Influential Barriers of Customer Relationship Management Implementation

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Abstract
Customer relationship management has become very popular among organizations and firms, hence many organizations implement customer relationship management to compete and promote their businesses. While implementing CRM, there are barriers that should be determined. This research explores the current barriers of customer relationship management implementation in the automobile industry of Iran. To do this, automobile manufacturers are investigated. The automobile industry has been chosen since it is a strategic and crucial industry in Iran and the investigated companies plan to penetrate in the international markets. The researcher has conducted several in-depth interviews and observations. The respondents were managers and non-managers. The findings show the studied companies have experienced or are experiencing some difficulties, issues, and barriers to implement CRM effectively and efficiently. This research has revealed the barriers of CRM implementation, so knowing and recognizing them will lead to removing them, consequently achieving the desirable results of the project will be attainable.

Keywords: Influential, Barriers, Customer Relationship Management, Implementation

1. Introduction
Business environment, lifestyle and consumption patterns are changing dramatically and customers expect to be served individually with direct communication and because of these changes, companies are experiencing new situation of business (Stone, 2000, Gefen and Ridings, 2002, Gumesson, 2004, Newell, 2003, Buttle, 1996). Technology revolution which has improved information technology has
caused fundamental changes in business that can be used as a competitive weapon (Holland and Nude, 2004, Kraemer, 1994). Due to this, customers are well-informed through various media. Consequently, they have too much information from different companies (Peppard, 2000, Dussart, 2001). Kotler and Armstrong (2003) exemplify internet as one of the results of technology revolution and explain that internet is the most the dramatic technology that has caused improvement in marketing since it links individuals and businesses of all types to one another. Firms, companies, and business organizations are using internet to have closer relationship with customers.

Marketing activities have changed radically, and it no longer involves producing and selling as what it was in the past. New marketing emphasizes on satisfying customer needs and wants (Gummesson, 2004). Kotler (2004) has defined marketing as "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others." It seems that the most important concept of marketing refers to customer needs. Relationship marketing is another important concept of today's marketing that is affected positively by improvement of technology such as internet. Since 1990s, relationship marketing has been considered much attention especially in business to business marketing (Sharma and Pillai, 2003). Nowadays, managers try to understand their customers so that they can best meet their customers' needs, and thus, by doing this, consequently, the customers avoid switching to other companies (Dibb and Meadows, 2001).

Hence, close relationship with customers increased since they are not same in their wants and expectations. According to the techniques of customer relationship management, relationship marketing focuses on individual customers. The firm must also be customer centric rather than the product focused. Companies that focus upon customers try to serve them in the best manner to satisfy them. It can be done by integrating marketing activities and the business process of the company. They also adopt themselves with changes; hence they will be more flexible to respond to changes in customers’ needs (Prabhaker, 2001).

2. Definitions and Reviews on Customer Relationship Management

Gummesson (2002a) has considered four fundamental values for relationship marketing. First the activities regarding relationship marketing do not focus upon a specialized department. This means there must be a marketing orientation of the whole company. Second, relationship marketing emphasizes on long term collaboration, so companies should view their suppliers and customers as partners, where the goal is to create mutual value. The relationship must be meaningful for all those involved, with the purpose of retaining long-term relationships with parties. Third, all parties should accept responsibilities. Relationship must also be interactive that means customer can initiate improvements or innovation of the product. Fourth, customers should be considered as individuals, suppliers' task is also to create value for the customers. Thus, obviously it can be said that all these ideas lead to customer relationship management.

