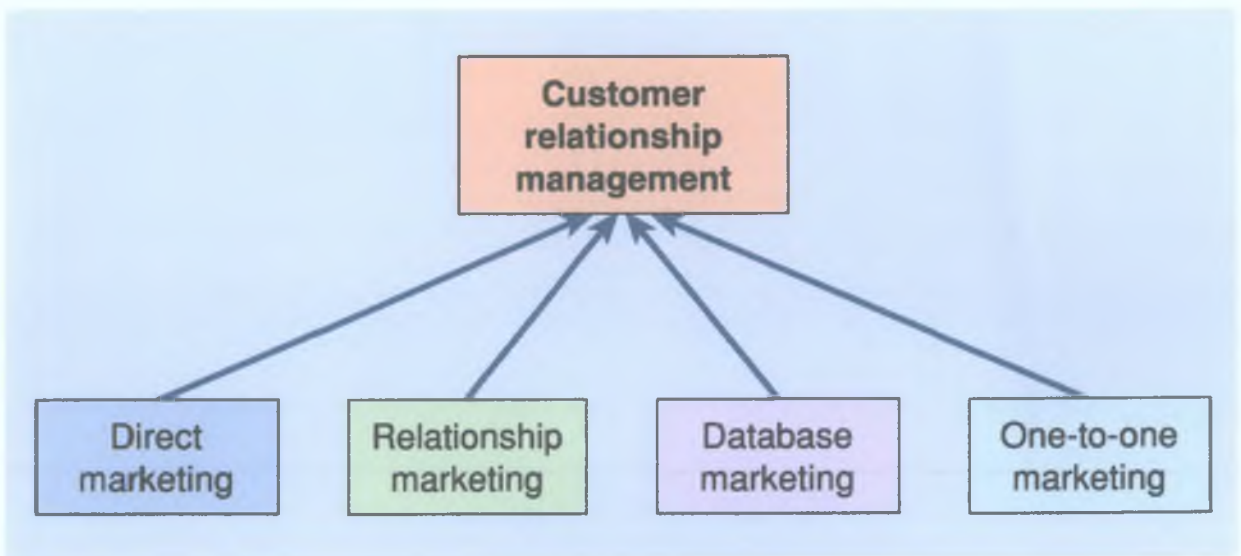
This transition in marketing is putting more emphasis on involving and engaging customers in long-term relationships so that the firm can learn about customers' individual needs (Payne *et al*, 2009; Peppers and Roger, 2010). Kumar (2006) detailed three distinct phases of CRM. It first started as a functional approach in the mid nineties where operations in sales and customer service became more efficient, then a customer facing phase where marketing became linked with the functional approach. Then by 2002

a strategic phase where the internet and technology became integrated with sales force and service support.

CRM Strategy

According to Chaffey (2009) it is the combination of Relationship Marketing, Direct Marketing and Database Marketing that have created a new marketing paradigm which is referred to as Customer Relationship Marketing. In Fig 2.4 Chaffey summarises the linkages between CRM and existing marketing approaches:

Fig. 2.4 The linkages between CRM and existing marketing approaches (Chaffey, 2009)



Relationship Marketing - emphasises CRM by enhancing customer service through the knowledge of individual customer needs.

Direct Marketing - tactics are used to deliver the message to the individual customer.

Database Marketing - allowing vast quantities of customer related data to be stored so it can be accessed to create strategic and tactical marketing opportunities.

One to One Marketing – Managing the relationship on a one to one basis where a unique dialogue occurs between the company and an individual customer, a customer centric approach. An example is personalisation e.g. Amazon provide personal recommendations to their customers. Dell developed the Dell Idea Storm of getting customer feedback on potential new products.

2.5 Benefits and Challenges of CRM

Benefits

- Acquiring and deploying knowledge about customers and using this information across all areas of business (Hair et al., 2003).
- Reduction in costs and increased revenues and profits across the business (Hair *et al.* 2003; Thomas and Sullivan, 2005; Jayachandran *et al.*, 2005; Hollensen, 2003; Frow and Payne, 2009; Dibb and Meadows, 2004).
- Service quality resulting in customer loyalty and customer satisfaction (Hair, Bush, Ortinau 2003; Strauss *et al.*, 2003; Thomas and Sullivan, 2005; Dibb and Meadows, 2004).
- Growth in Customer Acquisition and Retention i.e. creating and maintaining customer relationships (Strauss *et al.*, 2003; Morgan and Hunt, 1994; Jayachandran *et al.*, 2005; Hollensen, 2003; Frow and Payne, 2009).
- Develops buyer-seller interactive relationships (Greenberg, 2009; Peppers and Rogers, 2010; Nguyen, 2007).
- Gaining long-term competitive advantage by optimally delivering customer value.

Challenges

- CRM can be complex. Managers are becoming deeply concerned about declining customer loyalty as competitors lure away their customers with lower prices and purchasing incentives (Peppers and Rogers, 2004).
- Firms are facing changes in many areas, a global and intense competitive environment – ethically, socially and culturally (Gronroos, 1994).
- Technological advancements have boosted customer information and created a demand for more interaction between the firm and its customers through blogs and social networking websites (Gummesson, 2002; Wilson *et al*, 2002).
- Rapidly changing customer buying patterns and life styles; more sophisticated and demanding customers (Peppers and Rogers, 2010).
- An increasing demand for higher standards of quality (Ernst *et al*, 2011).
- Customer behaviour and needs change (Wright, 1986; Lewis, 2005).
- Customers can easily even opt out of the relationship (Boulding *et al*, 2005; Nguyen, 2011).
- Mistrust in certain marketing and CRM schemes (Heath and Heath, 2008; Nguyen and Simkin, 2011).
- Greater transparency for consumers as they can report their negative experiences (Boulding *et al*, 2005).
- Firms must consider and foresee the issues of trust, privacy implications and perceptions of fairness (Boulding *et al*, 2005). The issue of privacy, trust and fairness is outlined in the next section.
- Potential risk of losing customers to a competitor who is better at meeting customer needs (Parvatiyar and Sheth, 2001).

The Issues of Privacy

The issues of privacy, trust and fairness are a great challenge when forming relationships with consumers. Trust is central to relationships because the higher the level of trust, the higher the degree of relationship success (Morgan and Hunt, 1994; Osarenkhoe and Bennani, 2007). This area ties in with legal requirements and conditions that organisations need to implement in order to gain trust from their customers.

Data Protection

More and more businesses are not complying with data protection when sending e-newsletters (email marketing), or bulk SMS text messages either because they did not know they needed to or they have been incorrectly advised.

Basic Rules:

- You must have their consent to use their personal data for direct marketing purposes.
- They must be given the right to decline use of their personal data.
- An opt-out option must be included with every e-mail or message
- You must also advise them of who you are and where you obtained their data

Individuals and business customers and contacts:

- The product/service you are marketing must be similar to the service/product sold to them initially.
- Do not send to customers where there has not been a transaction within the previous 12 months. If the subscriber fails to unsubscribe using the cost free means provided to them by the direct marketer, they will be deemed to have remained opted-in to the receipt of such electronic mail for a twelve month period from the date of issue to them of the most recent marketing electronic mail (Dataprotection.ie, 2012).
- Business contacts must not be sent emails or texts if they have advised that they do not want them or have opted-out.

Non-customers:

- An individual must have opted-in to receive emails for marketing purposes, if permission has not been given do not send e-newsletters.
- Offences and Penalties
Failure to comply with the rules can attract heavy penalties. In the case of breach of the rules on electronic marketing, the onus is on you to prove that you had a subscriber's consent to send a marketing message (Hennessy, 2011).

Data Security

Data Controllers in the private and public sectors hold increasing amounts of personal data on individuals. Organisations often outsource data processing to third parties "data processors".

The quantity of personal data processed and held gives rise to new challenges for organisations. Data Controllers need to regularly audit their holdings of personal data and the procedures they have in place to protect this data.

Section 2(1)(d) of The Data Protection Act, 1988 places an obligation on the Data Controller or Data Processor to have appropriate measures in place to prevent "unauthorised access to, or alteration, disclosure or destruction of, the data and against their accidental loss or destruction."

The Data Protection (Amendment) Act, 2003, introduced a new section 2C into the 1988 Act. This section helps interpret the nature of security measures required to demonstrate compliance with 2(1)(d). When determining measures, a number of factors need be taken into account:

- The state of technological development;
- The cost of implementing measures;
- The harm that might result from unauthorised or unlawful processing;
- The nature of the data concerned;

A further development introduced by the 2003 Act is the obligation on data controllers and data processors to ensure that their staff are aware of security measures and comply with them.

Security measures that can be put in place by the organisation in order to protect customer data include the following:

Access Control

A data controller has a duty to limit access to personal data on a “need to know” basis. The more sensitive the data, the greater the duty to limit access to it. Requiring each user to use a unique password to access data is a basic control measure. Passwords should be changed regularly in order to minimise the danger of unauthorised individuals gaining access to data. A logging and reporting system is an important tool in assisting the network administrator in identifying abuses and developing appropriate responses.

Encryption

Encrypting (“scrambling”) data can add a further useful layer of security. It can be considered an essential measure where personal data is stored on a portable device.

Anti-Virus Software

Anti-Virus software is not only required to prevent infection from the internet (either e-mail or web-sourced). Viruses may come from other portable devices. It is essential that users update such software on a regular basis, but also keep vigilant for potential threats.

Firewalls

A firewall is essential where there is any external connectivity, either to other networks or to the internet. It is important that firewalls are properly configured, as they are a key weapon in combating unauthorised access attempts. The importance of firewalls has increased as organisations and individuals increasingly avail of “always-on” internet connections, exposing themselves to a greater possibility of attack.

Locking workstations

Manual locking of a workstation should be carried out by the user every time he/she leaves the computer unattended. It is pointless having an access control system in place if unattended computers may be accessed by any staff member.

Logs and Audit trails

Consequently, a system should be able to identify the user name that accessed a file, as well as the time of the access. A log of alterations made, along with author/editor, should also be created. Not only can this help in the effective administration of the security system, its existence should also act as a deterrent to those staff tempted to abuse the system.

The Human Factor

No matter what technical or physical controls are placed on a system, the most important security measure is to ensure that staff are aware of their responsibilities. Passwords should not be written down and left in convenient places; passwords should not be shared amongst colleagues; unexpected e-mail attachments should not be opened unless first screened by anti-virus software.

Wireless networks

Wireless networks should also have security in place.

Portable Devices

Laptops, personal organisers and other form of portable devices are especially vulnerable, as there is not only a higher risk of theft, but also a new risk of accidental loss. It would be a sensible precaution not only to have adequate security measures, but also to limit what data are placed on such machines in the first place.

Back-up systems

A backup system is an essential means of recovering from the loss or destruction of data. While some system should be in place, the frequency and nature of back up will depend,

amongst other factors, on the organisation concerned and the nature of data being processed.

Physical Security

Physical security includes issues like perimeter security (office locked and alarmed when not in use); computer location (so that the screen may not be viewed by members of the public); and secure disposal of records (effective "wiping" of data stored electronically; secure disposal of paper records).

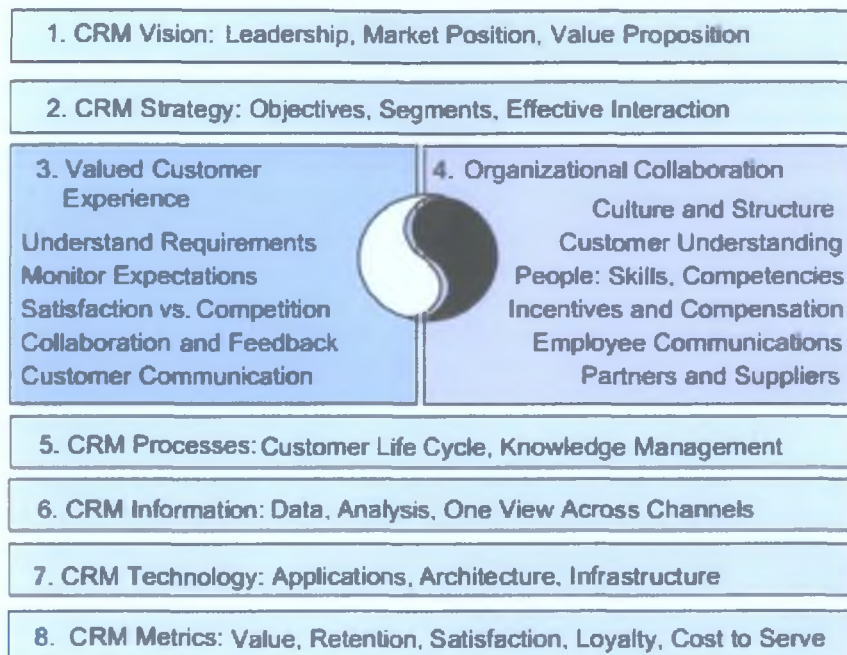
2.6 Effective CRM

Zablah *et al.* (2004) writes that CRM is viewed in alternative ways, as a process, a strategy, a philosophy, a capability or a technological tool. Bull (2003) states that the process of CRM is based on the effective management of customer relationships. Chen and Popovich (2003) state that CRM is an integrated approach of managing customer relationships through the combination of three important components:

- (1) People;
- (2) Process; and
- (3) Technology.

