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The Anatomy of a Customer Relationship Management (CRM) Initiative.

A thesis presented in partial fulfilment of the requirements for the degree of

Doctor of Philosophy

in

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New Zealand.

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ABSTRACT

Much has been written in the field of Customer Relationship Management (CRM). Current literature has focused on various industries such as telecommunications, hospitality, banking, finance, insurance etc; nothing has been investigated within New Zealand's electricity lines companies and very little has been undertaken academically within New Zealand.

This thesis explores for the first time *The Anatomy of a CRM Initiative* within an electricity lines company; a phenomenon which until recently was inaccessible to scientific investigation. The researcher also breaks new ground by empirically measuring for the first time CRM processes and practices from a New Zealand organisational perspective.

CRM is based on three central assumptions that (1) customers want a relationship with suppliers of products or services, (2) CRM is a process or practice that all organisations to some degree either engage or should engage in, and that (3) good CRM increases the level of emotional bond between customer and supplier. As a result of undertaking this research, the researcher came to the conclusion that these assumptions may be fundamentally flawed.

In the context of the single case study organisation, the researcher found that few customers wanted an active relationship with their supplier and the extent of these relationships varied across segments; up until this research, previous authors had suggested this scenario existed based on anecdotal evidence alone. From a case study, lines company industry and wider New Zealand organisational perspective, not all organisations demonstrated processes and practices were in place to proactively engage with their customers.

Finally the research showed that the emotional bond between customers and the case study organisation is essentially the antithesis of traditional loyalty marketing which suggests that stronger emotional bonds are fostered based on good or excellent service. The researcher found evidence to suggest that, from a lines company perspective, emotional bonds are driven by poor quality rather than good quality.

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1 Chapter 1. Introduction

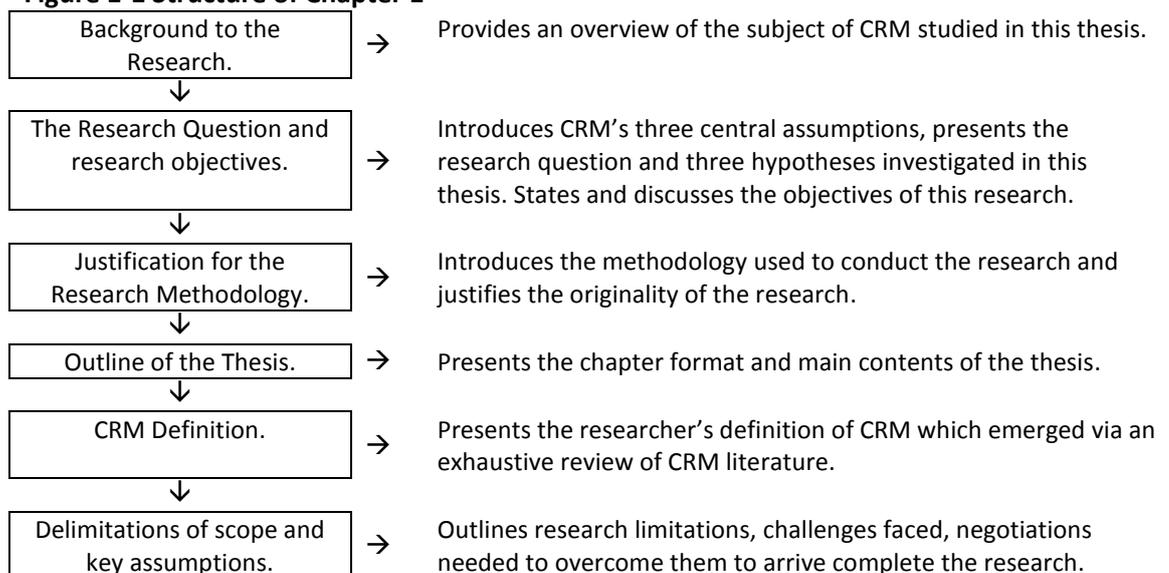
1.1 Chapter 1 – Researcher’s Overview

In this chapter, the researcher provides the reader with an overview of the entire thesis by introducing the structure of chapter 1 followed by a brief background to the research, an introduction to the research question, research objectives and three hypotheses arising from it. The researcher explains that two research streams were followed in this thesis and presents a brief justification for undertaking this piece of academic work before providing an overview to the structure of the entire thesis. In this chapter, the researcher introduces for the first time his well considered definition of CRM within the context of the methodology used and outlines the limitations of the research, challenges faced and negotiations needed to overcome them to arrive at the final research outcomes. As with any body of work of this size, the introduction and conclusions chapters were written last; the process of writing chapter 1 and chapter 7 represents to the researcher both the exciting “beginning” and “much sought after end” of the PhD experience.

1.1.1 Chapter 1 – Introduction

Chapter 1 of this thesis provides the reader with a background to the research, introduces the research question, research objectives, methodology used and an outline of the thesis format. The chapter provides a definition of the subject matter (CRM) and outlines delimitations relating to the scope of the research and key assumptions made. The chapter consists of seven headings as presented in Figure 1-1 below:

Figure 1-1 Structure of Chapter 1



1.2 Background to the Research

Much has been written in the field of CRM, although until recently this has been done largely by CRM Information Technology vendors and consultants attempting to gain early positioning in a \$5.7 billion market (Brooks, 2006). Thankfully the academic work of Reinartz, Krafft, & Hoyer (2004), Nairn (2002), Crosby, Johnson, & Quinn (2002), Dowling (2002) and others has provided some empirical measures and begun to define this evolving multidisciplinary field of management, marketing, operations and information technology.

Nairn (2002) says the origins of CRM can be traced back to the July issue of the 21st volume of the *Journal of Marketing* where “segmentation” was first mentioned in 1956. Put literally CRM is the practice of managing relationships differently within different customer segments; with the advent of information technology and the application of statistical research methods, the ability to segment customers has become accessible to virtually any organisation; as a result the CRM industry grew exponentially from the mid to late 1990s.

Vendor hype would have the market believe that CRM technology applications are a panacea for all things related to the customer, yet the market is replete with CRM technology implementation failures resulting in billions of wasted investment dollars, all in search of a CRM nirvana that never eventuated.

Starkey & Woodcock (2002) state that contributors to CRM failure include managerial short-term focus, failure to see change through, ignoring the basics of what defines good CRM and business performance, making CRM too complicated, CRM existing in functional and departmental silos, customer management techniques and practices not widespread and poor implementation of customer management projects to name just a few.

1.2.1 The Research Question – Central CRM Assumptions and Hypotheses

CRM is based on three central assumptions: (1) that **customers want a relationship with suppliers of products or services**; (2) that **CRM is a process or practice that all organisations to some degree either engage in or should engage in**; and (3) that **good service increases the level of emotional bond between customer and supplier**. The researcher will later present in more detail, three cornerstone pieces of literature upon which these assumptions are based; namely the work of Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002). In light of these assumptions, the researcher poses the following research question:

Table 1-1 Research Question: Primary and Secondary nature of enquiry

Primary Enquiry	
Part 1:	Do customers want a relationship with suppliers of products or services?
Part 2:	Is CRM is a process or practice that all organisations to some degree either engage in or should engage in?
Part 3:	Within the context of an electricity lines company does good service increase the level of emotional bond between customer and supplier?
Secondary Enquiry	
48 CRM Questions:	Furthermore, based on the 48 CRM questions arising from the literature review, how do the findings from the case study research relate to the 48 CRM questions?

In addition to answering, the CRM assumptions contained within the research question above are re-stated as hypotheses and are addressed in this thesis. These three hypotheses are presented in Table 1-2 below:

Table 1-2 Three Hypotheses

Hypothesis 1	<i>Customers want a relationship with suppliers of products or service.</i>
Hypothesis 2	<i>CRM is a process or practice that all organisations to some degree either engage in or should engage in.</i>
Hypothesis 3	<i>Good service increases the level of emotional bond between customer and supplier.</i>

As a result of undertaking this course of study, in answering the research question above, the researcher has come to the conclusion that these hypotheses may be fundamentally flawed.

The research question, CRM assumptions and three hypotheses are answered in the fullness of this thesis; however, it should be stated here that the researcher found the following within the context of the case study organisation:

1. Few customers (specific stakeholder groups i.e. electricians, contractors) want a relationship with their supplier and the extent of these relationships varies across segments.
2. From a case study and wider national perspective, although there is a relationship between CRM organisational alignment (the degree to which CRM process and practices are carried out within an organisation) and performance, not all organisations demonstrated they had such processes or practices in place to proactively engage with their customers.
3. Within the context of the single case study, the emotional bond that exists between customer and supplier is the antithesis of traditional loyalty marketing concepts.

1.2.2 Objectives of this Research

As presented previously, through the course of this study, the researcher developed a research question which focused this thesis on a specific set of CRM related concepts. The objectives of this research were to answer this research question addressing the primary and secondary natures of its enquiry as follows:

Table 1-3 Research Question: Primary and Secondary nature of enquiry

Primary Enquiry	
Part 1:	Do customers want a relationship with suppliers of products or services?
Part 2:	Is CRM is a process or practice that all organisations to some degree either engage in or should engage in?
Part 3:	Within the context of an electricity lines company does good service increase the level of emotional bond between customer and supplier?
Secondary Enquiry	
48 CRM Questions:	Furthermore, based on the 48 CRM questions arising from the literature review, how do the findings from the case study research relate to the 48 CRM questions?