Gray and Byun (2001) explain that the concept of customer relationship management is very easy. Instead of focusing to a mass of people or companies, it goes for each individual customer. It is a one to one approach that tries to have information on a customer's needs and wants, so the products and services offered will be accepted better. Peppers and Rogers (1999) believe that “some organizations consider customer relationship management as a technology that extends separate databases and sales force automation tools to bridge sales and marketing functions in order to improve targeting efforts. However, to other organizations customer relationship management is a tool specifically designed for one-to-one customer communications, a sole responsibility of sales and service, call centers, or marketing departments.”
3. Major Customer Relationship Management Implementation Barriers

Nowadays many firms invest in customer relationship management. However, some of them fail to meet management expectations on return on investment (Calderia, 2008). The reason is that firms apply the technology with the absence of a coherent business strategy focused on the customers. Another problem in customer relationship management is the technology implementation. In some firms, because the focus was given to controlling the customers rather than rendering better services to them, it means controlling the customers affects the organization rather than aiming to give better service to the customers (Stone, 2000). Also, Bard (2005) has clarified that only 10% of the business and information technology executives believed that expected business results obtained from CRM implementation and a study by Gartner in 2003 revealed that 70% of CRM projects failed or did not improve due to the reduction in CRM spending between 1999 and 2003 (Rigby et al., 2004).

However, Hackney (2000) explained that there were convincing reasons to implement CRM in business organizations and companies even there was no 100 percent guarantee that it would be successful. On the other hand, CRM software vendors talk about a successful CRM in a way that can solve all the problems in the business. Schweigert (2000) claimed that there were some risks such as failing in the project, inadequate return on investment, unsatisfied employees, and customers that should be considered. In one example Patton (2001) explained that, "a large telecommunications company rolled out a major CRM application to more than 1,000 sales representatives in late 1999, at a cost of $10,000 per user, only to find a year later that fewer than 100 were using the system.” Other surveys have also shown that the average investment in customer relationship management implementation is $2.2 million dollars and the failure rate is 65 percent (Apicella, 1999). It is becoming increasingly clear that failing in customer relationship management projects are the results of companies misunderstanding of customer relationship management properly (Chen and Popovich, 2003). Furthermore, they have pointed to other issues. The first issue is that companies try to implement CRM but they do not design and redesign the processes properly. To get better results from CRM, companies have to focus upon the process of sales; they also have to find the ways to convince, serve, and satisfy customers better, and then identify the steps to changes in the plan software or process. Another issue is that companies are focusing too much on new technologies and processes rather than focusing on people who are responsible to implement CRM. It means that companies need employees who can offer better services to customers, also employees who can be sure that they will have a better situation and environment than what they now after CRM has been implemented. Another CRM implementation issue refers to its sourcing, that means because organizations don’t have all the required items for CRM implementation they can outsource them (Sweeney, 2000). If customers become satisfied about the value that is offered and meet their expectations the benefit will be generated for the company (Bateson and Hoffman, 2002).

Besides all these issues, pitfalls and difficulties regarding CRM implementation, it should be considered that today we have the concept of CRM that leads to improve customer retention and satisfaction, increase competitiveness, higher revenues, lower operational costs and customize products (Roh et al., 2005, Bose, 2002, Reichheld, 1996; Jackson 1994; Bultema, 2000). Due to the issues and difficulties in CRM implementation, some companies are reluctant to implement it (Bard et al., 2005). Regarding the barriers in implementing CRM, some scholars have expressed their views. For example Shannon (2002) has observed the following information. First, companies spend huge amount of money on CRM projects in a condition that they are not familiar with its pros and cons and because of this; many companies are not satisfied with their CRM implementation. Second, since companies procure their needed CRM software from other companies so a kind of mismatch between company and the supplier of CRM software as well as a poor understanding of companies’ business processes occurred. Third, rejection of new technologies such as CRM by employees can be another pitfall for CRM implementation. The reason is that end users do not have enough knowledge about it or they do not want to have any changes. However, they know that it leads to the improvement of company, so
prior to create any change, end users should be informed fully, so that they will accept such changes, otherwise the project will fail.