To achieve success with CRM, companies will need to take a holistic approach towards strategic, organisational and technological issues (Roberts, Raymond, & Hazard, 2005). To effectively and efficiently manage customer relationships, companies will have to implement customer centric practices, strategies and programs, tools and techniques so as to build a strong co-operative and partnering relationship with customers (Parvatiyar & Sheth, 2001). According to Gartner Research (2006) there are eight building blocks to effective CRM, shown in Figure 2.5 below:

Fig. 2.5 The eight building blocks to effective CRM (Source: Gartner Research, 2006)



The Eight Building Blocks of CRM — vision, strategy, valued customer experience, organisational collaboration, processes, information, technology and metrics.

1. Vision: Successful CRM demands a clear vision so that a strategy and implementation can be developed to achieve it. The CRM vision is how the customer-centric enterprise wants to look and feel to its customers and prospects. Without a CRM vision, the enterprise will not stand out from the competition, target customers will not know what to expect from it and employees will not know what to deliver in terms of external customer experience. A successful CRM vision is the cornerstone to motivating staff, generating customer loyalty and gaining a greater market share

2. Strategy: CRM strategy takes the direction and financial goals of the business strategy and sets out how the enterprise is going to build customer loyalty. The objectives of a CRM strategy are to target, acquire, develop and retain valuable customers to achieve corporate goals.

3. Valued Customer Experience: Customers' experiences when interacting with the enterprise play a key role in shaping their perception of the enterprise. Good customer experiences drive satisfaction, trust and long-term loyalty. Poor customer experiences have the opposite effect.

4. Organisational Collaboration: the whole enterprise must become more focused on the needs and wants of the customer. As a critical part of a CRM program, it will involve changing organisational structures, incentives and compensation, skills and even the enterprise culture.

5. Processes: CRM has led to a focus on reworking key processes that touch the customer and asking customers which processes matter to them. Successful re-engineering should create processes that not only meet customers' expectations, but also support the customer value proposition, provide competitive differentiation and contribute to the desired customer experience.

6. Information: Successful CRM requires a flow of customer information around the organisation. Having the right information at the right time is fundamental to successful CRM strategies, providing customer insight and allowing effective interaction across any channel. Unfortunately, most enterprises' CRM information capabilities are poor — the result of numerous and fragmented departments, initiatives, databases and systems. Enterprises that establish a business plan for sourcing, managing and leveraging their customer information assets are more likely to achieve their CRM goals and objectives and gain a competitive advantage.

7. Technology: CRM technologies are an essential enabler for any modern CRM business strategy. In many CRM projects, integration issues start as a relatively low priority, and then rise in prominence (cost and time) as enterprises realize that true CRM requires seamless customer-centric processes, supported by integrated technology across the enterprise and its supply chain.

8. Metrics: The other seven building blocks depend on performance targets and metrics to gauge their success, and enterprises must set measurable CRM objectives and monitor CRM indicators to successfully turn customers into assets. CRM metrics have an internal and an external focus and link operations to strategy and corporate financial benefits. Each enterprise will have a unique set of metrics applicable to their situation.

2.7 The Internet

The interactive nature of the web provides an ideal environment to develop customer relationships. The internet has been described as an enabler of a global marketplace, characterised by “equal access to information about products, prices, and distribution” (Strauss *et al.*, 2006). The growth of the internet has brought a new meaning to building customer relationships. It has greatly increased the opportunities for marketing and has transformed the way relationships between companies and their customers are managed (Ngai, 2005).

The Evolution of the Internet

Here is a brief history of the Internet with a few key events related to the growth and evolution of the Internet between 1969 and 2011 (Chapman, 2009).

- 1969: Arpanet - October 29, 1969, computers at Stanford and UCLA connected for the first time
- 1969: Unix - operating system whose design heavily influenced that of Linux and FreeBSD
- 1970: Arpanet network - established between Harvard, MIT, and BBN
- 1971: Email -

- 1973: The first trans-Atlantic connection and the popularity of emailing
- 1974: The beginning of TCP/IP
- 1977: The PC modem
- 1978: Spam is born
- 1979: Usenet
- 1983: Arpanet computers switch over to TCP/IP
- 1984: Domain Name System (DNS)
- 1985: Virtual communities
- 1987: The Internet grows
- 1988: First major malicious internet-based attack
- 1989: AOL is launched
- 1989: The proposal for the World Wide Web
- 1990: First commercial dial-up ISP
- 1990: World Wide Web protocols finished
- 1991: First web page created
- 1991: First content-based search protocol
- 1991: MP3 becomes a standard
- 1991: The first webcam
- 1993: Mosaic – first graphical web browser for the general public
- 1993: Governments join in on the fun
- 1994: Netscape Navigator
- 1995: Commercialization of the internet
- 1995: Geocities, the Vatican goes online, and JavaScript
- 1996: First web-based (webmail) service
- 1997: The term "weblog" is coined
- 1998: First new story to be broken online instead of traditional media
- 1998: Google!
- 1998: Internet-based file-sharing gets its roots
- 1999: SETI@home project
- 2000: The bubble bursts

- 2001: Wikipedia is launched
- 2003: VoIP goes mainstream
- 2003: MySpace becomes the most popular social network
- 2003: CAN-SPAM Act puts a lid on unsolicited emails
- 2004: Web 2.0
- 2004: Social Media and Digg
- 2004: "The" Facebook open to college students
- 2005: YouTube – streaming video for the masses
- 2006: Twitter gets twittering
- 2007: Major move to place TV shows online
- 2007: The iPhone and the Mobile Web
- 2008: "Internet Election"
- 2009: ICANN policy changes
- 2010: iPad & tablets
- 2011: Graphene Photonic chips - MIT made a light diode, which should finally enable small, silicon chips that can manipulate light, this will make fiber optic cheaper and faster and graphene will bring down the price and increase the speed.

2.8 CRM to E-CRM

As previously discussed there is no doubt that the internet is regarded as one of the most important developments and has revolutionised the capabilities of CRM. The web serves as a global means of connecting individuals and organisations (Pitta & Fowler, 2005). The web has created a very suitable stage for CRM to exist, with its interactive nature leading to continuous and high-quality customer communication. Its high speed, cost effectiveness, constant availability, efficiency in transferring information, and integrated and individualised natures are major drivers and strengths for CRM applications (Frawley, 2000). It is through the internet that CRM has developed in to an electronic form, Electronic Customer Relationship Management (E-CRM).

E-CRM helps businesses focus on their customers and take advantage of the knowledge about them in order to increase the organisations market share, sales and profit (Yasin, 2007). Kalakota and Robinson (2001) suggested that E-CRM involves three stages which are designed to manage the customer lifecycle and maximise customer lifetime value.

These are

- Acquiring new customers
- Enhancing the profitability of existing customers and
- Retaining profitable customers for life.

This is echoed later by Chaffey *et al.* (2009) in the customer lifecycle management model.

E-CRM Strategies

There are many different E-CRM strategies in which a business can put in to practice. The most famous example is that of Amazon.com where each customer gets personal recommendations when they log in. This is due to personalisation technology. Amazon can even recognise the user through cookie technology without the need to log in. Another example is Netflix where the user receives recommendations by email marketing. These are based on their own personal favourites when they first signed up. Advanced E-CRM technology involves the use of databases, data warehouse and data

mining. The use of technology can help organisations increase their number of customers (Ngai, 2005). These terms will be discussed later in this chapter.

There are many views in the readings regarding E-CRM. It cannot exist in isolation (Starkov, 2004); rather it must be part of strategy (Bohling *et al.*, 2006; Coltman, 2007). E-CRM requires a combination of human, technological and business capabilities in order to understand, anticipate, and manage the needs of an organisation's current and potential customers (Coltman, 2007; Tan *et al.*, 2002). It is the use of internet technologies that helps to facilitate the management of customer relationships (Chaston and Mangles, 2003). Those technologies being web tools such as email, customer databases, web marketing, web self service, automated response to email requests, remote data warehouse access, integrated marketing channels, emails, chat rooms forums, integration of databases and customer information (anything from demographics purchasing patterns, purchase history), customisation and personalisation. Aileen (2006) stated that technology enabled managers, employees and other users to maintain the view of customer as a whole. Karen (2003) emphasized another importance of E-CRM technology that it can be new innovation for the business processes in creating the customer acquisition and retention. E-CRM technology can strengthen its capabilities by increasing the customer's purchase decision, product quality, marketing, sales and customer services. From a technology perspective an E-CRM system is mass integration of customer information and its stitch information together (Aileen, 2006).

2.9 Benefits and Challenges of ECRM

Benefits

The key feature of E-CRM is the use of technology. Throughout the research it was found that E-CRM can benefit the business in many ways:

- A key benefit of E-CRM is the development of customer insight. Marketers collect and collate customer information from all points of customer contact (Payne and Frow, 2006). By using this information marketers can monitor customer patterns and manage customer relationships more effectively. E-CRM allows firms to predict future behaviour and personalise offerings towards more valuable customers (Starkov, 2004).
- Fjermestad and Romano (2003) adds that the important benefits of E-CRM are increased customer loyalty and more effective marketing by having detailed customer information
- Chaffey *et al.*, (2009) states that the benefits of E-CRM are much more enhanced over its 'offline' version and includes most cost effective targeting, lower communication costs, and mass customisation (this will be discussed in a later chapter). Using E-CRM to manage information helps lower costs, enables more efficient business practice and creates competitive advantage (Padmanabhan *et al.*, 2006).
- More information can be supplied to consumers through internet mediums such as web pages, blogs and social media sites. Companies can learn from customers, through feedback forms, surveys, forums and blogs, product evaluation and opinions on competitors.
- E-CRM increases the awareness of site services, transaction amount and frequency, determination of appropriate target markets, customer satisfaction, leads to complaint resolutions, retention rates and repeat orders, acquisitions and new leads, number of hits, impressions and visits and positions the company as a high-technology business (Strauss *et al.*, 2006).

Managing E-CRM

A critical success factor of E-CRM is the management of customer information (Jayachandran *et al.*, 2005; Payne and Frow, 2006; Tan *et al.*, 2002). Malcolm (2010) emphasises that E-CRM requires a strong people-related component. Chaffey (2009) describes the following E-CRM strategies that require management:

- Using websites for customer development from generating leads through to conversion to an online or offline sale and using email and web based information to encourage purchase.
- Email list quality must be managed effectively as email addresses and integration of customer profile information from other databases helps to enable targeting
- Data mining to improve targeting
- Providing online personalisation or mass customisation facilities to automatically recommend the next best product.
- Providing online customer service facilities (such as FAQ's, call back and chat support).
- Managing online service quality is important to ensure first time buyers have a great customer experience that encourages them to return.
- Managing a multichannel customer experience as they use different media as part of the buying process

Challenges

- Ab Hamid and Kassim (2004) assert that internet technologies, when used in the wrong situations, can destroy customer relationships
- There is a reduction in face-to-face contact with customers (Gummesson, 2002; McKean, 2002).
- The issue of trust and fairness has also arisen in the research (Bunduchi, 2005). Trust in security of information over the internet is also an area of concern (Tagliavini *et al.*, 2001; Cavusoglu *et al.*, 2002).
- Legal issues/data protection.
- Bull (2003) has mentioned that CRM is a complex and holistic concept which cannot succeed without effective leadership, sourcing, targeting, and evaluation

strategies. This is also the case for ECRM.

- Challenges include outside market forces such as deregulation where increased competition drives prices down and effects profitability. Consumers are better informed and the consumer has more choice making it easy for them to change to another company quickly (Katsioloudes *et al.*, 2007).
- Rapidly changing customer buying patterns and life styles; more sophisticated and demanding customers (Peppers and Rogers, 2010).

2.10 Technical Terms

Throughout the research numerous technical terms have being discovered that relate to E-CRM. Below is a summary of the most relevant terms mentioned throughout the study.

➤ **Corporate Site/Website**

Nearly every company has a web presence. This has been a standard since the late 90s. The primary purpose of this is to provide the public with information about your company and products. Large to small companies have established websites around their brand; the content is around marketing products, support, and corporate information (Owyang, 2008).

➤ **Email Marketing**

Modern email campaigns (sometimes even direct marketing) involve personal emails sent out to individuals from a mailing list. These modern versions may have links bringing users back to the corporate site (Owyang, 2008).

➤ **Search Engine Optimisation (SEO)**

Every day millions of people use search engines such as Google or Yahoo to find information on products and services. Search engines gather up thousands of links for each keyword searched for by the user. Without optimising a website's content, pages may go overlooked by search engines and also by customers. Search Engine Optimisation (SEO) is an essential ingredient to any successful website. It is the process of optimising web page content so that it is properly

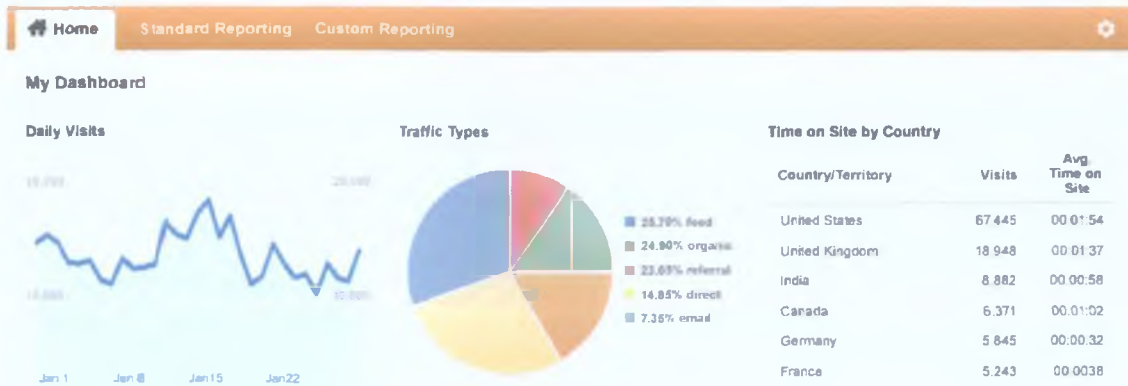
structured to be crawled and indexed by search engines such as Google. In order to keep a website competitive and rankings as high as possible, businesses must include Search Engine Optimisation (SEO) in their online marketing plans. Search Engine Optimisation (SEO) must be performed rigorously and consistently, so that positive results will be seen with regards to search engine ranking.

