

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The concept of marketing had undergone four cycles of evolution namely the production era, the sales era, the marketing era and the relationship era. In the production era the production of quality products and mass production are the key determinant of the success of the business while in the sales era, businesses begun to recruit sales personnel to find customers for their products. After the World War II, organisational survivors dictated managers to shift their focus from products and sales to customers' need. This saw the introduction of the marketing era, where the effectiveness and efficiency in meeting customers' needs and demands were the essentials in the organisation's survival.

However in the 1990s, entrepreneurs realised that meeting customers' needs and demands were in sufficient to sustain their position in the market as technologies are becoming so advance and sophisticated, which in turn facilitates new entrants to enter the market easily. This saw a new era in marketing, which is known as relationship marketing.

In this era, retaining and maintaining customers' loyalty while attracting new customers are the essentials in organisation survival. With this the concept of Customer Relationship Management (CRM) has transpired.

In the late 1990s, many marketing gurus and authors have tried to define the concept of CRM and as a result entrepreneurs, academicians and other interested parties were often confused and in certain instances misled by those definitions.

In Malaysia however the concept of CRM is still at its infancy stage hence the purpose of this research is to provide an insight on the concept of CRM and to study the relationship between effective CRM programme and its contribution to companies' profitability.

Besides it is also hoped that this study will be able to identify the barriers and benefits of implementing the CRM programme and last but not least, the methods that could be used to measure the effectiveness of the CRM programme will be studied on too.

As the marketing gurus have stressed that customers are the key determinants of the success of a business, Adolf, Grant-Thompson, Herrington, Singer have discovered that CRM is the highly recommended approach to develop an in-depth understanding of the needs and demands of the existing as well as potential customers.

Therefore in order to develop a better understanding on the concept of CRM, several definitions were proposed. They were mainly 'a technology based business strategy whereby companies leverage increased customers' knowledge to build profitable relationships, based on optimising value delivered and realised from their customers', 'the management of the capability to interact with customer such that every interaction is positive and reinforces the relationship' and 'a way to identify, acquire and retain customers'.

From the understanding of the above definition, the concept of CRM is all about meeting the demands and needs of the customers.

In addition to that, Hatton Blue in their research states the importance of technology should not be ignored in the implementation of CRM as it enables the integration of large volumes of customer information and sharing of information. Examples of the technologies that entrepreneurs could use are call centre telephone sales, mobile phone technology, interactive TV and remote dial-ins serves.

Previous researchers have discovered that effective CRM programme could improve the response time to customer requests for information and delivering products that meet the customers' requirements. In addition to that it improve or introduces the concept of cross selling of other products and services while enables customers' data shared real time across business units.

Apart from the benefit above Sue and Morin have indicated that an effective CRM programme could also results in the increase in profitability of the business. On the other hand Close and Thompson indicated that an effective CRM could results in companies enjoying the benefit of increase in the earnings, which in turn demands a higher portion of market share.

This in the long run could increase the shareholders wealth through the distribution of dividends.

Furthermore researchers have identified several CRM variables that could result to the increase in profitability. They are individual customer loyalty that leads to customer profitability, enhancing productivity through instant access to the needs and demands of customers, individual product or service profitability that in turn leads to the increase in the corporation's revenue and gaining of new customers.

It was discovered by Hatton Blue that technology acts as an enabler in the implementation of the CRM programme but they have indicated that technology was also one of the barriers that deter the banks from implementing the CRM programme. This was mainly due to the delay in the transition and integration of the available data to that of the CRM programme requirements.

Apart from the time taken, the high cost involved such as the acquisition of high capacity databases, setting up of call centres and the recruitment and training of staff could too deter the banks from implementing the programme.

Currently there is no benchmark or suitable method in measuring the effectiveness of the programme. As per the research carried out by Hewson Group, many respondents indicated that the difficulty in measurement is one of the main barriers that deter their corporation from introducing the programme.