Fourth, if the size of CRM scope is too broad, it can lead to the failure of the project. So, it is better to start the project small due to less cost born compared to the cost born by a mega project. Also, it gives an opportunity to the company to evaluate its strengths and weakness while executing the project. This would give the company an experience to handle a bigger project in future and consequently, the implementation of it would be smoother. On the other hand, Patton (2001) talked about return on investment of CRM project. Since companies are not able to produce a desirable return on investments, CRM users decide to stop their investing on their projects. Gray (2001), Lewis (2005), William (2005), Stern (2001) have same idea regarding one of the barriers of CRM implementation. They believe one of the barriers of customer relationship management implementation is customer privacy. CRM needs large amounts of customer data to enable companies to keep in touch with them, but problems will be created if customers think that the wanted data by companies are private they don't feel secure and they don’t want to reveal them on the other hand companies need them, since identification of each individual customer should be done in CRM implementation, companies are willing to collect as much as possible very private customer data since they want to sell more and more but customers are reluctant to do that. But Gray (2001) has explained further and says another barrier is technical immaturity, he says because CRM users have not understood the concepts and its technology, CRM is still in its early stage. Technologies of CRM is not matured and well-developed, because of this CRM implementation project needs too much money and time to the extent that CRM users will be regretted. Deighton (2005) has stated that consumer trust is one of the crucial problems that can hinder and disturb CRM implementation projects. If customers lose their trust and know that their data is used by firms to take advantage of them not to render better services and products, they will not give any data or deform their private data. Light (2001) has done an investigation in four companies with names of Goods Co., Eng Co., Prof Co., and Man Co. All these companies were implementing CRM but they were not successful in implementation and the researcher tried to find out the barriers (Light, 2001). The data was collected using formal and informal interviews with users and managers of CRM projects and the review of CRM software used whilst operating in organizations. Finally, he concluded that the role of IT in CRM implementation cannot be ignored but implementing CRM projects should be viewed as more than the implementation of IT and clarified the barriers regarding the four companies as shown in Table 1.

Table 1: Barriers of CRM in the investigated companies by Light (2001)

<table>
<thead>
<tr>
<th>Organization</th>
<th>CRM software</th>
<th>The need for a holistic view of CRM projects</th>
<th>The problem of a management perspective of CRM projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Co</td>
<td>Misfit between business processes and software. Software is not able to hold data about the volume of sales transactions per customer.</td>
<td>Implemented in call centre.</td>
<td>Improve operational efficiency and effectiveness.</td>
</tr>
<tr>
<td>Eng Co.</td>
<td>Misfit between business processes and software.</td>
<td>Implement sales department.</td>
<td>Improve operational efficiency and effectiveness.</td>
</tr>
<tr>
<td>Prof Co.</td>
<td>Misfit between business processes and software.</td>
<td>Implemented in sales and marketing department.</td>
<td>Improve operational efficiency and effectiveness.</td>
</tr>
<tr>
<td>Man Co.</td>
<td>Misfit between business processes and software.</td>
<td>Implemented in sales and marketing department.</td>
<td>Improve operational efficiency and effectiveness.</td>
</tr>
</tbody>
</table>

Source: Adapted from Light (2001).

Similarly another study has been done by Claderi (2008) in a European telecommunication company which began implementing CRM. The researcher tried to identify the barriers of CRM implementation in the company. Twenty five people respondents were interviewed. After conducting the investigation the researcher explained the barriers as the followings.
1. There is no match or integration among mission, vision, and business objectives of the company and CRM systems since they are not determined properly.
2. Lack of CRM infrastructure and the suitability of CRM software.
3. The lack of involvement from the top management in CRM project.
4. Lack of training for call center employees. Consequently, they were not really able to respond to customers’ calls. So, the company set some standard answers but some questions were difficult to be predicted and customers were dissatisfied with the information provided.
5. Some information was not available or may be not recorded properly, so it led to customer’s dissatisfaction. For example, in one case in this company one customer complained that she received a phone call at around 9 PM by an employee of the firm regarding an offer of a new service and the customer said it was very late to call and the employee responded that because of the fact that she was working until 10 PM, she made the call and tried to sell the new service, which the customer found very irritating. The customer rejected the service offered. However, she received another call the next morning, and she was offered the same service. She explained what happened to her on the previous night. However, according to the employer, her name was not in the data base which indicated she had been called, thus that was why she received another call from the company. This had certainly caused a great deal of anger to the customer.