➤ **Customer /Web Analytics**

Many search engines offer analytical tools to help businesses improve their website's performance in search. The most common one used by marketers is Google Analytics. Using Google analytics allows you to perform many important tasks.

- It allows you to effectively measure sales and conversions
- It gives you fresh insights into how visitors use your site, how they arrived on your site, and how you can keep them coming back.
- It provides an easy to use reporting platform. You can decide what data you want to view and customise your reports. Content reports help you understand which parts of your website are performing well, which pages are most popular so you can create a better experience for your customers.
- It allows you to find out how many customers you're attracting, how much you're selling and how users are engaging with your site.
- It helps you make the most of your advertising by learning how well your social, mobile, search and display ads are working.
- It links your website activity to your marketing campaigns to get the complete picture and improves your advertising performance (source google.com).

Fig. 2.6 An example of the reports displayed in Google Analytics (Google.com)



➤ **Database**

A database is a storage facility, usually a program that stores information.

➤ **Data-mining**

Alex (2000) defines data mining as a tool that automates the detection of relevant patterns within a database. The term explains how much a tool like this would help a business prosper; it gives the business, time to focus on the long term customers of the company and address various other issues. It helps in building strategy close to how the patterns reflect. Data-mining technology can, for example, help your organisation find hidden clusters of customers with similar attributes and characteristics that have purchased products or responded to campaigns in the past (Vizard, 2009).

➤ **Data warehousing**

Data warehousing manages the company's data which is stored on a backend system and maintains the records regarding the data such as extracting, loading data in the repository and also managing the metadata. Data warehouses consists of business intelligent tools, tools to retrieve and manage data. These technologies

are evidently a mark of the high standards a business can establish in order to survive their competitors within the global market (Compton, 2004).

➤ **Knowledge management**

Knowledge management uses the data warehouse and works as an intelligence tool by trying to establish new links within the data. For example, if a person searches for an item and if it is not found on the database then a tool like this could help the business by recording the information. This improves the efficiency of business and customer satisfaction. The techniques of data warehousing, data-mining and knowledge management work in conjunction with one another.

➤ **Web 2.0**

Web 2.0 is a term describing changing trends in the use of World Wide Web technology and web design that aim to enhance creativity, information sharing, collaboration and functionality of the web. Web 2.0 concepts have led to the development and evolution of web-based communities and hosted services, such as social-networking sites, video sharing sites, wikis, and blogs. Web 2.0 websites allow users to do more than just retrieve information. They can build on the interactive facilities of "Web 1.0" to provide "Network as platform" computing, allowing users to run software-applications entirely through a browser (Owyang, 2008).

➤ **Web Self Service**

This enables consumers to perform service-related tasks like obtaining order tracking information, researching and resolving product problems, checking order status, and managing accounts and payments (Owyang 2008).

➤ **CRM Metrics/Semantics**

Methods that are used by marketers to assess the internet's value in delivering CRM performance e.g. keyword campaigns through Google analytics.

➤ **Cookies**

Cookies are files that web servers and websites store on a user's computer. These files contain some data specific to the website that created them. The most common use of cookies is to track usage of a website by a user.

The importance of Cookies

On visiting a website, the browser looks for any unexpired cookies that are present on the computer and sends them to the server. This is done by the browser and the user is unaware. If no cookies for that website exist, then no cookies are sent. Cookies can be set from the browser-side or from the server-side. Scripting languages such as JavaScript or VBScript can be used to set a cookie from the browser.

➤ **Cookies and Privacy**

Depending on what is stored in them, cookies can impact privacy. A lot of websites allow users to automatically login when you visit the site. This is usually done by storing authentication details in a cookie on the user's computer. When the user visits the website, these are sent to the site by the browser and the user is logged in. Many websites also give users the option of storing credit card information so that they do not have to type them in every time, by storing them in cookies. It may be possible for an unauthorised person to login to websites using the credentials or make unauthorised purchases using credit card information stored in cookies. Even setting the secure flag does not encrypt the cookie. All it means is that the cookie will be transmitted over an encrypted (HTTPS) connection. The cookie and its values are themselves stored on the user's computer in clear text. Any encryption of cookie values must be performed by the website creating the cookie.

➤ **First Party Cookies**

First party cookies are set by the website, you are visiting and they can only be read by that site.

➤ **Third Party Cookies**

Third party cookies are set by a different organisation to the owner of the website you are visiting. A website might use a third party advertising network to deliver targeted advertising on their website. These may also have the capability to track your browsing across different sites.

➤ **Session Cookies**

Session Cookies are stored only temporarily during a browsing session and are deleted from the user's device when the browser is closed.

➤ **Persistent Cookies**

This type of cookie is saved on your computer for a fixed period and is not deleted when the browser is closed.

➤ **Flash Cookies**

Flash Cookies work in a different way to web browser cookies and rather than having individual cookies for particular jobs, a website is restricted to storing all data in one cookie. You can control how much data can be stored in that cookie but you cannot choose what type of information is allowed to be stored.

New EU Cookie Law

Websites must obtain "informed consent" from visitors before saving cookies on a machine. The rules are designed to tackle privacy issues resulting from the growing use of cookies which track users' browsing habits. The guidelines are set by the EU and also mean visitors must be told what cookies are being placed on their machines.

2.11 Implementing E-CRM

Dean *et al.* (2008) mentioned that top management must involve the role of technology in order to enhance strategies for the organisation. If organisations use E-CRM as a tool for business to gain customer relationship, the managers needed to understand how technology works and also know the roles of technology toward E-CRM. So they could enhance the strategic of their organisation as well. Malcolm (2010) emphasised that E-CRM consists of technology, strategy of processes and people.

The key factors for the successful implementation of E-CRM involve people, strategy and technology. It involves the managing of the following areas:

Data warehouse/Customer Database

The data warehouse and customer database is important because it is a centre that stores customers' data. It is designed to support the analysis of customer relationship management, thus the design of an E-CRM database is directly impacted on the performance of organisation's analysis ability (Colleen *et al.*, 2004). A good data warehouse is able to encourage organisation to access information correctly and faster (Injazz and Karen, 2003). An effective data warehouse gives a higher level of analysis for the organisation in order to calculate and estimate customer needs (Injazz & Karen, 2003).

Knowledge management and Knowledge flow

Using knowledge management within the organisation together with technologies helps to encourage the decision about strategies, product offering and how to interact with the customers (Colleen *et al.*, 2004). It can enhance customer relationship and allows the organisation to gain competitive advantage as well as maximize overall value of customer portfolio (Injazz & Karen, 2003). The efficiency of strategy can also create better knowledge flow inside the company (Nikolaos & Michael, 2004). A good knowledge flow inside the company will encourage employees to know the customer's information as well as behaviour, thus it is able to enhance the relationship among them (Winer, 2001 cited in Hee & Carolyn, 2008).

Customer-centric strategy

Customer-centric strategy is an important factor that affects customer satisfaction. This is because the product development competition becomes stronger but the pricing differ more slightly (Ing-Long & Ching-Yi, 2008). The organisation needs to find a great opportunity of differentiation by delivering customer value which is able to increase loyalty and retention rates (Ing-Long & Ching-Yi, 2008). Businesses are able to respond to this by understanding the needs of customer. Thus, using customer-centric strategy, one of the important strategies of CRM, organisation decides to treat its customers as a partner in order to enhance the relationship with them (Caling *et al.*, 2003) customer-centric strategy allows organisation to customise marketing effort for each individual customer (Injazz & Karen, 2003).

Customer touch points

Customer touch point is one important factor that able to encourage customer's interest and customer involvement (Injazz & Karen, 2003). Online channels lead to the better data collection which is able to improve the analytics of customer behaviour (Aileen, 2006). This improvement is resulting in the better prediction of customer behaviour and better customisation of relationship strategies (Aileen, 2006).

E-CRM implementation

E-CRM should suit the organisation structure, resources, organisation culture and size (Dotan, 2008). Because there is no fixed approach to implementing successful E-CRM, each organisation should consider the situation itself in order to adopt the right technology suitable with the organisations requirements (Dotan, 2008; Hugh *et al.*, 2002; Qimei & Hong-Mei, 2004; Hande & Hulya, 2008).

Network infrastructure

Networking becomes an important factor because it has an impact on the communication process. Network technology improves the communication performance which leads to the improving of customer satisfaction through the use of E-CRM (Andy & Carolyn, 2008). Networking also makes the communication available as a real-time

communication, thus organisation can interact with its customer much easier. Real-time communication creates a faster solution for fixing customer's problem (Schoder and Madeja, 2004 cited in Jayanthi and Vishal, 2009).

IT Facilities

Technology enables organisations to track and analyze customer behaviour easier by retrieving information through customer database (Chen & Popvich, 2003). Therefore technology facilities are an important factor to support the performance of E-CRM. Good equipment such as high performance of computer or stable network can lead to the effective E-CRM outcome (Chen & Popvich, 2003).

Top manager support and involvement

The approaches and decision of the top manager of the firm is a key factor in the implementation of E-CRM. Karen (2003); Liu (2007); Dean *et al.* (2009); Hugh *et al.* (2002) similarly said that the top managers had rights to make any decision toward E-CRM. It is assumed in business that E-CRM planning or E-CRM strategy would be determined by the top manager of the organisation or company. The top managers need to set the strategic direction and alignment of vision and business goals (Herington & Peterson, 2000). SME (Small and Medium Enterprises) owner-managers are often too occupied with short-term issues to be dealt with before long-term plans can be given any thought (Bridge *et al.*, 2003). SMEs often lack both the management and technical expertise to successfully implement new technologies, coupled with the fact that resources such as time and finance tend to be in short supply (Deakins and Freel, 2003).

Employee capability and training

The internal resources of an organisation also play an important role in supporting and processing E-CRM (Dotan, 2008). This means that employees must involve themselves in the E-CRM operations of the business. It is important for all employees to understand E-CRM operations for customer satisfaction. They also should be involved in educating themselves in order to improve their skills and make their skills useful (Injazz & Karen, 2003).

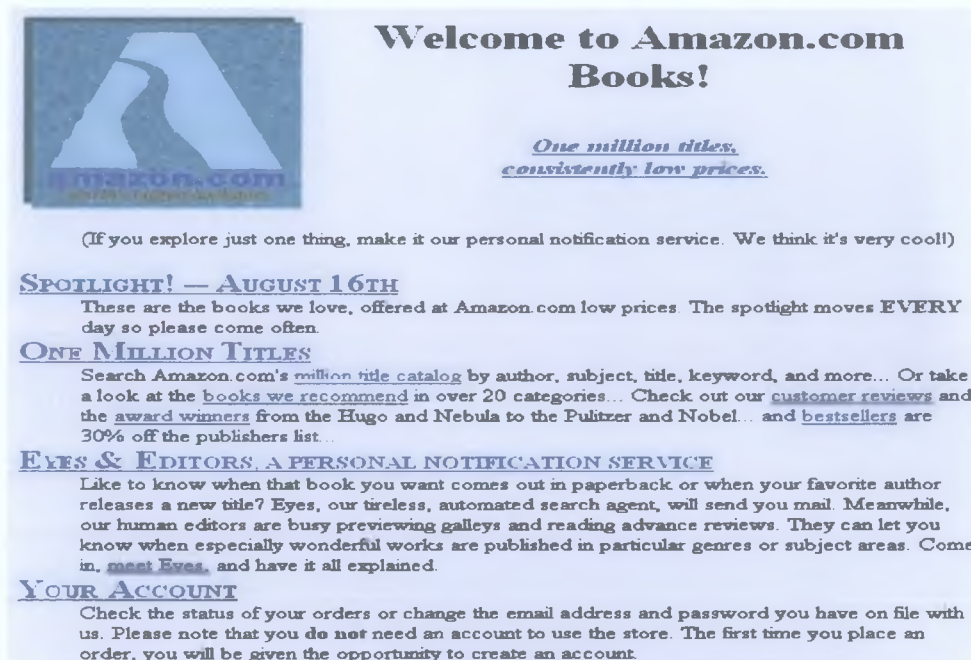
Customers Involvements

Karen (2003) referred to the importance of customers that it was the most important key factors of E-CRM. The most important goal of E-CRM is to create customer relationships, without customers' involvement or customers' support E-CRM cannot fulfil its goals.