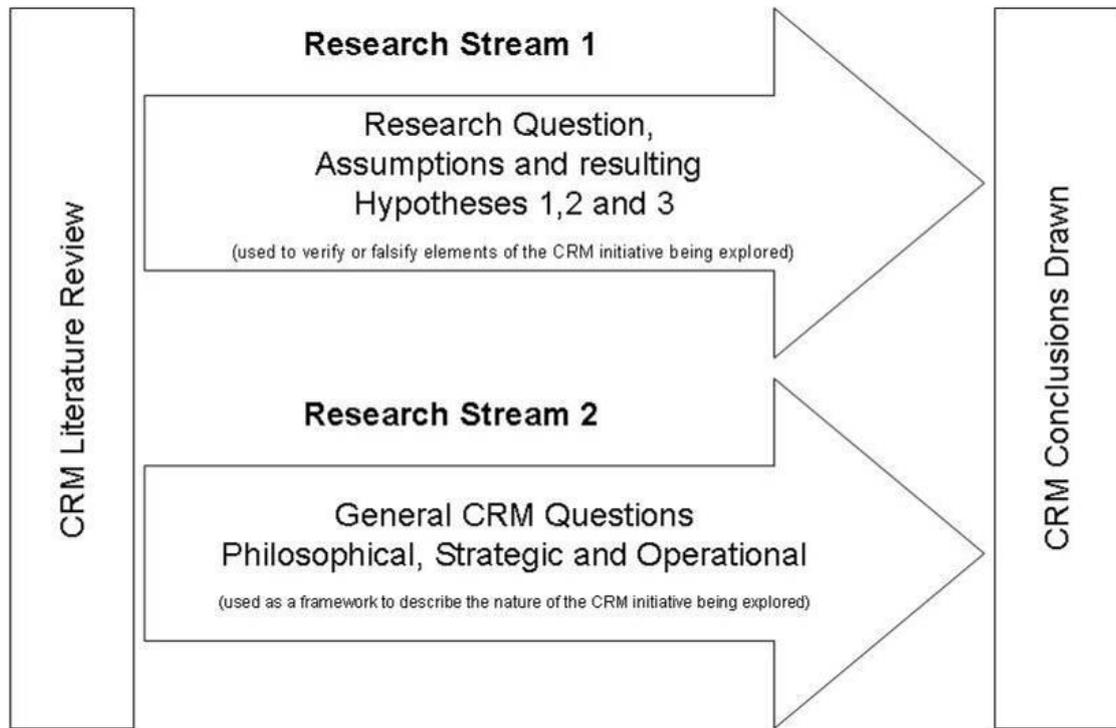
Principally, the objectives of this research were to investigate the “Hows” and “Whys” of the research question within the context of the of phenomenon under investigation. To achieve this, the researcher undertook the following research:

1. A three-year longitudinal single case study via participant observation that involved a detailed examination of multiple sources of evidence which are discussed in Chapter 5 and 6.
2. A series of annual customer surveys and other surveys which led the researcher and the case study organisation to the development of a stakeholder survey reported in detail in Chapter 5 and 6.
3. A national CRM survey of processes and practices from over 1200 New Zealand organisations which included 16 other electricity lines companies, an in-depth interview with the case study organisation CRM manager and survey of its executive staff reported in detail in the Chapter 5 and 6.

1.2.3 Two Concurrent Streams of Research

Throughout the three year period of the longitudinal single case study via participant observation, two concurrent research streams were pursued as presented in Figure 1-2 below:

Figure 1-2 Concurrent Research Streams



As presented in Figure 1-2 above, two concurrent research streams emerged as a result of the CRM literature review presented in Chapter 3 of this thesis. The first stream identified the main research question, assumptions and resulting three hypotheses which were used to verify or falsify elements of the CRM initiative being explored. This stream draws from the three cornerstone pieces of literature from Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002) discussed briefly above and in detail in Chapter 2 from page 76.

In addition to the research question, assumptions and resulting three hypotheses, as the researcher reviewed the literature, a series of 48 questions relating to CRM Philosophy, Strategy and Operations emerged (refer page 304 in APPENDIX). This resulted in the pursuit of a second concurrent stream of research which was used as a framework to describe the nature of the CRM initiative being explored. These 48 questions are answered in detail in the Analysis of Data Chapter (Chapter 5 from page 144) and are summarised in the Findings Chapter (Chapter 6 from page 278).

1.2.4 Justification for the Research and Phenomenological Methodology

This case study is a revelatory case as the researcher was presented with the opportunity to observe and analyse a phenomenon previously inaccessible to scientific

investigation, namely *The Anatomy of a CRM Initiative* within a New Zealand electricity lines company.

In undertaking this body of work, the researcher was cognisant that **important** gaps in knowledge needed to be identified and justified and that this thesis presents an original piece of research. In line with this reasoning, using guidelines laid down by Phillips (2005), the researcher justifies and defines this thesis as original in the following ways:

1. **It continues a previously original piece of work**– part of the research undertaken in this thesis is based on the work of Reinartz et al (2004).
2. **It shows originality in testing somebody else's idea** – in relation to the work of Reinartz et al (2004), the construct and survey instrument was used to assist with the case study's external validity within New Zealand and across more business categories than the four originally tested. Anecdotal work mentioned by Dowling (2002) was tested empirically.
3. **It carries out empirical work that has not been done before** – based on a search of the available CRM literature, no other researcher has undertaken this type of case study within this industry in this subject in New Zealand or Internationally.
4. **It uses already known material but with a new interpretation** – the CRM literature search provided useful concepts, theories and methodologies; using these as a basis, the concepts were re-interpreted and applied and a research question and hypothesis were developed and investigated in relation to the case study.
5. **It tries out something in one country that has previously only been done elsewhere** – the original work of Reinartz et al (2004) was originally carried out in Europe, this study took place in New Zealand.
6. **It is cross-disciplinary and uses different methodologies** – the qualitative case study approach uses a variety of cross-disciplinary (management and marketing) approaches incorporating mixed methodologies, multiple sources of evidence, quantitative surveys and qualitative case study research methods.
7. **It adds knowledge in a way that has not been done before** – owing to the “newness” of CRM and the approach taken, new knowledge has been added in a unique fashion.

Morgan and Smircich (1980) highlight the appropriateness of a research approach derived from the nature of the social phenomena to be explored; therefore the extent to which the basic subject material in a discipline is quantified exerts a considerable influence on the preference of researchers for more positivist or phenomenological methods.

Unlike managerial accounting and finance in which most research focuses on quantifiable facts where the researcher remains at a distance, CRM is more akin to factors in management and marketing. To support this Hirschman (1986) argues that these key factors in marketing are essentially socially constructed: human beliefs, behaviours, perceptions and values. In following this line of reasoning the researcher believed it important to employ research methods drawn from this perspective, such as participant observation and qualitative interviews, fundamentally employing a phenomenological approach to the research.

Also, most empirical research in the social sciences is carried out on members of society who are less powerful than the researchers; sociologists tend to focus on people who are relatively powerless due to their low social or economic status (Bogdan & Taylor, 1975). Research into management provides a case where the subjects of research are more powerful than the researchers themselves.

In relation to the case study organisation, as a result of these factors, some negotiation needed to occur to enable the researcher the level of access to corporate information required to produce a comprehensive, accurate case study. In exchange for this access, the researcher agreed to conduct Mass Market, Customer Segmentation Research, Stakeholder and Willingness to Pay research for the case study organisation, at the completion of which, the researcher was allowed access to the findings to present a participant observation source of evidence to the qualitative case study research. These research studies, track the progression of public opinion (Crosby, et al., 2002) and some of the CRM initiatives carried out by the case study organisation over the three year research period.

The researcher chose a single case study for this thesis. In relation to this approach, the researcher's justification for a single case study methodology fits with two of Yin's (1994) criteria as follows:

1. The case study organisation CRM initiative represents a unique case study opportunity as CRM research within a New Zealand electricity lines company has not previously been undertaken.
2. The case is revelatory, as until this research was undertaken such access was not available; traditionally only engineering based research has been undertaken within this industry (Nicols, 2003).

1.2.5 Outline of the Thesis

This thesis presents a three year longitudinal single case study via participant observation to investigate “*The Anatomy of a CRM Initiative*” within Unison Networks Limited, a New Zealand electricity lines company. The thesis consists of the following seven Chapters:

1. **Chapter 1. Introduction** – presents an overview of the contents of the entire thesis.
2. **Chapter 2. The Case Study Organisation** - provides a contextual background to the organisation within which this research was undertaken
3. **Chapter 3. CRM Literature Review** – presents an overview of the body of knowledge as is existed up until the completion of this thesis and also presents the research questions that are addressed during the study.
4. **Chapter 4. Methodology of Data Collection** – discusses and argues the methodology used in the thesis and also presents how the qualitative and quantitative research was carried out in terms of data collection, analysis and presentation. This chapter also introduces the multiple sources of evidence used in the case study data collection process.
5. **Chapter 5. Analysis of Data** – this chapter brings together the research question and subsequent hypotheses identified in chapter 3 using the methodology outlined in chapter 4 to describe, contrast and compare data collected from the multiple sources of evidence. The Chapter presents the data in terms of the research questions being addressed, analysis of findings and places them in context of the CRM initiative under investigation.
6. **Chapter 6. Findings and Implications** – this chapter provides a substantial discussion section, which allows the researcher to consider and reflect on the implications of the research on the organisation and the wider academic community
7. **Chapter 7. Conclusions** – this chapter provides a condensed, concise and focused chapter that only presents the conclusions of this research.

