Peculiarities of Customer Relationship Management strategies adopted by the Romanian companies
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Abstract
The challenges related to CRM philosophy are taken into consideration by the Romanian managers in their search for business development, based on enhanced customer value, which deliver better performances. Romanian managers need to understand the CRM role in the overall business strategy, by considering the methodologies concerning customers’ lifetime value as a result of interactions between companies and customers on three stages: acquisition of new customers, loyalty programs and long term development of customer relationships. In this context, this paper seeks to investigate the cultural values that enable CRM projects, as well as the goals of CRM campaigns launched by the Romanian organizations. The results emphasize customer acquisition and loyalty programs, developed by the companies that participate to the research, as well the CRM techniques concerning the acquisition of information referring to customers and customers’ profitability according to customers’ lifecycle stage.

Key words: Customer Relationship Management, customer acquisition, loyalty program, business performance

INTRODUCTION
The new economy supposes strong and long lasting relationships with the clients, the way of their management with the support of information technologies representing a major element of companies’ competitiveness growth. The Romanian organizations must rapidly adapt themselves to the global trend to focus on Customer Relationship Management (CRM) strategies to get through the competition of multinational companies that successfully apply the principles of this approach. The survey that we undertaken in view to identify and analyze the peculiarities of CRM strategies in Romania was focused on how companies from this country develop their relationships with their clients and monitor clients’ needs in order to achieve better performances. The article is organized as follows: firstly, we presented the relevant theoretical background related to the research objectives. Then, the research methodology focused on the design of the quantitative research is outlined. Subsequently, the results are presented in graphical format and discussed in order to reveal the practical contributions of the survey. Finally, the conclusions which synthesize the results of the survey are emphasized.

THEORETICAL BACKGROUND
Companies must view the customer as the most valuable asset that needs to be managed in order to support the development of relationships with customers. Recognizing the value of this asset will hopefully lead companies to redesign their business philosophy toward capturing customer share and customer lifetime value through their products/services portfolio and branding strategies. The academic community is involved in numerous debates focused on the role of CRM within business strategies. Many companies today are looking for reinforcing their connections to new as well as existing customers to boost long-term customer loyalty (Chen and Popovich, 2003). Developing a consistent approach to managing customer relationships becomes a core objective of any organization which intends to improve its competitive position (Knox et al., 2007). The organizations will increasingly be able to customize their communication messages to larger target audiences on the basis of the customer's expected response (Kumar, 2010).
Focusing on customer processes requires knowledge of considerable extent. Customer-focused companies have to provide knowledge that customers demand, process the knowledge that customers pass the company and possess knowledge about customers (Bueren et al., 2004).

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Customer relationship management applications facilitate business development through organizational learning about customers by enabling firms to analyze purchase behavior across transactions through different channels (Mithas et al., 2005). CRM is defined as a set of business activities supported by both technology and processes that is directed by strategy and is designed to improve business performance in an area of customer management (Richards and Jones, 2008). Payne, A., & Frow (2007) highlight the importance of adopting a cross-functional approach to CRM strategy formulation and examine alternative approaches to CRM strategy development by using an 'interaction research' approach.

The CRM capability requires investments in a mix of human, technical and business related capabilities. These capabilities on their own are difficult to measure because they are nested within an intricate organizational system of interrelated and interdependent processes. This requires managers to put in practice a mix of IT infrastructure, human skills and business structures and incentives (Coltman, 2007).

Social media reinvented the ways to capture customer data. In this context, Social CRM is a new approach that put in first place clients' opinions which are being managed in a social media context (Baird and Parasnis, 2011).

RESEARCH METHODOLOGY
The research goals had in view, on the one hand, the general purpose by means of actual businesses, and on the other hand the specific evolution of the investigated domain on a conceptual and operational plan, at the level on some Romanian representative organizations.