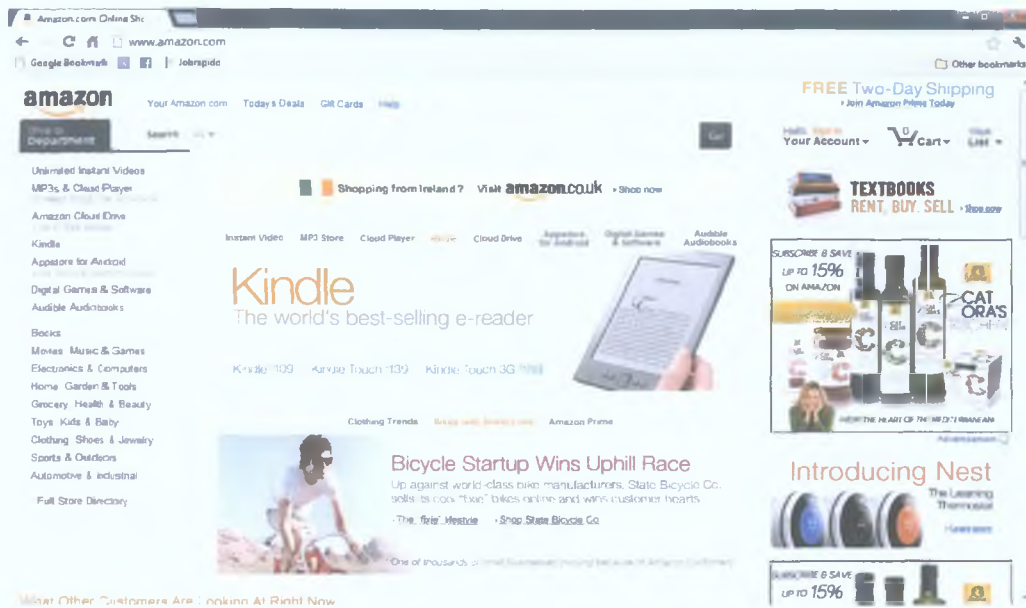
2.12 E-CRM Strategies at a top level company (Amazon)

The company Amazon.com has come a long way from its first launch in 1995. Below is an image of its homepage when they first launched.

Fig. 2.7 Homepage of Amazon.com 1995 (Amazon.com)



By 2008 Amazon was a global brand with 76 million active customer accounts and an order fulfilment to more than 200 countries (Chaffey 2012). Today their homepage looks like the following:

Fig. 2.8 Homepage of Amazon.com 1995 (Amazon.com)

Amazon are a leading proponent in the field of personalisation and customisation. It provides the user, through the use of cookie technology, a highly customised offering. By this we mean it greets the user by name and recommends books based on behaviour recorded by the site during their previous visits. Amazon works to earn repeat purchases by providing easy-to-use functionality, fast and reliable fulfilment, timely customer service, feature rich content, and a trusted transaction environment. Key features of their websites include

- editorial and customer reviews;
- manufacturer product information;
- Web pages tailored to individual preferences, such as recommendations and notifications;
- 1-Click technology;
- secure payment systems;
- image uploads;
- website and Internet search;
- Browsing

- The ability to view selected interior pages and citations, and search the entire contents of many of the books. Features included “Look Inside the Book” and “Search Inside the Book” features.
- Online customers can create feature-rich content, including product reviews, online recommendation lists, wish lists, buying guides, and wedding and baby registries.
- Free shipping offers are used to encourage increase in basket size since customers have to spend over a certain amount to receive free shipping.

This focus on customers has translated to excellence in service. Members are also encouraged to join a loyalty programme, Amazon Prime, a fee-based membership program in which members receive free or discounted express shipping. Amazon’s transaction-processing systems handle millions of items, a number of different status inquiries, multiple shipping addresses, gift-wrapping requests, and multiple shipment methods. These systems allow the customer to choose whether to receive single or several shipments based on availability and to track the progress of each order. These applications also manage the process of accepting, authorizing, and charging customer credit cards.’ Amazon relies on acquiring and then crunching a massive amount of data. Every purchase, every page viewed and every search is recorded. Online advertising techniques include paid search marketing, interactive ads on portals, e-mail campaigns and search engine optimisation (Chaffey, 2012).

Innovation

It can be seen from the example of Amazon that this large corporation is highly innovative in its E-CRM processes. Innovation is another challenge for firms when devising their E-CRM strategies. Innovation is regarded as an invention and commercialisation of new or existing products, processes and/or services. The larger the firm, the more likely it is to innovate. In an era of rapidly changing technology and highly unpredictable markets, businesses must enhance their innovation capabilities to satisfy market demands and customer preference in order to maintain a long-term competitive advantage (Panayides, 2006).

2.13 The Future of E-CRM

CRM evolved from the marketing based theory of transactional marketing. A new concept of CRM was defined and became known as E-CRM. The growth of the internet means that businesses must interact with customers through many different channels in order to build and nurture relationships with their customers. Another shift has moved across marketing and as it is easy to see how E-CRM will evolve for the end user. Consumers are now using more hand held devices than ever. There will certainly be an increase in personalisation when users go online and interact with organisations. Businesses will certainly have to adopt its E-CRM processes to cater for the growth of mobile communications. Organisations will have to follow the trend towards the 'single view of the customer where information is synchronised across all channels and touch points (Kumar and Reinartz, 2006). Continuing to use analytics will help businesses to build deeper relationships with its customers.

Chapter Two – The Literature Review Part Two

2.0 Introduction

There are more than 230,000 small and medium sized enterprises in Ireland. They employ over 655,000 people and contribute €10 billion to the Exchequer each year (NSAI, 2012). Small businesses are a key contributor to the economy and are crucial for growth and employment (NSAI, 2012).

2.1 Small to Medium businesses (SME's)

The European Union adopted a new definition for SMEs in 2005. SME's are defined as 'any entity engaged in an economic activity, irrespective of its legal form' (The European Union, 2005).

According to the European Union (2010), there are three types of SMEs:

1. Micro-enterprises have fewer than 10 employees
2. Small enterprises have between 10 and 49 employees
3. Medium-sized enterprises have between 50 and 249 employees

2.2 SMEs Contribution to the Irish Economy

SMEs make an enormous contribution to the Irish Economy. The Irish government has recognised them as among the key drivers of the nation's economy. In 2010, Ireland was home to 230,000 SMEs, contributed over €10 billion to the Exchequer annually and provided employment to over 900,000 individuals. There are approximately 20 SMEs per 1,000 inhabitants in Ireland (The Irish Times, 2010).

2.3 Challenges for SMEs

The current economic conditions that exist on a global level have already set challenges SMEs. SMEs are particularly vulnerable in times of crisis as a result of a number of reasons (McHugh, 2010). McHugh (2010) devised a list of challenges to SME's. These are as follows:

- Down-sizing is often not an option due to their already small size. SMEs tend to be less diversified in their economic activities, have a weaker financial structure, lower or no credit rating, and fewer financing options.
- Irish SMEs access to finance has become increasingly limited. Despite various government initiatives and lending programs, figures from the Central Bank show bank lending to small and medium size enterprises has continued to plummet.
- Irish SMEs now face a double crunch: with dropping demand for goods and services, their income has dropped while at the same time financial institutions are have tightened controls on credit availability. As a result, SMEs have been unable to access to the required capital necessary to cover day-to-day expenses.

2.3 SMEs and Internet Technology

In order to compete with the challenges above SMEs need to be utilising internet technology in order to maximize their sales. 40% of Irish SMEs do not have a website or an online presence and consequently are missing out on business opportunities (McHugh, 2010).

In late 2010, the IE Domain Registry reported that just two-thirds of Irish businesses had any kind of website, and that of those two-thirds, only one-fifth included e-commerce features such as online payments (Curtin, 2012). The omission of e-commerce features such as an online shopping cart is tantamount to turning the 'closed' sign in your shop window when you could be open 24/7, generating money while you sleep (Curtin, 2012).

2.4 E-CRM and SMEs

It is their close relationships with customers that often provide SMEs with their unique competitive advantage (Carson *et al.*, 1995; Zontanos and Anderson, 2004). E-CRM can help SMEs to compete on a more level playing field with their larger competitors (Daniel and McInerney, 2005; Harrigan *et al.*, 2008). Unlike large companies, SMEs do not have the resources to engage in formal market research; making the relationships they maintain with customers a key source of valuable information (Keh *et al.*, 2007). With regards to a company's online presence, good web design, relevant content and decent e-commerce capability will ensure small business owners capitalise on that position to convert searches into sales (Curtin, 2012).

E-CRM can be a central success driver by improving the marketing orientation and customer focus of companies (Schroder and Madeja, 2004). SMEs tend to leverage technology already present, such as e-mail and spreadsheet software (Harding *et al.*, 2004). In order to meet the needs of customers effectively and efficiently SMEs must maintain a level of communication with customers, but they must also be able to acquire and manage information on their customers. Such information is invaluable in marketing decision-making, specifically in recording customers' personal details, unique requirements, order histories, value to the firm, and projected future orders (Keh *et al.*, 2007). Another issue is the lack of strategy in SMEs (Carson *et al.*, 1995; Quader, 2007). Ramsey *et al.* (2004) have added that for SMEs to gain the full benefits of any e-business initiative, they must adopt a more strategic approach to adoption and implementation. Ritchie and Brindley (2005) agree, stating that a culture change is necessary for e-CRM. Meaning that employees' views on relationship management are modernised and SMEs need to treat the Internet as more than just a communication tool. In conclusion, it is recognised that the challenges of e-CRM in SMEs are significantly greater than in larger firms. SMEs have fewer financial resources, lower knowledge and expertise, and more limited management skills, and it is due to these challenges that E-CRM initiatives are difficult to fully implement.

Chapter Three - Methodology

3.0 Introduction – Rationale and Significance of the Research

The aim of this chapter is to describe and explain the methodology deployed in the study, the procedures and the instruments used for the research are detailed and the rationale for my choice of methods. This chapter illustrates the research methodology adopted by the researcher to conduct the study. The methodology that was most suitable was both online questionnaire and interview methods to conduct such a qualitative and exploratory study. The research objective is to explore CRM strategies in small to medium businesses in Ireland and the nature of the research questions for this study led to the chosen methodology. In this chapter the researcher explains the rationale behind every choice that was made regarding the research strategy, data collection and sampling. Saunders research onion is mentioned in order to help researchers chose their methods. Secondary data research sources are also listed. A summary of the advantages and disadvantages of online questionnaires and interviews are devised by the researcher. Finally it is empirical to mention the ethical considerations when collecting data.

3.1 Research Problem

Defining the research problem is a critical aspect of the research process. Since Customer Relationship Management is a contemporary and on-going phenomenon, it must be investigated within its real-life context. Firstly the focus of the study needed to be established. The area of online marketing is very broad and needed to be narrowed down in order to determine the objective of the study. It was chosen to focus on small to medium Irish firms and analyse their CRM/E-CRM strategies as opposed to researching large corporations.

3.2 Research objectives

Once the area of focus is chosen, it is important to identify the objectives before commencing the research. The objectives are outlined as follows:

- Define the principles of CRM and ECRM that are linked with the retention of customers.
- Find and discuss the online channels that are available to businesses so that they can better define their E-CRM. Find out exactly what practices are being used in order to evaluate and control customers. A study of market leaders and their E-CRM strategies will be outlined and discussed here.
- Identify the importance that is being placed on E-CRM from an Irish online business perspective. Make an assessment of their views and thoughts on E-CRM activities.
- Find out how innovative, focused and productive they are in their processes when using online channels for E-CRM.

3.3 Research Design

A fundamental part of the research activity is to develop an effective research design that is in line with the purpose of the study. Yin (2003), states that a research design is a plan that guides the investigator in the process of collecting, analysing and interpreting data. According to Saunders *et al* (2009), there are three types of research.

1. Exploratory research which is used to narrow down a broad focus.
2. Explanatory research focuses on relationships between variables.
3. Descriptive research is used to picture exploratory and explanatory research.

The purpose of the proposed research is to provide a better understanding of E-CRM activities in small to medium firms in Ireland. This is an exploratory study as we are trying to get a better understanding of an area that has not being extensively researched. The proposed research area is broad in nature and the reason for choosing exploratory research is to narrow down the broad focus.

3.4 Research Approach

When researching, a deductive or inductive approach can be used. An inductive approach allows the researcher to build a theory from collected data and a deductive approach is based on existing theory which is used for analysing collected data (Saunders, Lewis and Thornhill, 2009). The approach for this research can be both deductive and inductive. The area of research is constantly changing because of the advancements in technology. Qualitative and quantitative approaches are also available when researching. A qualitative approach is based on non numerical data where as quantitative is based on numerical data. The purpose of the research is to acquire new knowledge in the areas of CRM and ECRM so this is why the researcher decided to adopt a qualitative method. This method helps gain an understanding of CRM/ECRM strategies in the selected businesses.

3.5 Research Strategy

Again this is a very crucial element in the research process. The strategy that is chosen is determined by such factors as time, knowledge and resources available. All methods were evaluated by the researcher in order to choose the most suitable means.

Research Strategy – In depth telephone Interviews

Oppenheim (1992), states that an interview is essentially a one-way process. Indeed, if it should become a two-way process of communication it will lose much of its value because of bias. The telephone interview was chosen because it is probably one of the most efficient methods for collecting data quickly (Domegan & Fleming, 2007).

Throughout the interview process it important that bias is recognised and controlled. This can be difficult with a phone interview as it is not face to face.