1.2.6 Key influences

Key influences in this thesis are the use of a case study methodology presented by Yin (1994), the impartial, academic perceptions of CRM by Nairn (2002), the quantitative survey instrument designed by Reinartz, Krafft, & Hoyer (2004), the importance of market research in CRM put forward by Crosby, Johnson, & Quinn’s (2002) and questioning of the underlying CRM assumption that customers want a relationship with their supplier by Dowling (2002). In addition to this, the assistance offered by the case study organisation in terms of access to

documentation, executives, Board and allowing the researcher to participate in company affairs at many levels cannot be understated.

The use of Yin's (1994) case study methodology allowed the researcher, via participant observation, to gain access, use and interpret multiple sources of evidence (documents, archival records, interviews, direct observations, participant observation and surveys) over the three year period of the longitudinal study. Principle areas of interest in this case study were an examination of the "hows and "whys" of the phenomenon under investigation.

CRM literature is replete with vendor hype, but at the time of this research, limited empirical academic evidence existed which the researcher could use as a source of reference. Nairn's (2002) work provided a focal point for the review of available literature and closely reflected the researcher's perceptions and opinions on the subject of CRM.

Although a qualitative case study approach was taken, the issue of external validity could not be ignored by the researcher. Therefore the adoption of Reinartz et al., (2004) CRM process measure to investigate the CRM phenomenon across the case study organisation, alongside other electricity lines companies within the same industry and then against over 1200 New Zealand organisations comprising of 18 sectors provided a degree of external validity that would have otherwise been missing.

The use of market research studies undertaken by the researcher for Unison via participant observation forms a significant portion of the quantitative customer data analysed in chapter 4 and resulted in the development of the customer stakeholder survey. Crosby et al's., (2002) work in relation to CRM was instrumental in the researcher developing surveys as empirical sources of evidence for use in this thesis.

Dowling (2002) highlights that fundamental to the concept of CRM is the issue of relationship between buyers and sellers. According to Dowling (2002) and other authors there is considerable anecdotal evidence to suggest that many customers **do not want** a relationship with most of the suppliers of the products and services that they buy; people simply do not have the time, interest, or the emotional energy to form relationships with a wide variety of products and services. Over the three years of the case study, this anecdotal suggestion was measured and proven empirically for the first time.

In addition to an exhaustive examination of current CRM literature and an extensive search through company documents and archival records, in excess of 5100 respondents spanning eight quantitative and qualitative surveys were interviewed as part of this research.

1.2.7 CRM Definition

A significant portion of the literature review chapter is dedicated to presenting a valid CRM definition for the purpose of this thesis. Much debate exists with CRM academics, consultants, vendors and business practitioners as to what CRM is, how it works, what it does and whether it works.

CRM is an acronym for “Customer Relationship Management”. Whereas explaining the meaning of the CRM acronym is achieved quite easily, presenting a concise definition is a little more challenging. The ambiguous, yet widespread use of the CRM acronym can mean several things within various areas of business (Turban, McLean, & James., 2002 p.315); this presents both a challenge and opportunity in discussing and then proposing a CRM definition as a cornerstone of this PhD thesis.

The challenge is presented in the similar yet often different CRM definitions that need to be considered and explored by academics and popular industry journal articles. On the flip side, because of these differing CRM definitions, an opportunity exists to construct a CRM definition and series of research questions for this thesis. In the literature review in chapter 2, the researcher presents the following definition of CRM in the context of this thesis.

“CRM is a strategy that segments customers based on value and a reciprocal desire for varying levels of relationship management. The strategy structures the organisation in such a way as to enable the deployment of processes to drive stakeholder value while measuring, managing and maintaining relationships through a series of operational channels which include customer research, communication channel management, segment based pricing and service, infrastructure asset management and where appropriate one to one relationships. Driving and tempering this strategy is a combination of internal and external forces and constraints”.

1.2.8 Delimitations of Scope and Key Assumptions

Based on limited resources available it was decided that the fewer the case studies, the greater the opportunity for depth of observation (Voss, Tsiriktsis, & Frohlich, 2002). In the

example given by Narasimhan & Jayaram (1998), Karlsson & Ahlstrom (1995) and Schonberger (1982) a single, in-depth case study was used to conduct the three year longitudinal single case study via participant observation. Voss et al (2002) state that there is no clear definition of what is a single case study or unit of analysis and single cases may sometimes involve the opportunity to study several contexts within the case (Mukherjee, Mitchell, & Talbot, 2000). As a result, these limitations were turned into advantages and provided the opportunity to study in depth the phenomenon under investigation. A full list of research limitations is presented on page 142 in Chapter 4. Methodology of Data Collection.

According to Macpherson et al. (2000) research practice is often determined by the researcher's own research histories and preferences as well as perceptions and interpretations of current opportunities and experiences; these factors guide the researcher's negotiation and navigation of the borders and barriers among the social science positions and the demands of the contemporary research environment. In considering this, the researcher's history is one of management practice, research and management consultancy; this history was an influencing factor with the adoption of a qualitative case study approach.

The principle purpose of this thesis was to investigate the "hows" and "whys" of a CRM initiative within an electricity lines company as a distinct course of study within itself. Issues of generalisability were secondary, however to seek external validity of the case study, triangulation research employing both qualitative and quantitative research methodologies was employed.

From the outset of this PhD the researcher believed it important to distinguish between "Management Research" and other research practices. According to Easterby-Smith et al. (1991) there are three issues that make Management Research distinctive as a research focus as follows:

1. **The practice of management is largely eclectic:** this means that managers need to be able to work across technical, cultural and functional boundaries. The dilemma for the researcher was whether to examine management from the perspective of one discipline, or adopt a cross-disciplinary approach. The researcher chose the single discipline of CRM (from a management and marketing multidisciplinary approach) for the purpose of this thesis.
2. **Managers tend to be powerful and busy people:** as a consequence they are unlikely to allow the researcher access to their organisations unless they can see some

commercial or personal advantage to be derived from it; therefore access for fieldwork can be very difficult and may be hedged with many conditions about confidentiality and publication rights. In this instance the researcher negotiated access to the organisations resources and utilised a participant observation approach to develop a mutually beneficial win-win relationship with the case study organisation.

3. **Management requires both thought and action;** not only do most managers feel that research should lead to practical consequences, they are also quite capable of taking action themselves in the light of research results, research methods either need to incorporate within them the potential for taking action, or need to take account of the practical consequences that will probably ensue. In this instance an entire quantitative research data source (customer research) was dedicated to allowing management to take action as a result of the findings.

The researcher is indebted to Unison for the access and assistance provided. Over the three year period, the researcher was provided unrestricted access to all relevant company documents, many of which were confidential hence the embargoing of this thesis. Assistance and access to the company's Board, Chief Executive Officer, General Manager and Customer Relations Manager provided insights and perspectives that are often difficult for academics to gain in the study of management and its practical applications.

1.3 Chapter 1 Summary

This chapter laid the foundations for the thesis and introduced the research questions explored. The research was justified as CRM definition were presented, the methodology was briefly described and argued, the research was outlined, and the limitations to the research were given. Based on these foundations, the researcher can now proceed with a detailed description of the research (Perry, 1998b).

In light of the above, the researcher is confident that this thesis presents a balanced, insightful, original piece of academic literature that describes, discusses, interprets and analyses *The Anatomy of a CRM Initiative* within a New Zealand electricity lines company.

2 Chapter 2. The Case Study Organisation

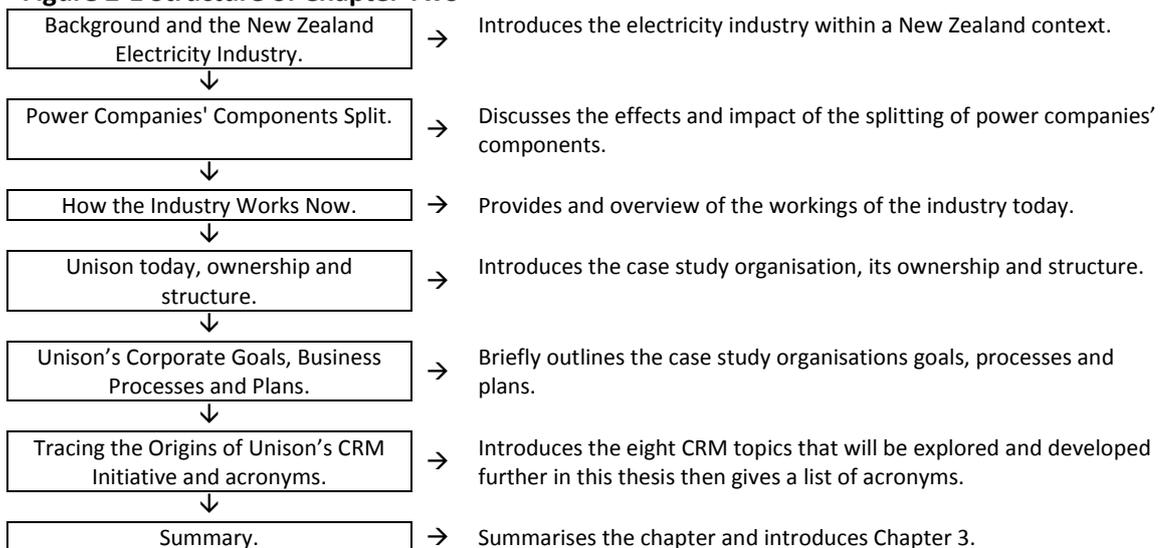
2.1 Chapter 2. Researcher's Overview

In this chapter, the researcher provides the reader with an introduction to Unison Networks Limited, the case study organisation. Although a professional distance was maintained between the researcher and case study organisation during the course of the longitudinal case study, close bonds and relationships were forged over the three year period of the case study research. These relationships allowed the researcher to gain the necessary trust and subsequent access to the resources required to undertake this course of study. Although the research has been completed, the researcher has been able to enjoy an ongoing working relationship with Unison.