The research aimed at achieving four major objectives, each of these being specified by the associated secondary objectives, referred to:

- The existence of a mission in business and an organizational culture based on excellence in CRM;
- The objectives of CRM strategies developed by the investigated organizations;
- The techniques concerning the collection and analysis of the customer information;
- The contribution of IT&C tools in the CRM process.

The analysis method consists in a quantitative study concerning the impact of CRM principles and strategies on Romanian organizations’ business approach. The questionnaire we used in our research is made up of 10 semi-open questions that have in view both aspects referred to the orientation type adopted by the Romanian organizations, the strong points and the cultural values that contribute to the accomplishment of performances in CRM, the objectives and the types of strategies applied in this domain, the commercial and financial indicators used in clients’ value management, the externalization degree of CRM specific activities and also aspects regarding the implications of the communications and information new technology in CRM, as well as the components of the information systems created in order to improve the interactions with clients.

The reference variables for the research outline the following aspects:
- The existence of supportive cultures for CRM;
- The objectives of CRM campaigns implemented by the investigated companies;
- The communication channels used to transmit and receive information from clients;
- The intention to launch and develop CRM projects;
- Customer acquisition and loyalty programs, adopted by the companies that participate to the research;

The convenience sample was formed by 100 Romanian companies from different activity domains and whose CRM managers have accepted to answer the questions of a questionnaire, confirming by their answers the orientation of the business strategies adopted by their organizations to satisfy completely the clients’ needs and preferences.

The way to contact the companies’ representatives was to send personalized e-mails and to call them, in which the research objective was presented and the data confidentiality was guaranteed. As the communication by means of the e-mails required the application of the marketing principle based on permission, the file that contained the electronic questionnaire was sent as a document attached only after the previous agreement of the companies’ CRM representatives.
FINDINGS AND DISCUSSIONS

The first major objective had in view by means of the research was related to the existence of a mission in business to reflect the type of strategic orientation specific to the investigated organizations; the creation and development of a business architecture, entered on the placement of the clients’ requirements in the centre of the strategies, represent fundamental premises for the efficient implementation of CRM techniques and instruments.

The highest share of the answers referred to the strategic orientation type adopted in the new conditions imposed by the actual business environment is represented by the focus on the total satisfaction of the clients’ needs and exigencies (42%), followed by the orientation towards investments in high technologies (22%), which are essential to support some innovative strategies, based on the offer of answers to the challenges generated by the coming out of new categories of needs and the changes that take place in the clients’ behaviour.

The orientation towards the rapid growth of the profit and the business turnover and the orientation towards the diversification of the production have registered a low share from the total of companies contained in the sample (18%, respectively 14%), which denotes both a mentality change of the Romanian managers in favour of the orientation towards the market and also an adaptation of the organizational behaviour to the companies patterns in the developed countries based on a business philosophy concentrated on the full satisfaction of clients which have proved that the development in time of the relationships with clients ensures the growth of profit and creates the premises for a diverse range of products. The business missions of other companies investigated (4%) are based on the expansion of the business towards new activity domains, respectively the expansion on the external markets (Figure 1).

The organizations’ performances are conditioned by the way in which they know how to transform the information about clients in knowledge exploited by means of the clients’ values management patterns and the contacts they have as a result of the interactions with the clients in long term profitable relationships.

![Figure 1 - Strategic orientations adopted by Romanian companies](image)

The second question had as a purpose the identification of the cultural values that have a strong impact on the performances increase in CRM.

The exigency towards quality, which leads both to the attraction and clients’ loyalty and also to the diminution of the discontents rate, is placed on the first position according to the answers offered by the representatives of the investigated companies (34%), followed by the adaptability to the clients’ changes (20%), the attraction of some competent employees, with a proactive attitude towards the clients’ requests (18%), the focus of the employees’ efforts from all the company’s departments in order to obtain an efficient answer from clients (16%) and the support of the innovational activities, which offer the premises to obtain some competitive advantages (12%) (Figure 2).
We observe the fact that the cultural values expressed by the exigency towards quality and the attraction of some competent employees, with a proactive attitude, provide ways to improve the clients’ experience, so that they become loyal to a company.