Rationale

The reason for using an interview approach is that the interviewer can get first hand responses and seek further information. Interviewing is the best way to obtaining first hand qualitative data (Domegan & Fleming, 2007). The reason for using interviewing and not set up a focus group was to look for more unique insights on a one to one basis. It gave firsthand knowledge of the individual's attitude and perception towards the questions asked. Also using this technique allows unstructured and follow up questions in order to clarify points. A questionnaire would not be able to do this. The main strength of the interview is to uncover more complete answers. In a questionnaire yes or no answers cannot be probed. It was also much more convenient for some interviewees to be contacted by phone rather than to go through the emailed questionnaire. Another reason for choosing this method and not a face to face interview was due to travel costs and time constraints

Sampling

Sampling enables us to study some cases instead of all the cases, while still enabling us to draw conclusions about all the cases (Domegan & Fleming, 2007). The sample population was 150 businesses. Small to medium Irish businesses with an online presence were chosen when deciding on a suitable sample. In the sampling process the researcher must choose between conducting a probability (random) and non probability sample (Domegan & Fleming, 2007). Probability is where each unit of the sample has a known chance of being chosen. Non probability sampling is where the sample is unknown (Domegan & Fleming, 2007). In this case the researcher is using probability sampling. The population of 150 is known and a simple random sample (SRS) method was chosen by using the Google search engine and by searching local and national newspapers. The reason in choosing this method was that businesses in different industries would give a broader analysis. People involved in the online activities of the business were contacted.

These were mainly directors, marketing managers or IT professionals. These people were chosen because of their involvement in the online presence of the business.

Data Collection

Different methods are available when collecting data. Both primary and secondary resources are available for the collection of data. Primary resources include interviews, focus groups, questionnaires and observation. Secondary resources include reports, newspapers and journals. All methods of data collection were evaluated and the most suitable approach was chosen. This study utilized two sources of research: primary and secondary. Primary research data were obtained through telephone interviews and email questionnaires. On the other hand, the secondary research data were obtained from previous material already collected on the topic.

Rationale

An online questionnaire was decided upon by the researcher as it was the best fit method in order to obtain more real life views and opinions and to obtain more qualitative information. It gives the respondent more time to think about the answer where they may be more conscious in a face to face interview or focus group. It is also most suitable for the study in order to explore the respondents understanding of CRM and E-CRM strategy.

The questionnaire was designed to collect data in order to answer the objectives outlined. It was designed through Google Documents. Email questionnaires were sent to 150 companies. The email contained an introduction to the researcher, the aim of the research, why their company was chosen and how important their feedback was. The questionnaire itself contained a set of structured and unstructured questions. The questions involved open ended and closed ended questions. It involved yes/no answers and multiple choice answers, and then where the respondent had the opportunity to write their own views on the subject. The likert scale was also used in order to get their opinion. The data was collected and analysed and the finding can be found in chapter four. The questionnaire

was confidential and this was highlighted in the sending of it. The data collected was both quantitative and qualitative, but mostly the latter. The questionnaire can be seen in the appendices.

The researcher devised a summary of the advantages and disadvantages of Interviews and Online Questionnaires and can be seen in Figure 3.1 below:

Fig. 3.1 The advantages and disadvantages of telephone and online questionnaires**Telephone - Advantages**

- Useful to obtain detailed information about personal feelings, perceptions and opinions
- Allow more detailed questions to be asked
- Achieve a high response rate
- Respondents' own words are recorded
- Interviewees are not influenced by others in the group
- Some interviewees may be less self-conscious in a one-to-one situation.
- The interviewer can observe the non verbal behaviours of an interviewee.
- Most people would rather talk than write.
- If the participant, for example, does not understand a question nor needs further explanation on a particular issue, it is possible to converse with the participant.

Telephone - Disadvantages

- Time-consuming in setting up, interviewing, transcribing, analyzing, feedback and reporting.
- Can be costly.
- Different interviewers may understand and transcribe interviews in different ways.
- Respondents may feel uneasy answering personal questions, face-to-face with the interviewer.
- Potential to cue bias or distort interviewees' responses.
- Interviewer characteristics can influence Interviewee responses.
- Confidentiality
- Researchers need to take special care when constructing questions.

Online Questionnaire - Advantages

- Practical, low cost involved.
- Control of answer order.
- Large amounts of information can be collected in a short period of time.
- Can be carried out by the researcher or by any number of people.
- The results can usually be quickly and easily quantified.
- Can be analysed more 'scientifically' and objectively than other forms of research.
- Data be used to compare and contrast other research and may be used to measure change.
- Can be used to create new theories and / or test existing hypotheses.
- They can be used for sensitive topics which users may feel uncomfortable speaking to an interviewer about.

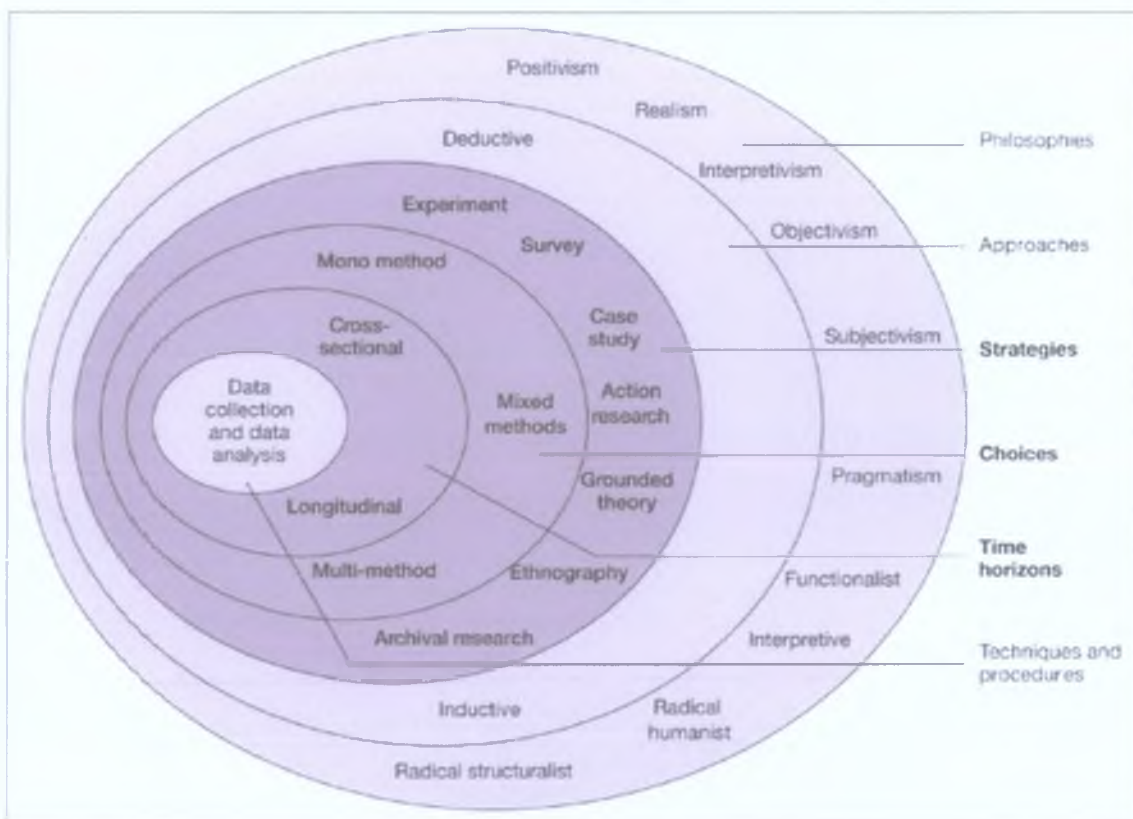
Online Questionnaire - Disadvantages

- May be perceived as junk mail/spam.
- Respondents lack of online expertise.
- Variations in technology, browsers used.
- Questions can be misunderstood.
- Can generate large amounts of data that can take a long time to process and analyse.
- Respondents may answer superficially especially if the questionnaire is too long.
- The respondent's real opinion may not be given.
- They may require follow up research to investigate issues in greater depth and identify ways to solve problems highlighted.
- Overall low response rate.
- Impersonal, privacy issues.

3.6 Summary of the Research process

In order to clarify the different approaches used in the research process, the researcher can relate to the research 'onion' produced by Saunders *et al.*, (2009). The research is classified into six stages, philosophies; approaches; strategies; choices; time horizons; techniques and procedures.

Fig. 3.2 The research process 'onion' Mark Saunders, Philip Lewis and Adrian Thornhill (2009).



1. The first layer is the question of the research philosophy.
2. The second layer considers the subject of the research approach. The research approach used in this study is both deductive and inductive because it is an area that is ever changing because of its link with technology.
3. The third layer examines the research strategy that is undertaken. In this research the

strategies used were online questionnaires and in depth telephone interviews.

4. The fourth layer refers to the time allocated to the research. A cross sectional design was adopted where data was collected comparing different organisations in different industries.

5. Finally, the fifth layer is about the data collection methods used. Both primary and secondary data collection methods were used.

Secondary Resources

The following Journals, Newspapers and Institutes that are most important for this research include:

- European Journal of Marketing
- Harvard Business Review Journals
- Information Technology & People
- Interactive Technology & Smart Education
- International Journal of Persuasive Computing & Communications
- International Marketing Review
- Internet Research
- Journal of Business Strategy
- Journal of Marketing Practice in Applied Marketing Science
- Journal of Research in Interactive Marketing
- Marketing Intelligence & Planning
- The Digital Marketing Institute
- The Irish Internet Association
- The Irish Times
- The Marketing Institute of Ireland

Databases – e.g. Academic Search Premier, Emerald, Britannica Online and other online and library databases can be accessed through the Sligo IT's website.

Other sources that shall be used in the review include books, peer-reviewed scholarly journals and professional publications; relevant models and frameworks will be used.

Access to research was available through Athlone IT, Athlone Town Library and IT Sligo. Web based sources included online publications, blogs, and social media.

3.7 Ethical Considerations

As this study required the participation of human respondents, specifically marketing and IT departmental employees, ethical issues were addressed. The consideration of these ethical issues was necessary for ensuring the privacy of the participants. Among the significant ethical issues that were considered in the research process include consent and confidentiality. When contacting the potential respondents the researcher relayed all important details of the study, including its aim and purpose. By explaining these important details, the respondents were able to understand the importance of their role in the completion of the research. The respondents were also advised that they could withdraw from the study even during the process. The participants were not forced to participate in the research. The confidentiality of the participants was also ensured by not disclosing their names or personal information in the research. Only relevant details that helped in answering the research questions were included.

3.8 Limitations to the study

Even though the research has shown some interesting results the researcher decided to include this section in order to explain the difficulties and obstacles faced during the study. Customer Relationship Management is a sensitive issue for some organisations and they felt that the information asked for in the online questionnaire was slightly invasive. The researcher tried to assure companies that this study was only for academic purposes and that the data required would be kept in the strictest of confidence. Some of the respondents were very cautious in giving answers and left blank areas on the questionnaire. On the other hand some other respondents were very helpful and happy to share whatever was needed within the scope of the research. Some other respondents replied officially, meaning they sent back an official email stating that they were not allowed to share any data or information with students anymore and that this was a new procedure undertaken by the management of the company.

The most significant limitation was when contacting the companies there was a problem with who was in charge of the company's website, in some cases it was the managing director and the information was passed on to them. In other cases it was marketing person, or an IT person or the work was outsourced to another company. So it proved difficult to get in contact with the right person. Furthermore, the data collected was limited to the time frame given to complete this research.

Chapter Four - Analysis and Findings

4.0 Introduction

Following on from the methodology, the analysis of the data collected is discussed. This chapter presents the analysis and findings of the research. The findings from the questionnaires will be compared to the research objectives outlined in chapter three. These findings attempt to explore the research question, an analysis of CRM/ECRM strategies in small to medium firms in Ireland. The first part of the analysis deals with the companies that responded to the online questionnaire. The set of questions asked can be seen in the appendices. The questionnaire was built through Google documents. This set up a link to the questionnaire where the live responses were sent and recorded in Microsoft Excel. A total of 150 online questionnaires were sent out to small to medium Irish businesses. A simple random sample (SRS) method was chosen by using the Google search engine and by searching local and national newspapers. 150 businesses were chosen and this was the cut off figure because it would time and resources to contact each company. Businesses from different industries were analysed in the research (from the areas of hotel, retail, health, books, sports, tourism and fashion). Different industries of small to medium businesses were chosen in order to get a better overview of their understanding of CRM and E-CRM and a broader analysis of their online activities. Figures are used to illustrate a better and more comprehensive presentation of results. There is a discussion of findings at the end of each section. The findings are essentially qualitative in nature.

4.1 Response Rate

The number of individual business responses received was 20, a response rate of 13.33%. The reason for the low response rate was not only due to the bad timing of emailing the questionnaire, as it was peak season for a lot of these businesses and they did not have the time to answer. Also the questionnaire might have being a bit long for some and they felt the questions did not apply to their business. Some businesses also found it to be a bit invasive. However the researcher felt that it was necessary to include all questions for the

objectives of the research. All of the respondents knew exactly who their customers were. This is key in being able to develop and implement E-CRM strategies in the company.

4.2 Understanding of ECRM

All the respondents firmly believe that E-CRM is important in everyday business. This is seen from the responses to Question 1 below:

Question 1

What is your understanding of the terms Customer Relationship Management (CRM) and Electronic Customer Relationship Management (E-CRM)?

Summary of Answers:

- Managing how you interact with your customer and understanding their feedback through electronic means.
- Using social media and email to communicate with and manage your customer relationships.
- Gathering of customer data, enhancing your customer database, profiling customers so that a more tailored service can be offered to them.
- E-CRM strives to make CRM more effective by managing relationships with customers whilst making use of Information Technology (IT).
- Offering special incentives to customers, providing information and selling to them through e-zines, website based deals.
- Managing customer touch points.
- Retaining existing clients, winning new clients and enticing former clients by using a variety of technologies and methods.
- Using available technology to organise and make more effective business processes, in particular in relation to sales activities. It can also be used effectively for marketing and customer service.