2.1.1 Chapter 2. Introduction

In this chapter the researcher provides a background to case study organisation by presenting the New Zealand electricity industry, how power companies' components were split and the way the industry works now. An overview of Unison today, its ownership and company structure, corporate goals, business processes and plans is then presented. The researcher then outlines the origins of Unison CRM initiatives and offers a list of acronyms industry specific to the case study organisation used in this thesis. The chapter topics are presented in Figure 2-1 below.

Figure 2-1 Structure of Chapter Two



2.2 Background to Case Study

To understand the nature of the case study organisation, it is important to introduce the environmental context in which the organisation operates in. This section discusses the

evolution of the New Zealand electricity industry from 1987-1999, outlines the main principles of the Electricity Industry Reform Act 1998, describes how the industry operates today and presents an overview of the case study organisation. Owing to the evolving nature of the case study organisation as an operational entity over time, the organisation will be referred to in the following ways:

1. "The Board or Hawke's Bay Electric Power Board (HBEPB)" while operating as a municipal electricity department" (1923-1992).
2. "The company" or "organisation" while operating under corporatisation (1992-1999).
3. "Unison or the company" while operating as an electricity lines company (2000-2006).
4. "The case study organisation" in instances where the researcher refers to the entity for discussion purposes.

Once this has been presented, the researcher will present the antecedents of the CRM initiative followed by an analysis of the quantitative and qualitative research conducted during the three years of the longitudinal case study.

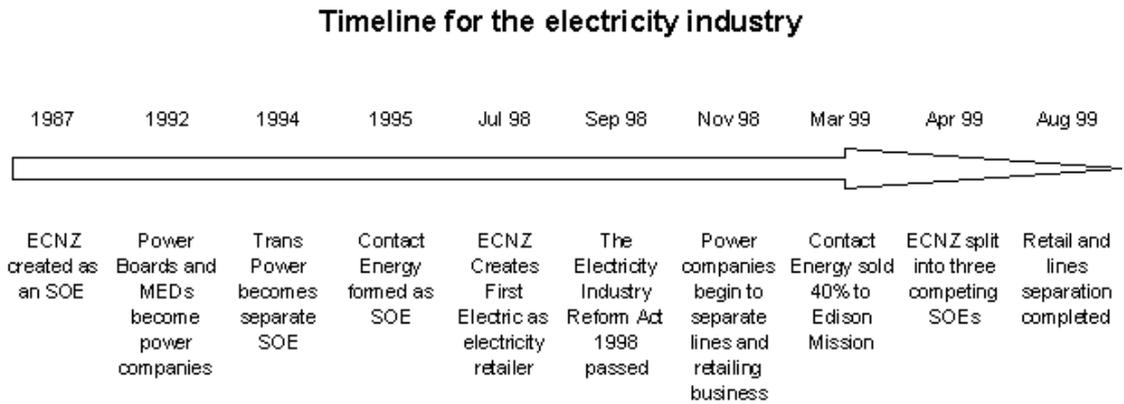
2.2.1 New Zealand Electricity Industry

The New Zealand electricity industry has undergone a number of changes since 1987 with most changes having arisen from the introduction of the Electricity Industry Reform Act 1998 and the sale of Contact Energy (Tinkler, 2004).

Tinkler (2004) states that one of the fundamental changes that occurred was that electricity suppliers were restricted to operating either a lines or a retailing business, with the recent exception of the case study organisation (Carvell, 2006; Rebstock, Bates, & Curtin, 2006). In addition, generators were prohibited from operating lines businesses. The intention of separating lines and retail businesses was to permit and encourage competition among retailers. As a result of this change the majority of former power supply companies continued operating lines businesses, generators and companies involved in the gas industry were among the main purchasers of the retail businesses. This resulted in an increasing integration of electricity and gas in the retail energy market.

Generation of electricity also evolved over this time. Originally generation was almost the exclusive preserve of central government through ownership of State Owned Enterprises (SOEs) such as The Electricity Corporation of New Zealand (ECNZ) and Contact Energy. A time line for the electricity industry is presented in Figure 2-2 below.

Figure 2-2 Timeline for the New Zealand Electricity Industry



(Tinkler, 2004)

2.2.2 Power Companies' Components Split

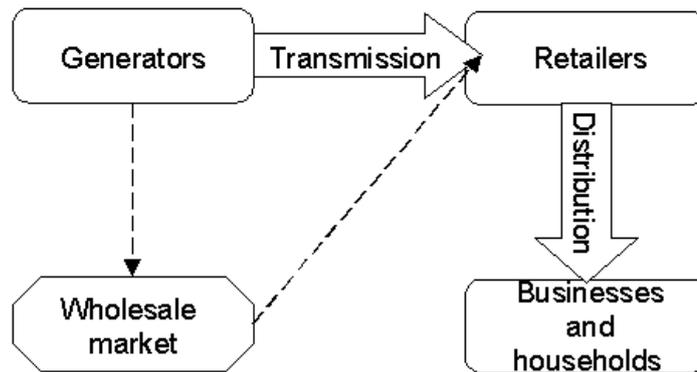
Power companies evolved from the former power boards and municipal electricity departments (MEDs). These were community owned, and legislation required these to be corporatised in 1992. Most of these became either fully or partially owned by consumer-owned energy trusts or local authorities trading enterprises (LATEs). Local government restructuring around this time was a catalyst for a number of amalgamations. As a result of corporatisation, a number of power companies became public companies, though many of these retain some level of trust (as did the case study organisation) or LATE ownership (Tinkler, 2004).

As of April 1 1998, there were 36 power companies in New Zealand. Power companies were effectively local monopolies selling electricity; using lines they owned to deliver electricity to end consumers. At this time power companies charged end consumers for both the electricity and the distribution service provided by the lines. Several power companies were also involved in electricity generation. The Electricity Industry Reform Act 1998 required that power companies separate the lines businesses from the retail and generation businesses before 1 April 1999. The legislation required ownership separation within a five year period. Of the 36 power companies that existed in 1998, 30 chose to operate lines businesses, three chose to operate retail and generation businesses, one chose generation only and the remaining two chose to leave the electricity industry (Tinkler, 2004).

2.2.3 How the Industry Works Now

There are five distinct parts to the electricity industry, as shown in Figure 2-3 below:

Figure 2-3 2007 Structure of Electricity Industry



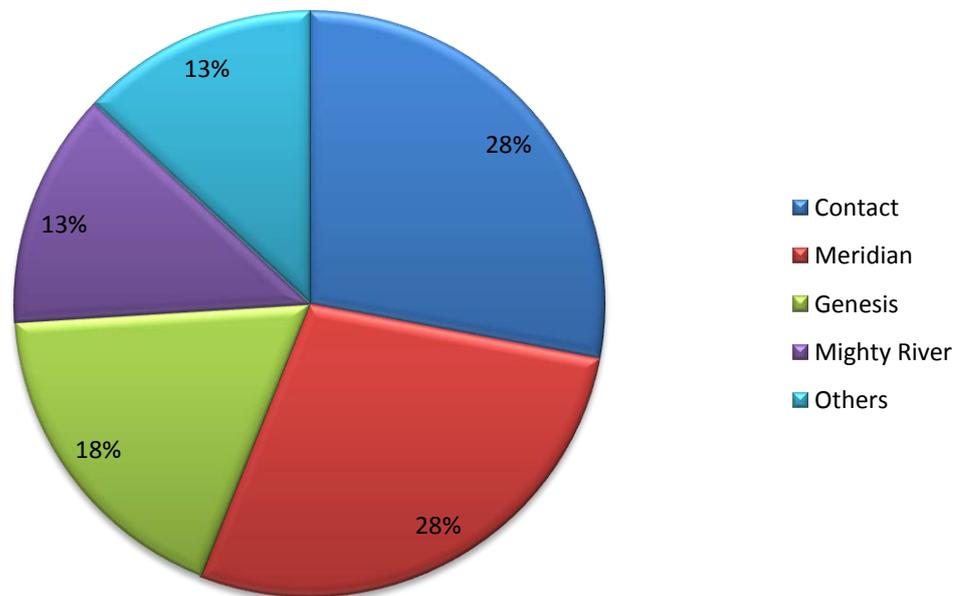
(Tinkler, 2004).

Generators produce electricity; the transmission industry (Transpower) uses high voltage cables to transport electricity from the generators to the local networks. Retailers buy electricity from generators and sell to businesses and households. The wholesale market is where some sales are made between generators and retailers. Finally, distributors are the local lines networks that receive electricity from the high voltage cables and provide the service that delivers electricity to the end users/consumers (Tinkler, 2004).