In what concerns the type of CRM strategy, the representatives of most companies (62%) stated that they adopt proactive strategies, communicating with the different categories of clients by means of multiple off-line and on-line channels, offering them the possibility to refuse some marketing actions and 38% of those who answered thought that only a proactive strategy respects the principles of the relational marketing, based on permission (Figure 3).

Another aspect approached by means of the research had in view the identification of the prior objectives within CRM strategies. The objectives were defined starting from the purposes usually intended by the planning of the specific activities in CRM (Figure 4).
The answers of the companies’ representatives point out the fact that the attraction of new clients constitutes the main concern of marketing managers (38%), although the costs of this approach are significantly higher than in the case of clients’ loyalty that suppose the development of the relations with these at the same time with the encouragement of sales by rewarding them. The decision to focus the financial resources on the segments of profitable clients (22%) is completely justified from the efficiency point of view, but there is the risk of losing some clients segments that can become profitable in time by means of personalized CRM approaches.

The companies’ CRM representatives who formed the sample selected in research have made a classification on the basis of five predefined specific objectives of a CRM strategy, placing on the first position the anticipation of the clients’ needs, followed by the clients’ motivation in order to make them loyal, the use of the information technologies in the marketing activities, sales and clients service, the diminution of the clients churn rate and the clients’ acquisition by means of the on-line promotions (Figure 5).

The anticipation of the clients’ needs has become the most efficient strategy that offers a company the possibility to be always in front on the competition. Thus, the manager of Sony multinational company, Akio Morita, stated: ‘We don’t do markets a disservice, we create new markets by anticipating the clients’ needs’, a principle taken and applied by all the performing companies, no matter what the activity domain. The clients’ motivation for their loyalty requires the implementation of some rewarding
programs that establish a directly proportional relation between their profitability and the advantages they are offered. The use of the information technologies in the marketing activities, sales and clients service ensure a real support to create and develop the relations with clients, if they are adapted to their users’ requests. In order to generate the enthusiasm and implicitly, the customers loyalty, every organization must efficiently manage a marketing database. The information stocked in the databases (gathered by means of the direct contacts with the sales representatives, as a result of some marketing researches, registrations on the companies’ websites, etc) allow an efficient management of the customers' portfolio, the determination of a customer profile and an efficient position of the offers on the market.

The greatest percentage in customers’ portfolio detained by the companies implied in our research is represented by loyal customers (62%), proving the appreciation and the trust in their products or services delivered. The second category of customers consists of “relationships followers” (34%), which “discover” the products or services delivered by a company and can be converted into loyal clients, if their expectations and exigencies are satisfied. The existence of a great number of customers – “relationship profiteers” imposes a special attention, as they can migrate rapidly to the competitors when first opportunity appears (Figure 6).

![Figure 6 – Customers’ typology from portfolio matrix perspective](image)

The main technique concerning the acquisition of information referring to customers is represented by direct interactions with sales representatives (52%), followed by login technique on companies’ websites (30%), the fill in of questionnaires in marketing researches (12%) and interactions with Call Center operators (Figure 7).

Sales representatives of performing companies participate frequently to training programs in view to promote a proactive attitude towards the customers and to be aware of the dependency between customer orientation and company profitability. These programs also identify the needs of each customer in order to apply efficient communication techniques in the interactions with customers. The information gathered from customers is transferred in data warehouses conceived by IT specialists.

The registration on websites through login technique supposes a privacy policy for customer information; this manner of collecting data respects the principle of permission marketing and can be correlated with different promotional on-line techniques (newsletters campaigns, banner exchanges, etc.)

The filling of questionnaires in marketing researches involves the risk that some respondents don’t agree with the idea to offer their personal data, and the interactions with Call Center representatives deserve a faster customer service.
Referring to specific competences, know-how and technologies used in CRM domain, companies’ representatives highlighted the following strengths: the orientation of top-management to a business expansion centered on profitable customers (36%), the existence of an information system – support for CRM activities, which offers some instruments that can quantify customer relationships (18%), usage of multiple communication channels in view to interact with each segment of customers (18%), training programs dedicated to front office employees in order to create a proactive attitude in customer relationships (16%), usage of information technologies to increase customers’ satisfaction degree (12%) (Figure 8).