Discussion

Each respondent firmly stated their understanding of CRM. What is found from this is that the respondents believe that CRM is about developing relationships with customers. In this case we can agree with Buttle (2004) that CRM is the development and maintenance of mutually beneficial long term relationships with strategically significant customers. Also what is found from the results is that CRM is the management of people, processes and technology. This echoes Chen and Popovich (2003) statement that CRM is an integrated approach of managing customer relationships through the combination of three important components, people, processes and technology. When asked to define E-CRM, the responses involved the 'making use of Information Technology (IT)', 'using a variety of technologies' and 'using electronic means' in order to develop and manage customer relationships. This is in agreement with what Chaston and Mangles (2003) wrote that it is the use of internet technologies that helps to facilitate the management of customer relationships. The respondents agreed that it is also the use of technology that helps organisations increase their number of customers (Ngai, 2005).

Also with regards to customer data and information the respondents believe that E-CRM is the integration and management of customer information mentioned earlier by Aileen (2006). Overall the respondents have a good understanding of CRM/E-CRM. They agree that E-CRM requires a combination of human, technological and business capabilities in order to understand, anticipate, and manage the needs of an organisation's current and potential customers (Coltman, 2007).

Question 2

What E-CRM technologies are used by your company in order to achieve your business goals?

All of the respondents used different forms of E-CRM technologies. These are illustrated in Fig. 4.1 below.

Fig. 4.1 Forms of E-CRM technologies used by firms today (%)**Question 3**

How strong is the awareness of CRM/E-CRM activities in your company? Please rank on a scale 1 being unknown, 5 having a very strong awareness.

The average response to this was 3.7. This means that there is good to strong awareness of the activities of CRM and E-CRM in their company.

Question 4

Are E-CRM processes a priority for your line of business? Are you innovative in your strategies?

E-CRM is a priority for all respondents but it is also a learning curve as some respondents would like to keep up with current market trends and new developments. Those respondents that understand and have implemented E-CRM successfully would like to be more innovative in their processes.

With regards to being more innovative the respondents do have strategies in place. Their strategies involve looking at digital forms of marketing e.g. applications for mobile phone and tablets, integration of social media and Web 2.0. But the challenge for them is the lack of skills and resources available. SMEs have specific characteristics and often lack essential resources and capabilities to successfully innovate (Narula, 2004) and with this it is true in saying that the proportion of small firms that innovate tend to focus on less resource intensive tasks and are overall less likely to engage in more than one innovation mode (Forfas, 2011).

4.3 Customer Information/ Data

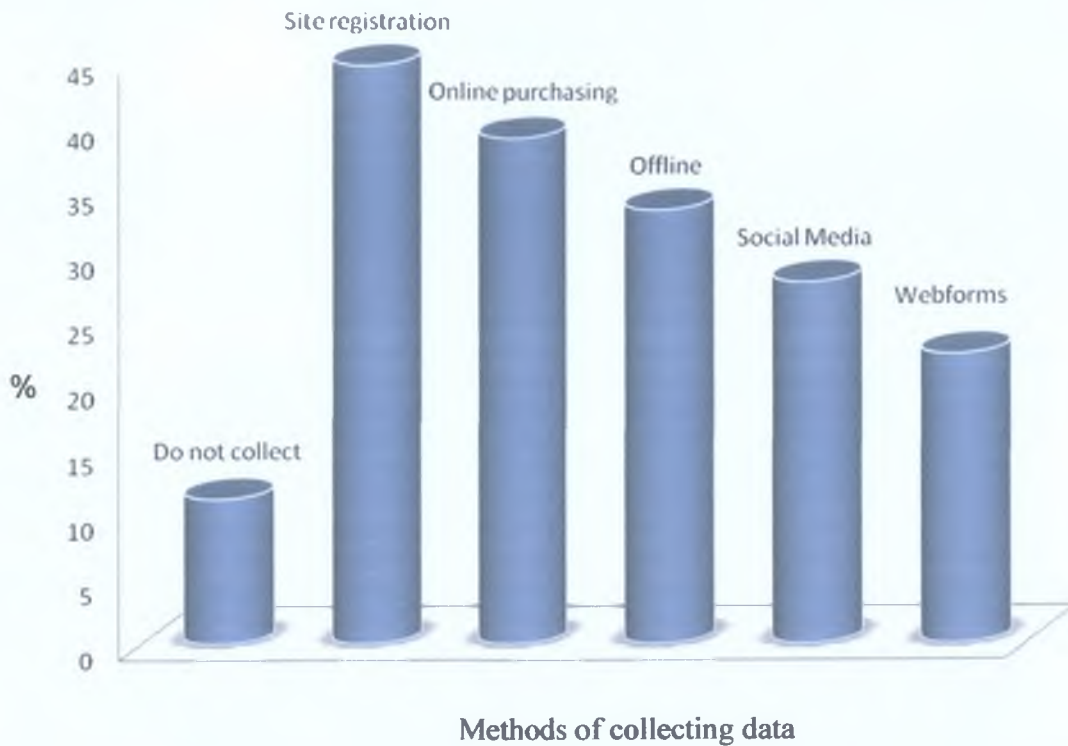
Question 5

What are your methods of collecting customer data/information?

It was interesting to find that all respondents had very different methods of collecting customer data. The most used forms of collection were when a customer subscribes to the website or when they purchased something. It was surprising to find that there were some respondents that did not collect or did not have a system in place for customer data.

Figure 4.2 below shows the results of what methods the respondents are using to collect customer data.

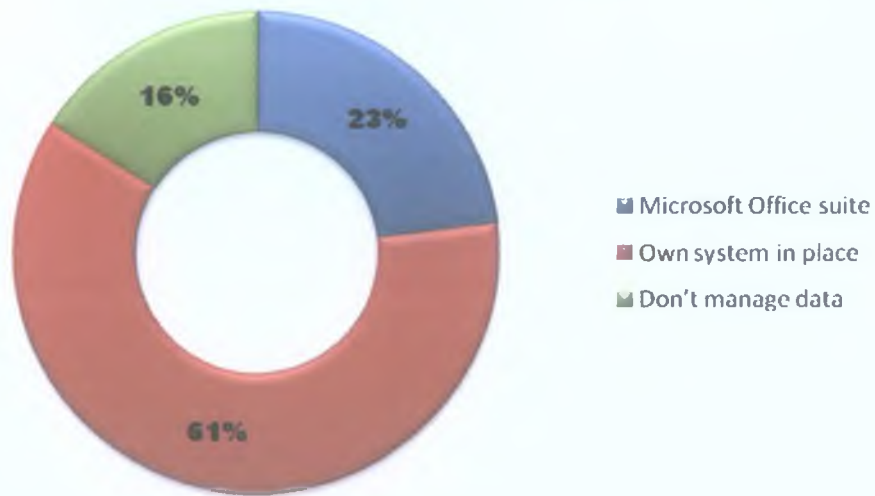
Fig. 4.2 Methods of how the respondents collect customer data



Question 6 & 7

How do you handle/manage customer data? What applications or software do you use to store information?

Figure 4.3 below shows how the companies researched handle/manage their customer data.

Fig. 4.3 How companies handle/manage customer data

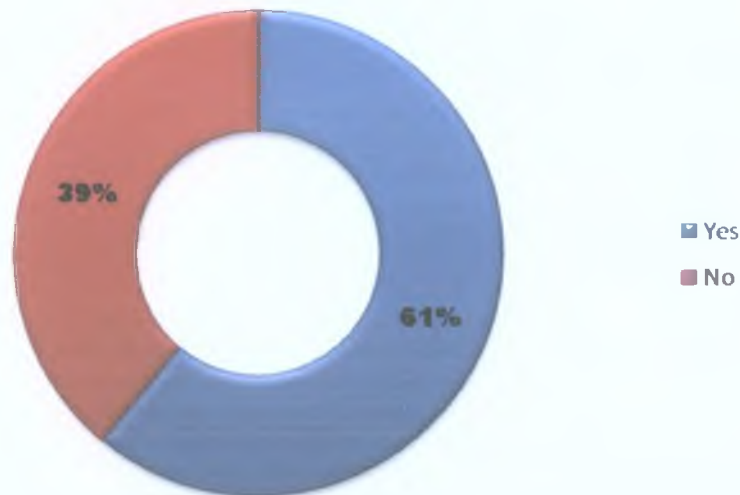
It is clear from the findings that the respondents still heavily depend on the use of the Microsoft Office suite when managing customer data.

Question 3

Do you maintain a strategy for collecting and using information about customers?

Figure 4.4 shows that there are still many businesses (39%) that do not have any strategy in place when it comes to collecting customer data.

Fig. 4.4 Percentage of companies that have/have not a strategy in place for collecting information



Question 9

How do you track/monitor consumer usage?

The top answer from respondents was Google Analytics with 55% stating that they use it to track and monitor customers. Other methods include own system reports and use of own statistical programs to track/monitor consumer usage.

Question 10

Give an example of a successful E-CRM strategy that your company has implemented?

50 % of the respondents could not give an example of a successful E-CRM strategy. This is because they had little or no proper strategy in place. Others had successful strategies through the use of social media where they held competitions, polls and surveys that got a great response. Also in using email marketing, sending newsletters and company e-zines to customers proved a success. Another successful E-CRM strategy was the use of

analytics where businesses could demonstrate what pages customers had accessed, what links they had clicked on and the source that linked the customer to the websites.

Discussion

In the eight building blocks to effective CRM by Gartner Research (2006) one of the key components is Strategy. The objectives of a CRM strategy are to target, acquire, develop and retain valuable customers to achieve corporate goals. This is also the case for E-CRM where strategies need to be planned, devised and built around the systems and databases within the company. Enterprises that established a strategy are more likely to achieve their E-CRM goals and objectives and gain a competitive advantage over the competition (Gartner Research, 2006).

4.4 Customer Retention

Question 11

Do you have customer accounts; are your customers mainly once off or repeat customers?

Discussion

The majority of respondents have 60 to 80% of repeat customers. This is in the hotel and leisure industries where loyalty and membership schemes were in place. One respondent had 90% repeat custom, their business being in the area of fashion. Those that did not have repeat customers did not keep customer records or maintain customer accounts.

Question 12

How do you reward your customers? How hard does your company work to retain customers?

The majority of respondents provided loyalty or discount schemes to customers, those who didn't had it on their agenda to implement in the near future. All of respondents rewarded their customers using different methods, these included:

- Vouchers for their next purchase

- Competitions via Social Media
- Reduced prices and competitive rates
- Special offers to exclusive customers
- Discount codes to be used online
- Loyalty cards
- Free e-zines with useful information

Question 13

What methods of retention are you using?

Methods used:

- Use of personalisation
- Keeping customer profiles
- Customer feedback and support
- Communication through newsletters
- Analysing competitors

Discussion

The respondents depend heavily on social media sites as a method of retention, using them for promoting their business. The most common practices are sharing events and competitions which allows the customer to 'like' and interact with them. The most popular social media sites used are Twitter and Facebook. As the researched businesses are small to medium sized firms the respondents work very hard in order to retain customers because they know that they can easily be squeezed out by larger competing companies. They work hard by offering good customer service giving feedback, good support and communication channels which lead to customer loyalty and satisfaction. They also believed that the continuous analysing and monitoring of competitors is important to keep in line with current trends in the marketplace. However, because with different industries were researched the understanding of customer retention can vary hence what Aspinall *et al.* (2001) stated that the meaning and measurement of customer retention can vary from industry to industry. It was found that some industries e.g. retail businesses can have a personal relationship with their customer. The researched

companies firmly believe that retaining customers is highly important, that it is imperative to keep hold of current customers, it is far easier, less costly, offers less stress and a money saving endeavour (Brady, 2009). The respondents understand that customer retention involves a top-down, companywide initiative. Truly committing to customer retention is hard work because it affects virtually every aspect of your organisation (Bharwada, 2010).

Question 14

Are you familiar with the terms customisation or personalisation? If so do you use these?

Each respondent was familiar with the terms and knew they were important. However 50% of the respondents don't use them. This is due to not having the budget, the software or the time and resources and not fully understanding the terms. Furthermore this is down to the approaches of management and skills of employees and also not knowing the full potential and benefits of the techniques. Papathanassiou (2004) looked at the critical issues for the implementation of personalisation and customisation, namely management approaches, employees' awareness and the potential of the internet as a means for closer interaction and collaboration with customers for the customisation of services.

Question 15

Who are your main competitors? Are you aware of the online strategies your competitors are using?

All of the respondents are aware of who their competitors are and would keep a close eye and monitor them on a regular basis. They are also familiar with the strategies in which their competitors engage in. This is important because nowadays consumers are better informed and there is more choice making it easy for them to change to another company quickly (Katsioloudes *et al*, 2007).

Question 16

Are you familiar with any of the following? Do you engage in or use any of the following to help with your E-CRM?

Data-mining, Data warehousing, Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0, Semantics, Cookies.

These terms were defined in chapter two under the section on ‘technical terms’. All of the respondents were familiar with the terms and use them to a certain extent. This is outlined in Figure 4.5 below.