A summary of the five distinct electricity entities resulting from Electricity Industry Reform Act 1998 are presented as follows:

Generation: ECNZ was established as an SOE in 1987, the transmission network separated out in 1994, with the creation of Transpower. In late 1995 some of ECNZ's generating assets were transferred to another SOE, Contact Energy. Most of ECNZ's assets were divided among three new SOEs (Meridian Energy, Genesis Power and Mighty River Power) on 1 April 1999. A number of other ECNZ stations were sold to other generators. The SOEs compete, along with Contact Energy and smaller generators, to supply electricity to retailers. The electricity generator capacity percentage of the total New Zealand capacity generation as of 1998 is presented in Figure 2-5 below.

Figure 2-4 Electricity Generator Capacity Percentage of Total NZ Generation Capacity



(Tinkler, 2004).

New Zealand's major method of producing electricity is hydro-electric generation with approximately two-thirds of all electricity generated in New Zealand coming from this source. The next largest method of electricity generation is gas-fired generators. Other generation sources include geothermal, coal, oil, wood, steam, biogas and wind.

1. **Transmission network:** operated by TransPower, the transmission network comprises the high voltage network (often referred to as the National Grid) that delivers electricity from the generators to connections of lines companies and directly to a small number of individual companies (some within the boundaries of the case study organisation); this operation is effectively a natural monopoly.
2. **Distribution networks.** Lines businesses (such as the case study organisation) distribute electricity to households and most businesses through lines networks. These networks transport electricity at lower voltages than transmission (ENA, 2007). Lines networks were once part of power companies which also sold electricity to households and businesses. With the exception of a few large commercial customers, lines networks charge electricity retailers, not end user consumers. Like the transmission network, lines businesses are natural monopolies. With the recent exception of the case study organisation, networks, both transmission and distribution, do not sell electricity; they provide the means for electricity delivery.

3. **Wholesale market:** The wholesale market is operated by M-Co (Electricity Market Company) (M-co, 2007). TransPower, ECNZ and the Electricity Industry Supply Association owned M-co until it was sold to Rand Merchant Bank Australia in March 1999.
4. **Retail market:** Retailers sell electricity to end users. The Electricity Industry Reform Act 1998 was designed to provide competition in the retail market. This is a significant change, since historically most consumers had only one option of electricity supplier. Now more than 60 percent of consumers have a choice of electricity retailers. Retailing operations were split off from the lines companies and these now have separate ownership. Nine companies bought the retail arms of the 33 power companies that chose to no longer sell electricity
5. **Transmission and distribution:** Transpower New Zealand Ltd owns and operates New Zealand’s high-voltage electricity transmission network - the National Grid – linking generators to distribution companies and major industrial users (Transpower, 2007). The largest distribution network is owned by United Networks (formerly Power New Zealand); second largest network is Vector, which supplies over 250,000 customers in Auckland. Third largest lines company is PowerCo (Tinkler, 2004).

Unison Networks Limited (the case study organisation) is New Zealand’s fourth largest New Zealand owned electricity lines company supplying over 104,000 customers in Hawke’s Bay, Taupo and Rotorua. Unison’s place in the electricity supply chain is presented in Figure 2-5 below.

Figure 2-5 Unison’s Position in the Electricity Supply Chain

Generators	National Grid	Distribution Companies	Retailers	Consumers
				
Facilities that generate electricity located throughout New Zealand.	Transports electricity from the generators to Grid Exit Points around the country.	Distributes electricity to commercial and domestic customers.	Charges commercial and domestic customers for electricity.	These are the connections for homes and businesses.

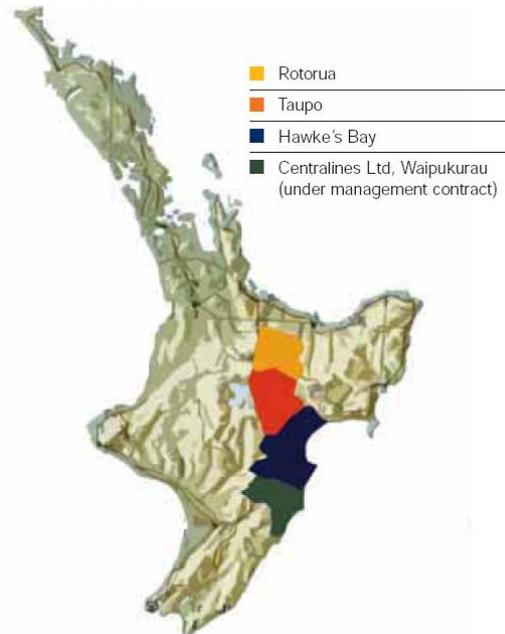
(Sutherland, 2003)

2.2.4 Unison Today

Unison owns and manages a substantial electricity distribution network serving the Hawke's Bay, Taupo and Rotorua regions. Unison transports electricity brought to points of supply by the National Grid operator and on behalf of Electricity Retailers, Unison delivers electricity via lines and cables to over 104,000 domestic and commercial connected consumers who receive service from the network. The company also operates a management contract for the provision of core network and management services to Centralines Limited, which covers the Central Hawke's Bay Region of Hawke's Bay (Unison, 2004a).

Unison is responsible for the design, development, operation and maintenance of the three combined electricity networks. On an annual basis, Unison distributes approximately 1,700 GWh of electricity covering a supply area of 11,000 square kilometres from rural areas to highly populated urban areas (Martin & Sutherland, 2006). A topographical representation of Unison's network, including Centralines, is presented in Figure 2-6 below.

Figure 2-6 Unison Distribution Network



(Martin & Sutherland, 2006)

A detailed view of Unison network coverage area for the three principle regions of Hawke's Bay (Napier and Hastings), Taupo and Rotorua are in Figure 2-7, Figure 2-8, Figure 2-9 and Figure 2-10 below:

Figure 2-7 Napier Network Region



Figure 2-8 Hastings Network Region



Figure 2-9 Taupo Network Region



Figure 2-10 Rotorua Network Region



(Martin & Sutherland, 2006)

2.2.5 Ownership

Unison is wholly owned by the Hawke's Bay Power Consumers' Trust, which was established in 1993 (Martin & Sutherland, 2006). The Trust is made up of five Trustees who hold all the shares in Unison Networks Limited, on behalf of the consumer/customers who are connected to Unison's electricity network in Hawke's Bay (Unison, 2004b).

The consumer owners elect the Trustees every three years. The Trustees' role on behalf of the consumer-owners is to ensure the value of the Trust's investment in Unison is protected and enhanced. As well as holding all the shares in Unison, the Trust has other tasks as follows:

1. Appoint the Directors and monitor the Company's performance
2. Approve Unison's annual business goals and financial objectives, which include CRM initiatives discussed in this thesis
3. Review the ownership of the Company's shares at least every five years
4. Hold a public meeting each year and report on the performance of the Company and the Trust

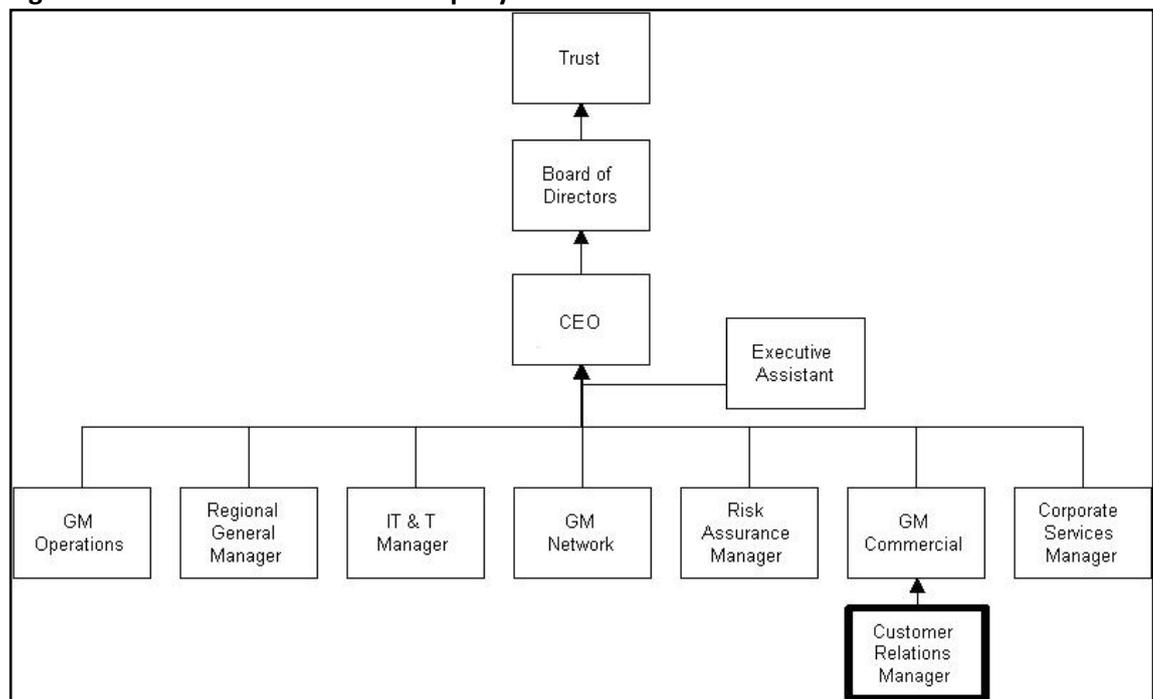
5. Act for the consumer/customers so that their interests as owners are protected (Unison, 2004b).