The conclusion which is revealed from the evaluation of these results refers to the organizations investigated that have to make a preliminary step to integrate themselves and use successfully the information technologies within CRM specific activities; this situation suggests the existence of a distance, still significant, to cover towards the allocation of a significant budget and the development of the necessary abilities to create, manage and use an integrated CRM information system. From the frequency of CRM campaign development point of view, the reward of loyal customers by specially designed offers takes the first place (46%), being facilitated by the application of query and

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analysis methods in CRM data warehouses, which offers the opportunity to personalize the offers according to each customer demand. Other CRM campaigns received the following percentages from companies’ representatives: the offer of products or services that create new categories of needs (22%), proving the application of needs’ forecasting principle in CRM approaches, cross and up-selling programs (14%), the prevention of customers’ churn by the means of initiatives based on the satisfaction of individual preferences (10%) and the update of customers’ profiles on websites according to personalization strategies (8%) (Figure 9).

![Figure 9](image_url)

**Figure 9 – Different types of CRM campaigns developed by Romanian companies**

The development of the relationships between a company and its customers, which implies a greater value delivered through cross and up-selling, assures the conditions to obtain the highest profitability rate, according to companies’ CRM representatives answers (44%); first stage of customers’ lifecycle (acquisition of new customers) and the second one (loyalty programs) are characterized by a smaller profitability rate, as the costs are higher, especially in the first stage (Figure 10). The researches proved that an increase with 5% of customers’ retention rate determines significant growth of profits, between 25% and 85% [9]; in the same time, the development of customer relationships reveals the decrease of vulnerability towards competition based on price.

![Figure 10](image_url)

**Figure 10 – Customers’ profitability according to customers’ lifecycle from CRM perspective**
Customer Relationship Management completes the learning cycle in organization and results in relevant knowledge about customer entire desires and it serves as a tool to recognize customer experiential needs.

CONCLUSIONS
The general conclusions revealed by our research emphasize the end of the transition period from the orientation towards production maximization to a business philosophy focused on customers' satisfaction, the application of Romanian organizations of strategies focalized especially on the acquisition of new customers, the concentration of marketing managers' efforts on customers' preferences anticipation and the creation of new categories of needs, the periodical elaboration of rewarding strategies for loyal customers in view to diminish churn rates, the focus of CRM information systems on operational level, using intensively on-line communication channels, transaction processing systems and the application of personalized e-mail lists management in e-CRM campaigns.

The success of e-CRM solutions implementation depends on the existence of an organizational culture based on excellence in customers’ approach at the Romanian organizations level, which promotes a collaborative and competitive environment.

In order to deliver irreproachable services to their customers, we consider that Romanian organizations must optimize all the communication channels used in customer relationships management: the points of sale, customer care services, web pages, telemarketing techniques, Call Centers, etc. in view to assure their customers' satisfaction and the profitable relationships' development on long term.

In our opinion, the managers of the Romanian organizations should implement integrated CRM strategies, which guarantee:
• In added value terms – the use of appropriate strategic resources and tools focused on the performance of the CRM value chain, which involves the measure in real time of the CRM goals’ achievement;
• In CRM campaigns design terms – the organization of a flexible CRM department which allows the launch of customers’ acquisition and loyalty campaigns and also analyses the customers’ feedback;
• In customer value terms – the impact of the CRM campaigns must be analyzed by the means of the programs which provide customer value, both from their lifecycle duration level and from the revenue resulted after each interaction with the companies’ sales representatives.

The CRM solutions usage degree in Romania will depend in a large part on the reorientation of business strategies towards the personalization of customer relationships, in view to increase their loyalty degree and implicitly their profitability.

REFERENCES