4. Research Method
The method used in this study is very helpful as it provides the purpose for which it designed. The most important objective of the study was to determine the current customer relationship management implementation barriers in automobile industry of Iran; hence, the method of case study is used due to its ability to reveal the process very clear (Yin, 1994). For the mentioned method, the researcher has done face-to-face interviewees with informants as well as attending CRM seminars, the training courses and staying in departments related to CRM implementation of the analyzed companies. These methods supported the researcher to analyze the case study deeply and profoundly therefore actual findings and conclusions could be reached. Accordingly, the case study focuses upon Iranian automobile manufacturers that are implementing CRM and have experiences in the CRM project implementation. The researcher has collected the require data over the period of seven months. To do this, different data collection methods were conducted such as interviews, documentation, and observation.

The interviewees were categorized into two groups, namely managers (CEOs, Marketing managers, IT managers, CRM department managers and Sales and service managers) and non-managers (IT department employees, CRM department employees, marketing department employees and sales and service employees).

5. CRM Case Data
5.1. Company A
Company A has started the CRM implementation 7 years ago. Its aim is to understand customers better, to have complete and integrated customer knowledge, to provide customized products and services that lead to more personalization in order for the customers to be served better. However in the first stage the CRM did not progress effectively and efficiently but by the 2nd year of implementation it yields better and desirable results. By asking questions about the barriers of CRM implementation, it was found that the company had and still having barriers, especially in the beginning of the project. These were serious barriers that can be understood by the following explanations: “I remember in the beginning we had many problems to implement CRM first it was a new subject so most of our employees as well as some of managers were not familiar with it, second we did not have enough budget to procure CRM infrastructure such as CRM software third arranging training courses for
employees was very difficult since they knew many changes will be in the way so they had to learn new materials that leads to participation in the courses reluctantly."

5.2. Company B

The company has started running CRM for 5 years. The goals of CRM implementation according to the vision and mission of the company are increasing customer loyalty, profit, volume of selling, mutual, and constant relationship with customers and finally more competition. The company does not have acceptable results of CRM implementation during the first and second year however later results became more satisfactory: "We have started CRM project from 6 years back and main goal is creating a mutual relationship with our customers, to keep them with us and prevent them to switch to another company, it was very difficult since we had many competitors in our country. In the beginning especially during the first year we did not have any progress and it became better during second and third year now it is going well and we try to make it perfect". Barriers As the researcher asked about the barriers of CRM implementation, respondents pointed to some barriers that analyzed as the followings. The first barrier refers to employees since they did not follow the new rules. It seems that the above barrier occurred because of lack of communication. The CRM manger explained, “During the first year of CRM project we had many difficulties with employees. They worked reluctantly and muttered since they thought they must work more.”

Another barrier is the CRM software. Interviewees claimed they have spent plenty of money to purchase it. Nevertheless, the seller does not offer technical services to the company. An employee from IT department explained: “During the first year we coped with many difficulties because of the mismatch with the business process and we needed more cooperation however it was not satisfactory.” He added as the project got mature the difficulties of the software reduced.

5.3. Company C

The company has started CRM implementation form 3 years ago and six employees are working in the CRM department. According to the statements of respondents, the company has set some objectives for CRM implementation and is trying to obtain them. The objectives are analyzed as the followings.

The first objective is having long term and mutual relationships with customers. "To have constant and mutual relationship with our customers that is one of our greatest goals." They claim attaining the above goal without CRM is impossible. They believe by getting closer to customers, they will offer their ideas and opinions about new products and the difficulties of the current products." We respect greatly the opinions of our customers."

Another reason of CRM implementation refers to more competition in the country as well as international market. "as we know our competitors are running CRM, we cannot stay behind." It was found that the company has official representatives in many cities of Iran. Creating an integrated group to offer the best products and services to its customers is critical. "To reach to this target, CRM is the best solution. Now we have a perfect and well connected group in the country. It helps us to be more customers oriented."

They believed more products would be sold if customer satisfaction increases. Hence marketing employees must have constant relationship to be sure whether they are satisfied or no. "Our marketing employees did check with our customers, however after CRM it increased, so we can be informed about the needs of our customers consequently supplying it to market earlier will boost customer satisfaction."