The Trust operates under a Trust Deed (Simpson-Grierson-Solicitors, 1998), which sets out in detail the responsibilities and duties of the Trust and of the Trustees. While the Trustees have no direct input into the management of the Company, Trustees continually monitor the performance of the Company using the annual targets and measures which are agreed with the Board of Directors (Unison, 2004b).

2.2.6 Company Structure

Over the period of the longitudinal research, both the internal structure of the company and the degree of company involvement/buy-in to the CRM initiative evolved. An overview of the structural; changes and level of involvement and buy-in are presented with the company flow charts below. It is important to note that the organisational charts are presented in a simplified format for the purpose of illustrating change and buy-in levels. In each chart presented, the level of company and individual involvement in the CRM initiative is represented by a **bold** position box.

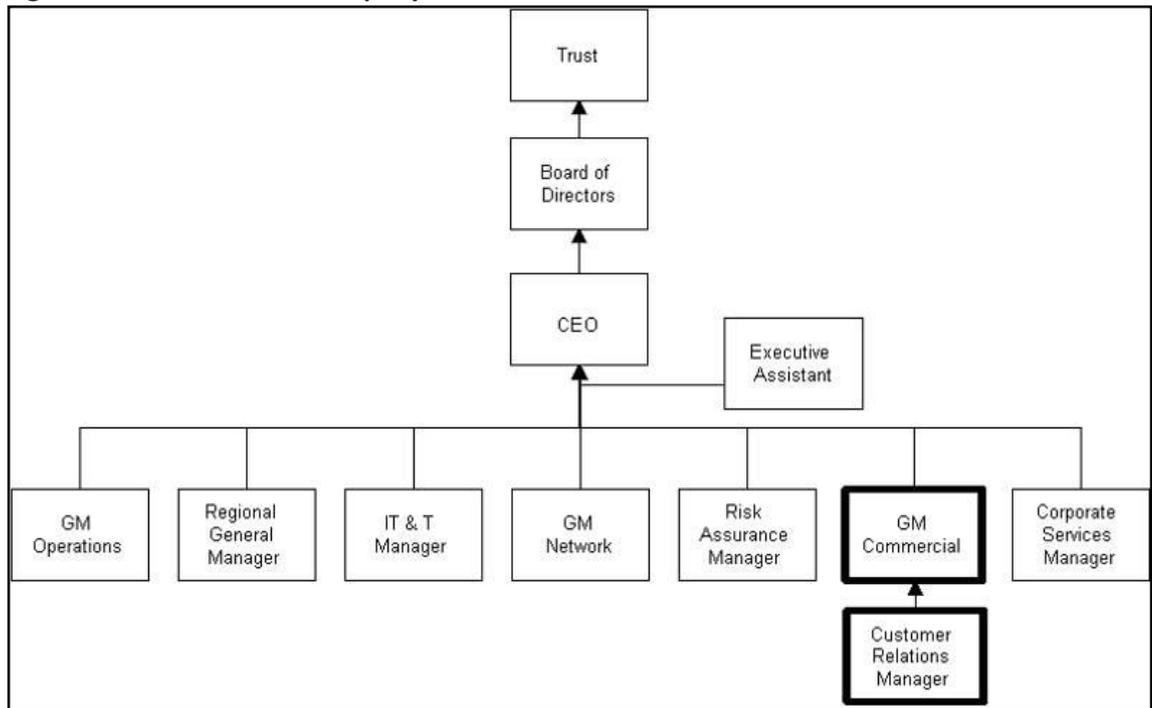
Figure 2-11 End of 2002 Unison Company Structure



As presented in Figure 2-11 above, at the time the researcher first approached the case study organisation, the only involvement and buy-in from Unison was through the proactive efforts of the newly appointed Customer Relations Manager.

The structure presented in Figure 2-12 below coincided with the commencement of the company's first customer survey in 2003 which involved the General Manager Commercial who was very much instrumental with the Customer Relations Manager in championing the CRM concepts to bringing them to the attention of the newly appointed CEO in 2003.

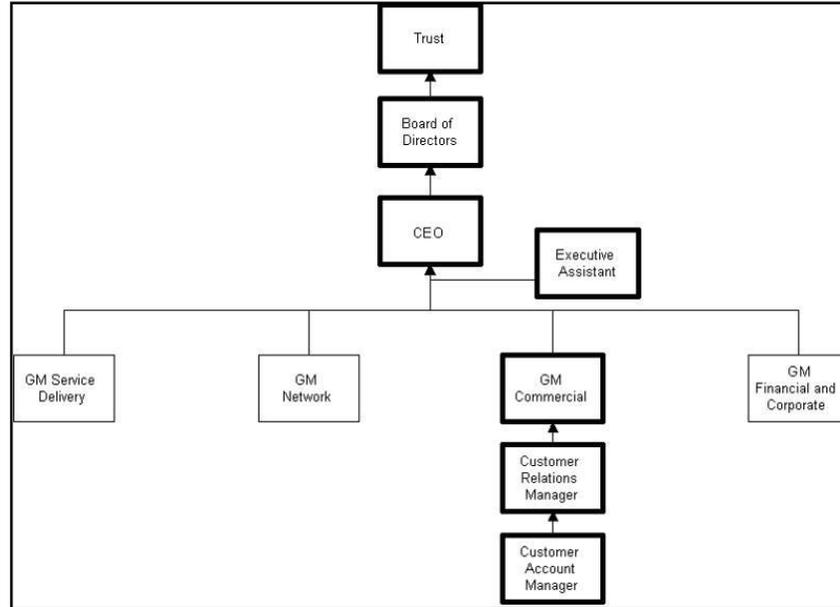
Figure 2-12 2003 Unison Company Structure



In Figure 2-13 below, research related CRM initiatives began to build momentum with the conducting of additional customer surveys (carried out by the researcher) including a significant undergrounding conversion research project which for the first time in the organisations history, empirically measured opinions, perceptions and willingness to pay for overhead to underground line conversion. This initiative was instigated by the CEO and supported by the GM and Customer Relations Manager.

Also in 2004 the GM and Customer Relations Manager with the researcher, created the Customer Relationship Management Action plan which resulted in the addition of a newly appointed customer account manager. Presentation of these documents and surveys to the Board and Hawke's Bay Power Consumers Trust created the top level buy-in of the CRM initiatives and subsequently their introduction into the company's annual report and asset management plans as a point of public record of the company's activities in this area.

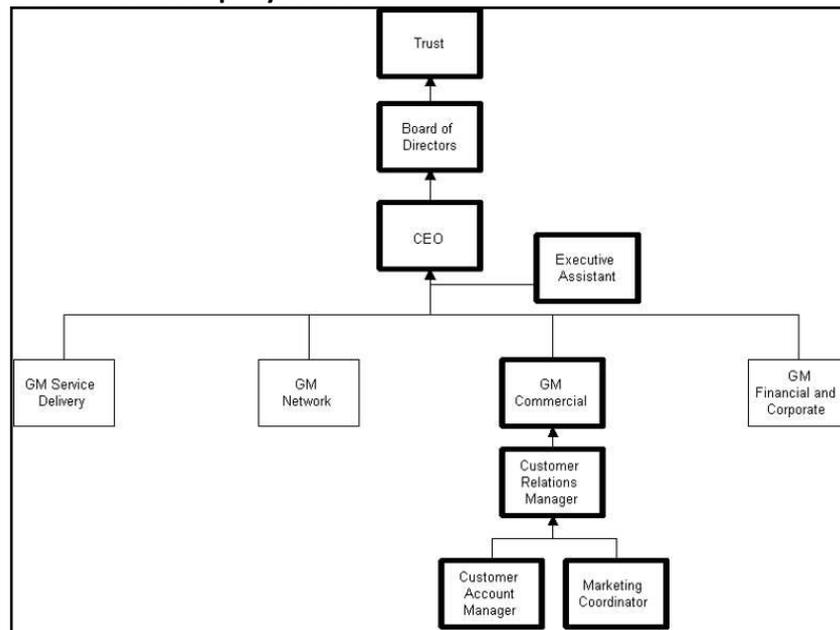
Figure 2-13 2004 Unison Company Structure



In 2005 the CRM team was expanded to include a marketing manager in addition to the existing key account manager. IT, sales, marketing, PR staff, top and middle management over this period became more involved with various CRM initiatives.

This involvement occurred as a result of the inclusion of the research outcomes in Unison asset management plans. As a result of this inclusion, day to day business operations were influenced in the areas of service delivery, capital works and relationship management.

Figure 2-14 2005 Unison Company Structure



In summary, the level of CRM buy-in grew over the three years of the CRM initiative and was an important contributor to the success of the initiative. Buy-in started at the coal face through the CRM manager; from there it progressed to the GM, CEO, Board and Trust. Top level buy-in was a critical factor as this allowed the customer surveys and CRM strategic plan to permeate operational documents such as the annual Asset Management Plan (AMP). Inclusion in the AMP resulted in the need for active participation from other areas of the lines business.