Fig. 4.5 Techniques used by the respondents



Question 17**What are the pros and cons to using E-CRM activities in your business?**

The pros and cons of E-CRM found in Irish small to medium firms are as follows:

Pros:

- Knowing what customers like
- Keeping in contact with customers
- Using resources available to us and exploiting what we can
- Increased Customer Satisfaction
- Increased Revenue
- Increased control of the business
- Streamlining business processes
- Build more profitable customer relationships
- Decrease operating costs
- Increased productivity
- Develop a quality company culture
- E-CRM allows large potential audiences to be targeted with much reduced expenditure.
- Some mediums such as social media outlets and Google Analytics are free to use
- Easy to measure results
- Can more effectively measure return on investment as everything online can be tracked
- The hard work pays off in the end

Cons

- Hard to manage, can be expensive
- Not comprehensive
- Not everyone is online and extent to which emails and online are used is debatable.
- Rapidly changing landscape
- Risk in choosing wrong approach
- Dependency on outside vendor(s)
- Not enough in-house knowledge

- Can be time consuming and changes often
- Customers not wanting their data kept, or receiving emails they think are spam or inappropriate
- Requires staff trained in online activities
- Can take a considerable amount of time, effort, a lot of work involved
- Often false information given

Discussion

It is clear that the respondents agree that E-CRM can benefit their company in many ways. From the results, the key benefits of E-CRM include being able to know what your customers want, their needs and behaviour and that these can be effectively tracked by using E-CRM techniques. This is in line with what Reichheld & Scheffer (2000) stated that customer behaviour and consumer patterns can be easily tracked. Also by knowing their needs and wants it can lead to customer loyalty and satisfaction. E-CRM improves understanding of consumer behaviour and delivering personalised services as well as consumer loyalty (Ab Hamid and Kassim, 2004). This is also echoed by Starkov (2004) where E-CRM allows firms to predict future behaviour and personalise offerings towards more valuable customers. With the results of the findings one can also agree with Chaffey *et al.*, (2009) where the benefits of E-CRM include 'cost effective targeting and lower communication costs' and also 'the reduction in costs and increased revenues and profits across the business' (Hair *et al.* 2003, Thomas and Sullivan, 2005, Frow and Payne, 2009).

The respondents main criticisms of E-CRM were it being expensive, hard to manage, time consuming or by not having enough in house knowledge or training. Again these views were expected because the respondents are from small to medium sized firms. The area of trust, fairness and security was another issue. They believed that customers can be reluctant to give data because of the issues of mistrust in certain marketing and CRM schemes (Heath and Heath, 2008; Nguyen and Simkin, 2011). Another criticism is the ever changing consumer environment agreeing with Peppers and Rogers (2010) statement that there are rapidly changing customer buying patterns and life styles and more

sophisticated and demanding customers. Also with regards to the competition, consumers are better informed and there is more choice making it easy for them to change to another company quickly (Katsioloudes *et al.*, 2007).

4.5 Interviews conducted

Company	Interview Date	Method
Evergreen Health Foods	15/08/2012	Telephone
Menlo Park Hotel	17/08/2012	Telephone
Glamour Dogs	22/08/2012	Telephone
Hurling Mad	22/08/2012	Telephone

Before conducting the interview the email questionnaire was sent to each company and passed to the relevant person. Then a suitable time and date was set to conduct an interview via telephone. Before conducting the interview the researcher analysed the company website and background.

The first interview was carried out with the marketing manager of Evergreen Health foods.

Company Background of Evergreen Health Foods

Evergreen Health Foods has been providing health food products to customers since 1991. They have built up a reputation for having a wide selection of the top name brands in the health food industry. They also sell a wide range of specialised foods, some of which are exclusively available in Galway and the West of Ireland. There are five Evergreen Health food shops. The Evergreen website has been online since 2001. (Evergreen.ie, 2012).

The second interview was carried out with the sales and marketing manager of The Menlo Park Hotel Galway.

Company Background of The Menlo Park Hotel

The Menlo Park Hotel and Conference Centre is one of the finest 4 star hotels in Galway City, it's a very stylish and elegant property situated near the heart of Galway City. The emphasis at the Menlo Park is on offering the very best of modern facilities along with old fashioned hospitality. With 70 bedrooms beautifully appointed and attractively designed with rich colour schemes - plus the entire usual facilities one would expect in a modern hotel of this standard (Menlo Park Hotel, 2012).

The third interview was carried out with the website manager of Hurlingmad.com

Company Background of Hurling Mad

Hurlingmad.com sells a wide range of GAA t-shirts and hoodies. The company is based in Dublin and because they have no retail overheads, they can keep running costs low, profit margins to a minimum, and therefore can sell premium quality t-shirts to the consumer at the lowest possible prices. They buy their materials directly from factories using top quality brands such as Fruit of the Loom for their hoodies and Gildan (number 1 selling t-shirt in America) for their t-shirts. The idea came about in early 2011, and was up and running just in time for the start of the GAA summer season (Hurlingmad.com, 2012).

The fourth interview was conducted by a marketing person from Glamour Dogs.

Company Background of Glamour Dogs

Glamour Dogs is an Irish owned company and started their business in November 2011 as an online shop. Their love for animals inspired them to open the company. Seeing that there are so many pet brands throughout the world, they are bringing the most exclusive brands to Ireland. All of the brands that they stock are tested by their own dogs as they only strive to bring high quality products to the Irish market. In July 2012 they opened a dog boutique and grooming parlour. They stock a range of fashionable dog clothes, accessories and food. They provide grooming services and also make custom clothes.

Findings from interviews conducted.

EG = Evergreen Health Foods

MPH = The Menlo Park Hotel

GD = Glamour Dogs

HM = Hurling Mad

Understanding of CRM/ECRM

Question 1

What is your understanding of the terms Customer Relationship Management (CRM) and Electronic Customer Relationship Management (E-CRM)?

EG: CRM relates to the in store process and management of customer relationships, interactions and communications and also their implementation and results. E-CRM is the combination of facilitating customer relationship management through a range of different methods and processes including analytical software, customer service and web applications, reporting on such customer behaviours and using the information to better the company.

MPH: CRM is gathering customer data, filing it, using it for offering special incentives to guests, providing information and selling to them. E-CRM is company e-zines, website based deals, offers and sales.

GD: CRM is used as a framework in management of relations with customers, e.g. sales, marketing, support and E-CRM is the same only it has the IT element to manage all customer related aspects.

HM: This is how you keep in contact with your customers and how you keep in contact with your customers online. An example is the use of twitter/Facebook.

Question 2

Who works on your ecommerce site? Who is in charge of your online marketing activities?

All: A person within the company works on the online marketing activities of the business.

Question 3

What E-CRM technologies are used by your company in order to achieve your business goals?

All: Website, Email Marketing, Web based forms, FAQ section on website, Facebook or Twitter

Question 4

How strong do you think is the awareness of CRM/E-CRM activities within the company? How would you rank it on a scale of 0 to 5?

EG: 5

MPH: 5

GD: 5

HM: 4

All have good confidence in the strength of the awareness of CRM/E-CRM activities in their company.

Question 5

E-CRM processes are obviously a priority for your line of business? Are you innovative in your strategies?

All believe that E-CRM processes are a priority for their business. However they agree that they could improve in the area of being more innovative in their strategies.

Customer Information/Data

Question 6

Who are your customers?

All respondents know exactly who their customers are and their target markets. It is important to know this in order to develop their E-CRM strategies.

Question 7

What are your methods of collecting customer data/information?

They collect through web forms and site registration, social media sites. GD still heavily depends on the collection of customer data through their physical shop.

Question 8

How do you handle/manage customer data? What applications or software do you use to store information? Do you maintain a strategy for collecting and using information about customers?

Data is handled very well. Some have own system developed while others still depend on Microsoft Excel for the collection and management of data. However there is a disparity between companies when it comes to having a strategy in place for the collection and use of customer data.

Question 9

How do you track/monitor consumer usage?

All use Google analytics.

Customer Retention

Question 10

Do you have customer accounts; are your customers mainly once off or repeat customers?

Each company has once off and repeat customers. Customer accounts are created when they purchase online.

Question 11

How do you reward your customers? What methods of retention are you using?

All have the same methods of rewarding and retention i.e. Discount codes sent through newsletters, loyalty cards, special offers for exclusive customers, competitions on social media sites, referral rewards.

Question 12

Are you familiar with the terms customisation or personalisation? If so do you use these?

Each company is familiar with the terms and use them to some extent for example in personal newsletters. However they have no strategy in place to develop this area.

Question 13

How hard does your company work to retain customers, can you give an example?

EG: Running a consistent competitor analysis to ensure we are in line with others in terms of price as this is a key factor to retaining customers online. If there are any delays or issues with the order, we contact customers immediately and offer rebates, replacements or free samples as goodwill gestures in order to keep our customers happy.

MPH: Loyalty systems are in place, e-zines, we offer complimentary upgrades, feedback on all complaints or difficulties on the website, we have created good social media relations.

GD: Very hard. We treat each customer at individual basis, which makes the customer feel special.

HM: sending newsletters about our products and using social media sites where customers can interact.

Question 14

Who are your main competitors? Are you aware of the online strategies your competitors are using?

All of the companies knew who their competitors are and aware of what strategies they are using.

Question 15

Are you familiar with any of the following...

Data mining, Data warehousing, Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0, Semantics, Cookies

Each company are aware of them with Customer Analytics and Search Engine Optimisation being the most favourable.

Question 16

Do you engage in or use any of them to help with your E-CRM?

EG: Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0

MPH: SEO

GD: Data-mining, Data warehousing, Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0, Semantics, Cookies

HM: SEO

Question 17

Can you please rank on a scale of 1-5 as to how well known you think E-CRM processes are in small to medium Irish firms today?

EG: 3

MPH: 3

GD: 4

HM: 2

Some difference in answers here probably depending on the line of business each company is in.

Question 18

How do E-CRM activities benefit your company?

EG: We can reach a broader range of customers. We can gather large amounts of data that can be used for marketing and promotional activities. We can further increase brand awareness. More targeted marketing.

MPH: Retention, awareness, loyalty, brand development, helps build positive relationships, service development.

GD: Brings in more customers, awareness about the company. Creates trust with customers, which aids us to create customer loyalty (especially with remotely located customers).

HM: Helps keep contact with customers.

Question 19

What are the pros and cons to using E-CRM activities in your business?

EG: Pros: Can reach a wider range of customers. Some mediums such as social media outlets and Google Analytics are free to use. Easy to measure results.

EG: Cons: Requires staff trained in online activities. Time consuming. Some software and advertising can be expensive

MPH: Pros: Using resources available to us and exploiting what we can

MPH: Cons: Not very comprehensive. Not everyone is online and the extent to which emails and online are used is debatable.

GD: Pros: Knowing what customers like

GD: Cons: Hard to manage

HM: Pros: Good method of developing relationships with customers

Question 20

Give an example of a successful E-CRM strategy that your company has implemented?

EG: Tracking who are top customers and what they are ordering has being very informative. We found the open rate of our e-mails has been over 80% and the conversion and click through rate have been fantastic.

MPH: Our regular e-zines have proved successful and Facebook competitions.

GD: Use of social media sites and likes on our Facebook page.

HM: Email newsletters and social media.

4.6 Conclusion

This chapter provided a comprehensive analysis of the research data. The findings from the questionnaires were analysed and discussed. These findings result from what is being asked in the research question, an analysis of CRM/ECRM strategies in small to medium firms in Ireland. The first part of the analysis looked at the companies that responded to the online questionnaire. The set of questions asked can be seen in the appendices. As previously mentioned 150 businesses were chosen and this was the cut off figure because it would take time and resources to contact each individual company. Businesses from different industries were analysed in the research (from the areas of hotel, retail, health, books, sports, tourism and fashion). The findings are shown in a number of figures in order to illustrate a better and more comprehensive presentation of results. The researcher has added a discussion of findings at the end of each section. These findings are essentially qualitative in nature.

Chapter Five - Conclusions and Recommendations

This chapter presents the conclusions based on the findings and analysis chapter. Recommendations will be listed thereafter.

5.1 Conclusions

The study has analysed how E-CRM strategies are utilised by small to medium sized firms in Ireland. It is clear from the research that small to medium businesses in Ireland understand the meaning of CRM/E-CRM and they were able to define it evidently. The study shows that small and medium sized businesses are very much involved in E-CRM strategies in the day to day operations of their business but however there was some disparity in the findings. It is found that a large amount of the small to medium businesses in the research still have not formulated a strategy for E-CRM processes. It is essential for companies to know the needs and requirements of their customers because their tastes and behaviours are always changing. It is necessary to develop relationship with customers in order to create loyalty and retain them. It is critical for businesses to have E-CRM strategies in place in order to do this. In our research, we have found that small to medium enterprises in the study are primarily using social media sites and loyalty programmes to aid in customer retention. Top level firms like Amazon and Netflix are reaping many of the benefits of E-CRM suggested in the study while incurring very few challenges. Indeed small to medium sized firms have fewer financial resources, lower expertise, and more limited management skills when it comes to being innovative. However they are using tools such as analytics to help gain more customer insight. Each of the objectives below has been achieved.

- ✓ Define the principles of CRM and ECRM that are linked with the retention of customers.
- ✓ Find and discuss the online channels that are available to businesses so that they can better define their E-CRM.

- ✓ Find out exactly what practices are being used in order to evaluate and control customers.
- ✓ A study of market leaders and their E-CRM strategies were outlined and discussed.
- ✓ Identify the importance that is being placed on E-CRM from an Irish online business perspective.
- ✓ Make an assessment of their views and thoughts on E-CRM activities.
- ✓ Find out how innovative, focused and productive they are in their processes when using online channels for E-CRM.