Another objective of CRM implementation is having customer feedback and information about competitors. As the respondents explained getting feedback of customers and information about competitors is easier. "Because of having close relationship with our customers we can get their feedbacks easier. Also, reliable information will be obtained regarding our competitors."
Regarding the barriers of CRM implementation interviewees claimed they had many barriers to run this project such as resistance of employees for changes, convincing managers for CRM implementation, providing CRM software from outside the organization and well-integrating among different departments and employees. They believed still there are some barriers. An interviewee who was in the project from the first step and works in the IT department explained: "From the beginning resistance of employees created serious problems since they did not want to accept the new condition, also most of them believed that by running CRM project they have to work more and will be monitored by managers. Suitable CRM software was another problem we purchased from outside the company and we faced with many mismatches between the software and the company business process."

5.4. CRM in Company D

The company has started the CRM project since 5 years ago. The objectives are to increase customers’ satisfaction, to employ effective marketing strategies and to increase customers’ loyalty. "Due to the low customer satisfaction and the many complaints that we received, it was high time to implement CRM." The respondent added, "Initially, we did not have an improved system such as customer database or customers' profile." Therefore, it was impossible for them to have constant relationships with customers. Hence, a new story had begun. Approximately five years ago; the company faced a serious problem in which it was losing customers to other companies. “We emphasized on not losing even one customer, but the fact was that it was simply impossible to keep track of them.”

From the statements, the researcher inferred that the call-centre was the first part of CRM that was launched. “Our operators could speak to customers about the quality of products and services. All the data were recorded.” Gradually, the company gained more experience in CRM implementation and as a result, they developed better relationships with customers. The needed data regarding the customers were made available and had helped the company to build steady relationship with the customers. “Besides building constant relationship with our customers, getting feedback from them is easier.” The result was, customer satisfaction increased. “As we increased interaction with customers, customer satisfaction moved up.”

Progressively, the company invested in high-speed internet, an improved call centre, and storage devices for customers’ data. “It’s easier to be working with the new technology; customer relationships via e-mail and internet become interesting and in addition, the cost of marketing activities decreased.” However, the company faced another issue, as narrated by a respondent. During this period the progress was not perfect since “employees could not process the customer data to meaningful information.” Thus, the need for training courses rose immediately. Besides that, the company is taking another advantage of the system because it has close relationship with suppliers. “To have close relationship with our suppliers helps us to be customer centric.”

Lack of concentration and attention of employees on the business process of the company after CRM implementation was one of the issues that stated by managers. As customer relationship manager claimed: "Our employees did not follow the business process of the company so it led to many serious problems for example the quality of rendering services decreased.” Unwillingness of customers to supply data is another barrier that all subjects have commented. Privacy is the main and the most logic reason as expressed by the interviewees. "Our customers are not offering their data eagerly, however we have assured them their data will be kept in the organization still they are reluctant to do so."

5.5. CRM in Company E

CRM implementation of the company started four years back and six employees are working in the CRM department. In this section, first, the objectives of CRM implementation will be analyzed. Next, the process of CRM implementation will be illustrated. One of the objectives of CRM implementation is to strengthen the relationship with customers. A respondent claimed: “With more relationships we will survive, without relationships leads to failing.” As interviewees clarified, the company can foster
and maintain steady relationship with customers easier comparatively when it practices CRM. “Maintaining good relationships with customers is easier, since we are moving systematically.”

Another objective of CRM implementation is to provide more effective and more efficient after sales service. It was found that before the project, the company tried to do that, however, due to not having a reliable customer database, it was not possible. “We did not have a complete customer database. How we could inform our customers about things such as free tune up or promotions?” The respondent added that because of the above problem, they could not get feedback from their customers. “Our system was not integrated. We have many official representatives in different cities, hence getting all the needed information was time consuming. Now the main database is in the HQ. Accessibility is easy.”