As a result of that Hewson has suggested two methods to measure the effectiveness of the CRM programme. They are firstly businesses should identify the saving areas within the business and subsequently using the current operation of that area as the benchmark against the operation after incorporating the CRM initiatives.

The second method is to use profitable models such as Customer Solution Profit Model, Switchboard Profit Model, Profit Multiplier Model, Installed Based Profit Model, Entrepreneurial Profit Model and Time Profit Model.

Furthermore, PricewaterhouseCoopers has introduced the concept of market intelligent enterprise whereby enterprises begin to anticipate the moves and behaviour trends of their customers and subsequently refines their response to the demands efficiently

The literature review above will serve as a guide for this research and since little research has been conducted in Malaysia with regards to the study on the practice of CRM within the banking institutions in Malaysia, an exploratory study will be carried out. In order to gather sufficient data and information for this study, questionnaires will be distributed to all the major banks.

Questionnaires would be the most appropriate instruments for an exploratory study, as it would capture the views of a wide spectrum of respondents.

The banking sector was selected because the research carried out by Peppers and Rogers and the Financial Services Marketing have indicated that financial services firms i.e. banks are ahead of most industries in introducing, implementing and measuring the concepts and benefits of CRM.

The questionnaires will be distributed to personnel holding the managerial positions and above as they play an important role in the decision-makings of the company. In addition to that, the questionnaires are targeted to only three departments within the bank. They are namely the Strategic Planning Department, the Public Relations Department and the Information Technology Department (IT).

The Strategic Planning Department was chosen because this is the department that formulates and introduces new concepts or ideas to the bank while for the Public Relations Department was mainly due to their regularity in dealing with their customers. Finally the IT department was chosen because they are the facilitator for the implementation and functionality of the CRM initiatives.

The questionnaires consist of seven questionnaires.

The first question relates to the background of the respondents i.e. the department, the degree of involvement of the respondent in the implementation and operation of the CRM initiatives and the ownership based of the bank.

There were forty-seven responses received of which nineteen were from the foreign banks while the remaining twenty-eight was from the local banks.

The second question relates to the definition that best describes the concept of CRM in Malaysia. The respondents opted that CRM could best be defined as a technology based business strategy whereby companies leverage increased customers' knowledge to build profitable relationships, based on optimising value delivered and realised from their customers.

The third question relates to the effective CRM initiatives that could result in the increase in the banks' profitability. The respondents ranked 'individual customer loyalty that leads to customer profitability as the primary initiatives that could result in an increase in the bank's profitability.

The fourth question relates to the facilities available for the implementation of the CRM initiatives. Direct contact and location of the branch were ranked the top initiatives for an effective implementation of the CRM programme.

Question five relates to the barriers that deter the bank from implementing the programme and the respondents indicated that difficulty in the measuring the effectiveness and return of the programme is the main barrier that deters the implementation of the CRM initiative. This response is consistent with the findings by the Hewson Group.

Question six relates to the benefits that could be derived from the implementation of the CRM initiatives. The respondents are of the opinion that an effective CRM programme could improve the response time to customers requesting for information.

The seventh question relates to the method of measurements on the effectiveness of the programme. The initiative of customer retention and customer satisfaction through the growth of individual customer's portfolio and the revenue earned from the customer was the most frequent selected method in measuring the effectiveness of the programme.

Question eight relates to the development of the CRM practice in Malaysia. From the responses received it indicated that the local banks are still at its infancy stage in implementing the CRM programme while the foreign banks are facing the problem of budget, time and resources constraints.

5.2 RECOMMENDATIONS

Future research may be conducted on the same industry as in this study. The objective is to carry out a follow-up study on the implementation of the CRM programme by the banks in Malaysia.

In addition to that, future research could be carried out on the other banks in Malaysia as due to the time constraints faced, only limited response was taken into study for the purpose of this research.

Finally it is hoped that this research could be used as a guide to carry out further research on the practice of CRM in other industries in Malaysia such as the telecommunications industry and the services industry such as hospitals and charity bodies.