5.2 Recommendations

The following recommendations are made after evaluating the research.

- Managers need to keep up with the trends of E-CRM, whether the sources come from inside or outside of the organisation. Knowledgeable managers in the field of E-CRM would ensure that E-CRM initiatives have a targeted strategic purpose.
- Managers must understand where they lie in terms of customer loyalty and customer satisfaction as these are the drivers for successful E-CRM.
- Top management should encourage all line managers and end users, no matter what department, to exchange information on their E-CRM initiatives on a regular basis. The application of E-CRM should not be exclusively limited to the marketing department. E-CRM concepts must be diffused throughout the entire business if they wish to be successful in their strategies.

- Maintaining close relationships with a small number of customers can continue to improve business. This can encourage word of mouth referrals. Social media can be used in this case.
- E-CRM is an on-going learning process; every contact with a customer provides additional information about him/her.
- Leaving a good first impression to the consumer is vital e.g. the company website should be easy to navigate, with unbroken links, it must be informative and have a good display of products/services available. The relevant contact details should be easy to find.
- Focus on the key technologies of email, website and database before moving on to other strategies.
- Use email marketing for customer retention, build personalisation and customisation strategies
- Record and manage customer data in suitable database depending on type of business
- Train employees in areas of analytics; delegate E-CRM tasks throughout the company.
- Small and medium sized businesses need only make relatively small technological investments in order to be more innovative. Keep up to date with Government schemes and initiatives in which the company may be entitled to.
- Small and medium businesses can learn from larger companies. Keep up with the market trends, do an analysis or research case studies as there is a wealth of information out there.

5.3 Further Research

Marketing is at a critical stage of development. Marketing is been applied more broadly than previously and there is an increase in the use of social marketing. (McGuinn, 2010). Another shift has moved across marketing and as it is easy to see how E-CRM will evolve for the end user. It is hoped that this study has laid a foundation for further research in the area as E-CRM is evolving into other areas such as mobile technology.

Appendices

Appendix A - List of questions sent in email questionnaire

1. Who works on your ecommerce site? Who is in charge of your online marketing activities? If this is outsourced would I be able to get your permission to contact them?

2. What is your understanding of the terms Customer Relationship Management (CRM) and Electronic Customer Relationship Management (E-CRM)?

3. What E-CRM technologies are used by your company in order to achieve your business goals? Please choose as many as you like from the below options

- Website
- Email Marketing
- Web based forms
- FAQ section on website
- Online Call back requests or chat support for customer service
- Use of different online media such as Facebook or Twitter
- Other

5. Are E-CRM processes a priority for your line of business? Are your innovative in your strategies?

6. Who are your customers?

7. What are your methods of collecting customer data/information?

8. How do you handle/manage customer data?

9. What applications or software do you use to store info?

10. Do you maintain a strategy for collecting and using info about customers?

11. How do you track/monitor consumer usage?

12. Do you have customer accounts; are your customers mainly once off or repeat customers?

13. How do you reward your customers?

14. What methods of retention are you using?

15. Are you familiar with the terms customization or personalisation? If so do you use these?

16. How hard does your company work to retain customers, can you give an example?

17. Who are your main competitors? Are you aware of the online strategies your competitors are using?

18. Are you familiar with any of the following?

- Data mining
- Data warehousing
- Customer Analytics
- Customer Tracking
- Search Engine Optimisation
- Web 2.0
- Semantics
- Cookies

19. Do you engage in or use any of the following to help with your E-CRM?

- Data mining
- Data warehousing
- Customer Analytics
- Customer Tracking
- Search Engine Optimisation
- Web 2.0
- Semantics
- Cookies

20. Can you please rank on a scale between 1-5 as to how well known you think E-CRM processes are in small to medium Irish firms today? 1 being not well known to firms, 5 being very well known to firms

21. How do E-CRM activities benefit your company?

22. What are the pros and cons to using E-CRM activities in your business?

23. Give an example of an E-CRM strategy that your company has successfully implemented?

24. If I need any further information would it be possible to discuss this further by phone at a time convenient to you?

25. Please write your name, email address and business name below

Appendix B - Interviews Conducted –Full Version

Question 1

What is your understanding of the terms Customer Relationship Management (CRM) and Electronic Customer Relationship Management (E-CRM)?

EG: "CRM relates to the in store process and management of customer relationships, interactions and communications and also their implementation and results. E-CRM is the combination of facilitating customer relationship management through a range of different methods and processes including analytical software, customer service and web applications, reporting on such customer behaviours and using the information to better the company."

MPH: "CRM is gathering customer data, filing it, using it for offering special incentives to guests, providing information and selling to them. E-CRM .. e-zines, website based deals offers and sales..."

GD: "CRM is used as a framework in management of relations with customers, e.g. sales, marketing, support, etc. and E-CRM is the same only it has the IT element to manage all customer related aspects."

HM: This is how you keep in contact with your customers, how you keep in contact with your customers online ..twitter/Facebook etc

Question 2

Who works on your ecommerce site? Who is in charge of your online marketing activities?

EG: All our Online Marketing Activities are controlled by the Online Store Manager, (confidential). We have other web assistants involved with customer service and order dispatch.

MPH: I work on e-commerce as well as Accubook our provider.

GD: The owner of business has created the website and looks after all of the marketing activities

HM: I am the creator of the website

Question 3

What E-CRM technologies are used by your company in order to achieve your business goals?

EG: We have our website, evergreen.ie. We primarily use email marketing, our customers can sign up on our website and receive a free newsletter which will keep them informed of health issues and make them aware of any special offers. We give exclusive offers to our online customers. We also use web based forms so our customers can contact us, we have an FAQ section on website, there is also online call back requests or chat support for customer service. We also use different online media such as Facebook or Twitter.

MPH: Website, Email Marketing, Use of different online media such as Facebook or Twitter

GD: Website, Web based forms, FAQ section on website, Use of different online media such as Facebook or Twitter

HM: Website, Email Marketing, Web based forms, FAQ section on website, Use of different online media such as Facebook or Twitter

Question 4

How strong do you think is the awareness of CRM/E-CRM activities within the company? How would you rank it on a scale of 0 to 5?

EG: I believe we have a very strong awareness within the company. We have a great marketing and sales team. I would rank it as a 5!

MPH: 5

GD: 5

HM: 4

Question 5

E-CRM processes are obviously a priority for your line of business? Are your innovative in your strategies?

EG: Of course, we see the online side of our business as the future of our business. We are very innovative in reaching customers and promoting to them using both our online

and offline stores through online mediums including social media and e-mail marketing as they are more responsive and responses can be tracked.

MPH: They are a priority but not being used to full advantage in that systematically they could greatly improve. Also may not know enough to know what we don't know!

GD: Yes, we try to use the technology as much as possible to benefit our business

HM: I am using them at the moment, but I want to improve my e-marketing skills. I would prioritise these very highly

Question 6

Who are your customers?

EG: Our most dominant customer market is females aged 25-40. Customers come from Ireland and some from overseas from the UK and USA.

MPH: Accommodation ... Groups/Leisure/Corporate/Incentive. Domestic and Intl. Food and Beverage .. bar/functions/weddings/parties/events. Meetings ... local and national companies in the main.

GD: People from 18 to 70 years of age, any gender

HM: GAA fans 18 to 50

Question 7

What are your methods of collecting customer data/information?

EG: We use web forms on our website, social media polls and reports.

MPH: Fishbowl ... competitions Guest Comment cards in bedrooms, food and beverage outlets ReservationsOpt in forms on registration Preferred customer option on website

GD: Via website, via data collection in a physical shop e.g. customer database

HM: they register on my site. I use Mail Chimp to collect and store customer info

Question 8

How do you handle/manage customer data? What applications or software do you use to store info? Do you maintain a strategy for collecting and using info about customers?

EG: We have our own CMS system in place. This stores all customer data. With this we can generate reports on product sales, the top 100 customers, highest revenue-making products sold, those who use discount codes and those who don't and use this when compiling marketing and promotional strategies.

MPH: Excel ... Website back office. All feedback is analysed and actioned upon. Guests emailed and responses on tripadvisor etc. posted.

GD: We use customer database. We have a strategy to collect as more info about the customer as possible in order to provide products/services that are more suitable to the particular customer.

HM: I use Mail Chimp to collect customer emails. I then send a regular newsletter to my mailing list with GAA blogs and new t-shirts on them

Question 9

How do you track/monitor consumer usage?

EG: We use Google Analytics and I prepare a monthly report regarding web visits and their sources, conversion rates etc. Again in our CMS system we can generate reports to see how often customers are shopping with us and this can track what discount codes are being used.

MPH: Google analytics? Guest history on Hot soft system

GD: Google

HM: Google analytics

Question 10

Do you have customer accounts; are your customers mainly once off or repeat customers?

EG: Yes, customers can register with us and use their account to view their order status and view previous orders. Registering an account is not mandatory. Repeat customers account for 60-70% of our business online.

MPH: Both

GD: Yes. We get repeat customers

HM: yes, mainly once off

Question 11

How do you reward your customers? What methods of retention are you using?

EG: We run a customer discount code which is issued with each order - this discount code changes from month to month and allows 5% off the order total. We also offer exclusive higher value discount codes to our social media followers from time to time.

MPH: Accommodation loyalty cards. Special offers for loyalty database

GD: We reward our customer with special offers, small rewards e.g. free service

HM: I do reduced price t-shirts from time to time. I do comps on twitter. I would like to start using coupon codes i.e. if someone recommended my site to, say 5 people, they would get a 10 or 20% discount code sent to them

Question 12

Are you familiar with the terms customisation or personalisation? If so do you use these?

EG: Yes, we keep our "Evergreen" colour across all promotional material on and offline. Our logo remains constant across all mediums too. We brand everything, even our packing tape.

MPH: Not sure ... do we have profiles for customers on which we record notes and yes .. however not in a very strategic way.

GD: Yes. We use them in both products and services that we provide

HM: No

Question 13

How hard does your company work to retain customers, can you give an example?

EG: We run consistent competitor analysis to ensure we are in line with others in terms of price as this is a key factor to retaining customers online. If there is a delay or issue with the order, we contact customers immediately and offer rebates, replacements or free samples as goodwill gestures in order to keep our customers happy.

MPH: Loyalty systems, E-zines, Complimentary upgrades, Hospitality and care, Feedback on all complaints or difficulties, Facebook relations

GD: Very hard. We treat each customer at individual basis, which makes the customer feel special

HM: the newsletter that I send, I post on twitter from time to time

Question 14

Who are your main competitors? Are you aware of the online strategies your competitors are using?

EG: Thehealthstore.ie, Greenhealth.ie and Healthmatters.ie along with of course Holland and Barrett. We seem to be above and beyond our competitors in terms of online strategy. Their key focus at the moment seems to be on Pay-per-click advertising. We are the only company in our sector in Ireland truly utilising social media and consistently working on search engine optimisation and web content.

MPH: Hotels in Galway Hotels in Ireland Food and Beverage outlets

Aware to some extent ..

GD: We have a number of competitors, but we differentiate ourselves with products and services that our business provides.

HM: hairybaby, squareball, ybig.ie newsletters

Question 15

Are you familiar with any of the following...?

Data mining, Data warehousing, Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0, Semantics, Cookies?

EG: Yes, our team is familiar with all of them.

MPH: Customer Analytics, Search Engine Optimisation, Cookies

GD: Data mining, Data warehousing, Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0, Semantics, Cookies

HM: Customer Analytics, Search Engine Optimisation

Question 16

Do you engage in or use any of them to help with your E-CRM?

EG: Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0

MPH: SEO

GD: Data mining, Data warehousing, Customer Analytics, Customer Tracking, Search Engine Optimisation, Web 2.0, Semantics, Cookies

HM: SEO

Question 17

Can you please rank on a scale of 1-5 as to how well known you think E-CRM processes are in small to medium Irish firms today?

EG: 3

MPH: 3

GD: 4

HM: 2

Question 18

How do E-CRM activities benefit your company?

EG: "We can reach a broader range of customers. We can gather large amounts of data that can be used for marketing and promotional activities. We can further increase brand awareness. More targeted marketing.

MPH: Retention/awareness/ loyalty/incentive/brand development/ positive relationship/ service development

GD: Bring in more customers. Awareness about the company. Create trust with customers, which aids us to create customer loyalty(especially with remotely located customers)

HM: helps me stay in contact with customers

Question 19

What are the pros and cons to using E-CRM activities in your business?

EG: Pros: Can reach a wider range of customers

Some mediums such as social media outlets and Google Analytics are free to use

Easy to measure results Cons: Requires staff trained in online activities. Time consuming.

Some software and advertising can be expensive

MPH: Pros: Using resources available to us and exploiting what we can

Cons: not comprehensive, not everyone is online and extent to which emails and online are used is debatable. Direct mail goes to every address and is likely to be opened.

GD: Pros: know what customers like Cons: hard to manage

HM: Pros: keeping in contact with customers

Question 20

Give an example of a successful E-CRM strategy that your company has implemented?

EG: Through our CMS reports, we can track who are top customers and what they are ordering. These customers are of high value to us so we are strategic in tailoring marketing e-mails which include special offers and discount codes which will definitely be of interest to them. The open rate of these e-mails has been over 80% and the conversion and click through rate have been fantastic.

MPH: Regular e-zines. Advance planning with deals/offers according to availability and linked to offers on hotel website. Facebook competitions.

HM: Email newsletters

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