It seems that database plays an important role. An interviewee from IT department asserted, “Our CRM process begins with data collection. Then analysis will be conducted to find out the customers’ expectations and needs.” Moreover, it was possible to predict the future products. “Decision making for future products is easier.” In the next step, the company focuses on storing information regarding the customers. Official dealers and representatives did most of these activities. All data were stored in a database. By doing these activities, the company succeeded in the project, became closer to its customers, and developed the ability to become customer focused. The barriers of CRM as explained by the respondents were mostly about the acquisition of the required items for CRM implementation such as technology tools and CRM software, unwillingness of customers to give the required information because of privacy and resistance from employees to implement CRM. “Employees did not try too much for the project. I remember they claimed that they were not well informed about the project. Consequently, it caused too much stress and confusion. In addition, providing CRM tools especially software is still a serious problem.”

Another interviewee talked about customer privacy since they hesitated to give the required information to the company and the false impression that employees have. “Most of our customers declined to give us the needed information because of privacy. Another barrier we are facing is the false impression that employees have because they believe they have to work more.”

6. Summary and Concluding Remarks
According to the analyzed data, all the nine companies were experiencing some barriers. The researcher believed that facing barriers in implementing a new technology was unavoidable. Generally, the barriers of CRM implementation of the investigated companies were as in the following explanation. The first barrier was the customer relationship management software. Since the companies were not able to produce the software, hence it should be outsourced to outsiders and it caused some kinds of misfits between the company business process and the CRM software. This finding is in line with Light (2001) and Shannon (2002) who believed due to the mismatch between the business process and the software, naturally some difficulties will occur. It was also found the CRM software producers did not supply the required technical services to the companies quickly. The second barrier was lack of sufficient budget to implement CRM effectively and efficiently. The researcher believed CRM implementation required a large amount of money, however, the researcher claimed that the investigated companies did not have sufficient budget. The third barrier was the rejection of CRM implementation by the employees. The researcher claimed that the stated barrier was extremely dangerous since it hindered the desired results. Employers are needed to implement CRM technology. When they rejected it, without doubt the planned goals will not be attained. This finding was in line with Shannon (2002) who believes that, rejection of new technologies by employees threatens CRM project seriously. The researcher also asserted that one of the reasons of CRM rejection by employees referred to the lack of communication in the companies. The consequences were fear of CRM implementation, stress, and confusion among employees (Barret, 2002; Elving, 2005; Lewis, 2000). Unquestionably, running CRM in this atmosphere was exceedingly complicated. To avoid the stated
barrier, the researcher emphasized on the informing employees before running the project (Shum, 2008; Anderson and Kerr, 2002). The fourth barrier was the customer privacy. The researcher discovered that the customers supplied their personal data to the companies very reluctantly. The barrier was very common among the studied companies. This finding was supported by some scholars such as Gray (2001), Lewis (2005), William (2005) and Stern (2001). They believe CRM needs large amounts of data, if customers do not feel secure they will not supply their personal information. As the researcher found the studied companies due to CRM implantation must have very personal data and customers don’t feel secure to supply. The researcher believed that the companies should create supply. The researcher believed that the companies should create an atmosphere full of trust that customers feel relaxed as they were asked to reveal their data. The fifth barrier was the return on investment. The researcher found that some of the companies were not satisfied with the CRM implementation due to the low level of return on investment. The researcher believed it was critical barrier since a plenty amount of money was spent on the CRM project and the companies expected the profit swiftly. This finding agreed with Patton (2001) who believes the companies that are not able to have desirable return on investment terminate the project. The sixth barrier was the lack of CRM training courses for employees. The researcher believed a new technology was implemented in the organization. Supposedly, CRM training courses will provide some backgrounds to the employees. Employees also became familiar with the new situation. The researcher claimed that without CRM training courses, organizations would experience serious difficulties such as stress and confusion among employees. Secondly, there would be no progress in the project. This finding agreed with Caldaria (2008) who believes employees with insufficient training will not be skillful to do the project. The last barrier was the lack of integration and increase of competition among different departments and employees. The researcher called it “The false competition” that hindered the progress of the project. Competition was strictly against the CRM project. The author believed that synergy was the best word to describe the CRM implementation. This finding was supported by Caldaria (2008) who believes if competition increases among different departments, the whole organization will be ignored.

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