2.2.7 Unison's Corporate Goals, Business Processes and Plans

As of 2006 Unison's corporate goals were to be the service provider of choice for energy infrastructure solutions and to achieve this **through excellence in customer service**, innovation, growth and leadership (Sutherland, 2003). The key objective of the Company is to operate as a successful and sustainable business for the benefit of its shareholders. Unison states this will be achieved by ensuring shareholder value is enhanced while meeting the needs of consumers/customers by providing a quality and efficient service.

While excellence in performance across the business remains a key focus, the Company continues to expand the business in ways that enhance the value and returns to shareholders/customers. In order to operate as a successful and sustainable business, Unison states it must continue to meet customer demands for quality and reliability using innovative technological solutions, remain cost-efficient in its operations and achieve a commercial rate of return. Also, Unison invests in additional lines business assets only where those assets are needed to meet the demands of consumers and continues to look for investment opportunities both within its core business and outside its core business; ensuring that any such investments can obtain a satisfactory return commensurate with the risk of the investment.

The key operational outcomes Unison aims to achieve are to operate a reliable, efficient network with **satisfied customers and stakeholders operating a** safe and healthy workplace with motivated and committed employees while achieving a good commercial rate of return (Sutherland, 2003).

2.2.8 Tracing the Origins of Unison's CRM Initiative

To fully appreciate the context in which Unison embarked on its CRM initiative starting in 2002, it is important to present and discuss the initiative's antecedents. To achieve this, an

examination of archival records and documents was carried out. Based on the research questions outlined in the literature review chapter 3, a summary of the organisation’s annual reports from 1950 through to 2006, AMPs from 2000 to 2006, Statements of Corporate Intent, media policies and press archives were critically analysed. The documents were reviewed and eight distinct CRM topics relevant to this thesis emerged as presented in

Table 2-1 below:

Table 2-1 Archival Records - CRM Topics for Discussion

1. Electricity Supply.	Issues affecting continuity and quality of supply of electricity to consumer/customers.
2. Infrastructure and Generation.	Issues regarding, infrastructure reticulation and electricity generation.
3. Undergrounding.	Issues relating to the conversion of overhead power lines to underground cables.
4. Tariffs.	Issues relating to influencers impacting on electricity and line charges.
5. CRM practices.	Issues relating to historical practices and policies in CRM practices.
6. Government intervention.	Issues relating to government intervention and manipulation of the electricity industry.
7. Press and publicity.	Issues relating to the usage of media channels for customer communication.
8. Asset Management Plans.	Issues specific to customer service and levels of service delivery arising from research undertaken by the researcher.

The eight CRM topics as they relate to the case study organisation are presented and discussed in detail in chapter 3.

2.2.9 Industry Specific Acronyms

As with any industry, the case study organisation has its own business jargon. The researcher has attempted to avoid excessive use of industry specific terms where possible, however some jargon usage could not be avoided. A summary of terms and their definitions the reader will encounter in this section are as follows:

1. **SAIDI** – System Average Interruption Duration Index: this represents the number of minutes the average consumer was without power during the reporting period
2. **SAIFI** – System Average Interruption Frequency Index: This represents the number of interruptions experienced by the average consumer
3. **CAIDI** – Customer Average Interruption Duration Index: This represents the number of minutes elapsed per outage for the average consumer affected by an outage.
4. **Faults per kilometre** (Ministry of Economic Development Measure)
5. **KVA** - the amount of apparent power in an alternating current circuit equal to a current of one ampere at an emf of one volt; hence **10 kVA** = 10,000 watts capability (where the SI prefix k equals kilo)
6. **AC/DC** - alternating current (AC) direct current (DC)

7. **Feeder:** connections between the output terminals of a distribution substation and the input terminals of primary circuits.
8. **Embedded Networks:** a lines network run and owned by an external lines company but supplied electricity via the region's major lines company. These can occur when new subdivisions underground reticulation services are tendered out to other line companies

To facilitate ease of reading and referencing of these acronyms, the researcher will also present definitions of these acronyms as they are used in the text.

2.3 Chapter 2 Summary

In this chapter the researcher presented a background to case study organisation which included discussion relating to the New Zealand electricity industry, how power companies' components were split and the way the industry works now. An overview of Unison today, its ownership and company structure, corporate goals, business processes and plans was then presented followed by a brief introduction to the eight CRM topics which trace the origins of Unison CRM initiatives finally a list of industry specific acronyms was presented. Having introduced the case study organisation, the researcher will now turn the reader's attention to the CRM literature review in chapter 3.

3 Chapter 3. CRM Literature Review

3.1 Chapter 3. Researcher's Overview

One of the researcher's greatest learning experiences came from the review of CRM literature in this chapter and development of the methodology outlined in chapter 4. When the researcher began this thesis, very little empirical evidence existed in the field of CRM. Initially this was an immense source of frustration as the researcher sought to "get a handle" on the subject matter. A considerable amount of time was invested in reviewing numerous texts and journal articles in an attempt to come to terms with both the subject matter and identify a course of study on which to base this thesis. After about 6-12 months, patterns within the reviewed literature began to appear and the common language started to make sense; however a clear set of research objectives was still elusive.

As a result of this, the researcher decided to take two concurrent research streams to the thesis as mentioned previously in chapter 1. The first research stream emerging from the literature review chapter was the creation of a research question based on three common assumptions arising from the literature; these three assumptions then resulted in three testable hypotheses.

The second research stream arising from the literature review comprised of 48 general CRM related questions that the researcher applied to the case study organisation over the three year period of the single longitudinal study by participant observation. These questions provided the researcher with a framework of relevant CRM issues with which to describe and illustrate the case study. When combined, both research streams resulted in the detailing of *The Anatomy of a CRM Initiative* presented in this thesis.

In this chapter the researcher presents the problems associated with defining CRM and discusses the many CRM definitions arising from literature review. CRM research questions arising from literature relating to CRM philosophy, strategy and operations are discussed along with the drive for IT based CRM adoption and CRM from an IT perspective. The researcher presents discussions relating to what CRM actually does and an introduction to the three principal pieces of literature this research thesis is based on. The three CRM assumptions, research question and hypotheses the researcher investigated are presented along with discussions relating to CRM failure concluding with a summary of chapter 3, the researcher's CRM definition and introduction to chapter 4.

3.1.1 Chapter 3. Introduction

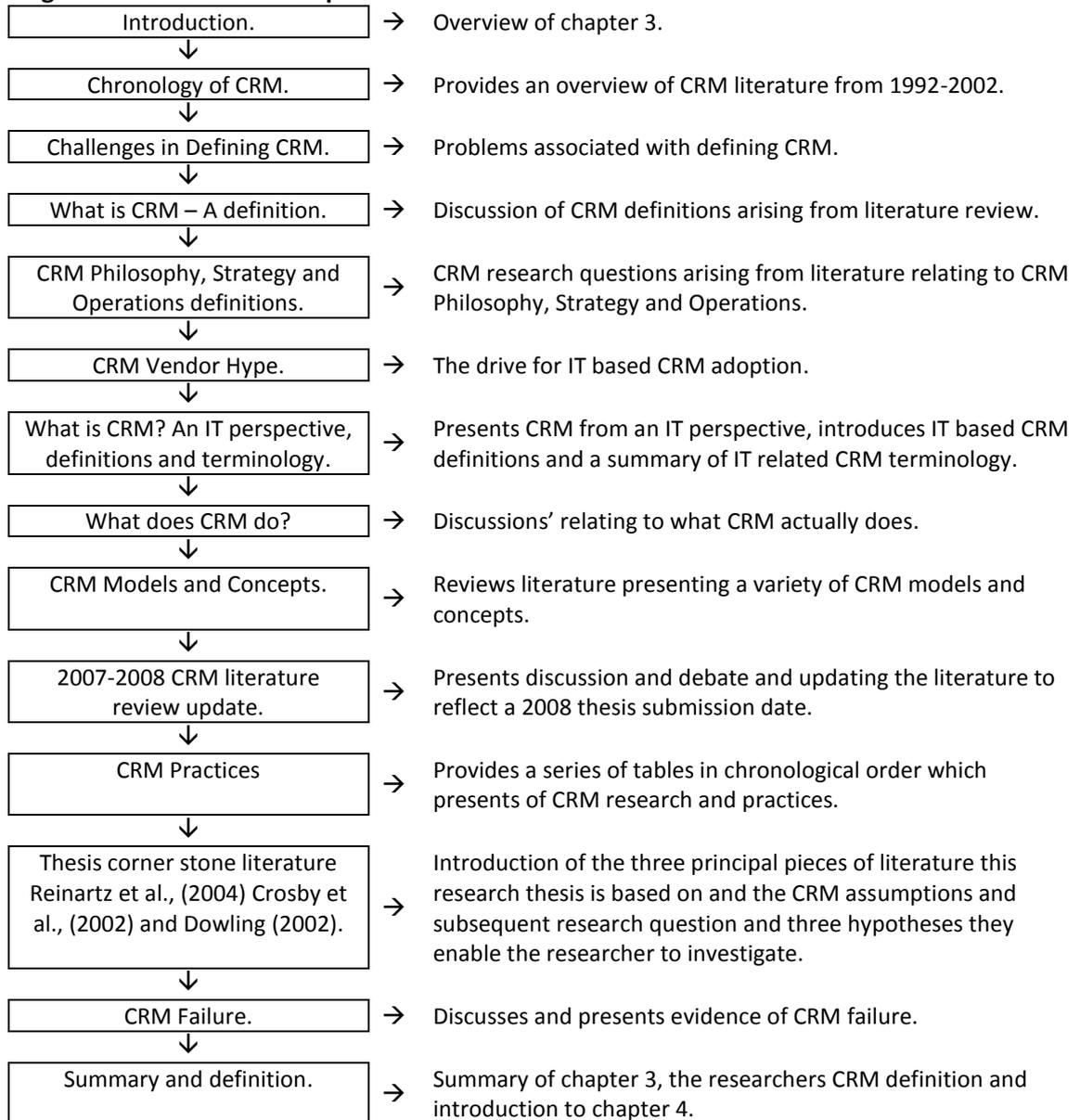
For the purpose of this case study thesis, prior theory provides a focus to the data collection phase in the form of research. This CRM literature review chapter presents initial theoretical CRM concepts, frameworks and models; as stated by Yin (1994) the chapter is the same as that of a conventional thesis, charting the body of knowledge and identifying gaps.

As this is a case study, gaps presented in this literature review are not expressed as precise, testable, closed yes/no propositions or hypotheses, but as general broad, open research issues that will be grouped and used in various sections in the Analysis of Data and concluding chapters of this thesis.

This chapter will first provide an initial introduction to the CRM literature and discuss the challenges in attempting to define the subject. Several CRM definitions are discussed followed by CRM questions arising from literature relating to CRM philosophy, strategy and operations. The subject of CRM vendor hype is addressed along with what CRM is and is intended to do. The researcher then presents the three principal literature components used to undertake this research. A variety of CRM models and concepts will be presented, the issue of CRM failure will be discussed and a section referring to service quality models that inform various aspects of this research is also introduced. The researcher then concludes with a summary and definition of CRM. The chapter consists of seven headings as presented in Figure 3-1 below:

This chapter concludes with the identification of **the research question that reflects the three primary natures of its enquiry and namely the three central CRM assumptions and subsequent hypotheses** that will be investigated and tested within this thesis. **It also provides a series of 48 general CRM related questions** arising from the literature that allow the researcher to describe and explain "*The Anatomy of the CRM Initiative*" within the case study organisation effectively detailing the secondary nature of the research questions enquiry.

Figure 3-1 Structure of Chapter 3



3.2 CRM Literature Review

According to Nairn (2002), in 2000 The Data Warehousing Institute commissioned a team of academic researchers to conduct a global survey among 1,670 CRM users from a range of industries and sizes of organisation, the research concluded that:

“Most companies are now adopting CRM as a mission-critical business strategy”(Eckerson & Watson, 2001).

Nairn (2002) reports that organisations in the survey believed that CRM was a crucial and integral part of their long-term business planning process. Nairn (2002) says this was

supported by the findings of work by AMR Research which found that CRM was no longer a question of “if”, but a question of “when”.

3.2.1 Chronology of CRM Literature

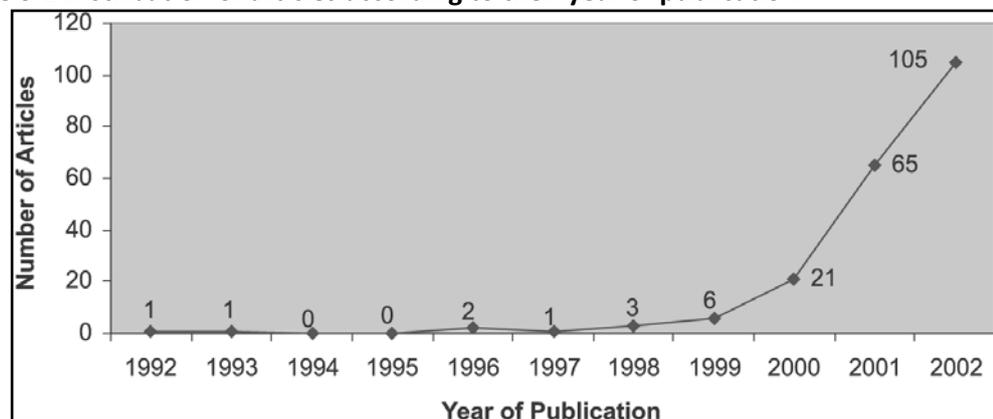
In 2005 Ngai (2005) undertook a review of academic literature on CRM to provide a comprehensive bibliography and proposed method of classifying the literature. A range of online databases were searched to provide a comprehensive listing of journal articles on CRM. Some six hundred articles were identified and reviewed for their direct relevance to CRM. Two hundred and five articles were subsequently selected. Each of these articles was further reviewed and classified.

Ngai (2005) found that papers and research on CRM fell into five broad categories that included (1) General, (2) Marketing, (3) Sales, (4) Service and Support, and (5) IT and IS. A further 34 sub-categories were also identified. The most popular areas covered by the papers were in the sub-category of CRM management, planning and strategy; and CRM general, concept, and study followed by papers in software, tools and systems; data mining, knowledge management, and e-commerce.

Ngai’s (2005) resulting bibliography provides an academic database of the literature between 1992 and 2002 covering 89 journals. The classification approach provided a means to conceptualise the coverage of CRM and the relative popularity of CRM topic areas.

The distribution of articles according to their year of publication from 1992 to 2002 as reviewed by Ngai (2005), is presented in Figure 3-2 below.

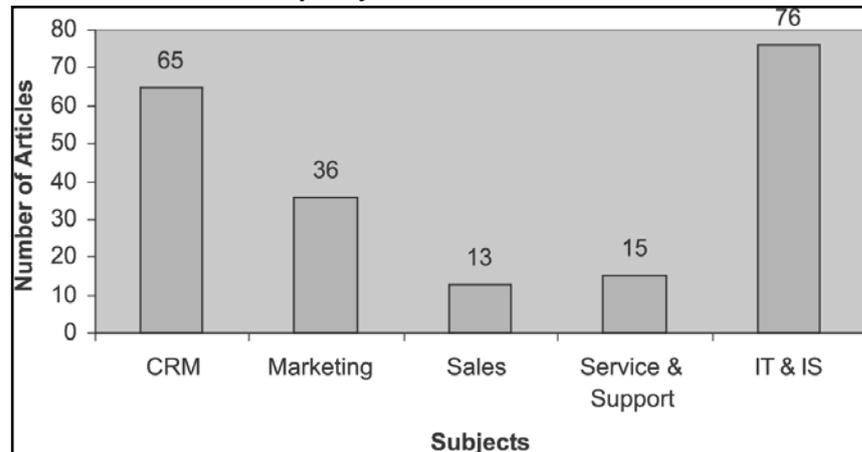
Figure 3-2 Distribution of articles according to their year of publication



Ngai (2005)

As presented in Figure 3-2 above, the output of CRM research increased significantly since 1999 with a total of 191 publications found for last three years of the study (2000-2002), representing 93 per cent of the total (Ngai, 2005). Ngai's (2005) distribution of articles by subject is shown in Figure 3-3 below.

Figure 3-3 Distribution of articles by subject



Ngai (2005)

As presented in Figure 3-3 above, Ngai (2005) highlights the majority of the articles (76 out of 205 or 37.1 per cent of the total) were related to IT and IS in CRM, while the “sales” category saw the fewest published articles (13 or 6.3 per cent of the total). As presented in Figure 3-4 below, Ngai (2005) found only two journals have more than ten articles related to CRM research. They were the *Journal of Database Marketing* (21 articles) and *Interactive Marketing* (14 articles).

This indicates to the researcher that although CRM is a popular topic of management and IT interest, up till 2002, limited empirical research had been undertaken in this area.

Figure 3-4 Distribution of articles by Journal

Count by Journal	Year										Grand total
Journal	1992	1993	1996	1997	1998	1999	2000	2001	2002		
<i>Academy of Management Executive</i>									1		1
<i>Business Process Management Journal</i>									1		1
<i>Business Strategy Review</i>									1		1
<i>California Management Review</i>								3	1		4
<i>Communications of the ACM</i>								1	2		3
<i>Computers & Industrial Engineering</i>									1		1
<i>Computers in Industry</i>									1		1
<i>Decision Support Systems</i>								6			6
<i>European Management Journal</i>							1	1	2		4
<i>Expert Systems with Applications</i>								1	2		3
<i>Harvard Business Review</i>	1	1				1		1	2		6
<i>IBM Systems Journal</i>								1			1
<i>IIE Solutions</i>								1			1
<i>Industrial Management & Data Systems</i>							1		2		3
<i>Industrial Marketing Management</i>						1		1	2		4
<i>Information Management Journal</i>									2		2
<i>Information Resources Management Journal</i>									1		1
<i>Interactive Marketing</i>						1	7	1	5		14
<i>International Journal of Bank Marketing</i>									2		2
<i>International Journal of Computer Applications in Technology</i>									1		1
<i>International Journal of Contemporary Hospitality Management</i>									1		1
<i>International Journal of Electronic Commerce</i>								1	3		4
<i>International Journal of Human Computer Studies</i>								1			1
<i>International Journal of Information Management</i>									1		1
<i>International Journal of Intelligent Systems in Accounting, Finance and Management</i>									1		1
<i>International Journal of Management</i>									1		1
<i>International Journal of Medical Marketing</i>								1	2		3
<i>International Journal of Nonprofit and Voluntary Sector Marketing</i>											1
<i>International Journal of Retail & Distribution Management</i>								2	1		3
<i>International Journal of Service Industry Management</i>									4		4
<i>International Journal of Services Technology and Management</i>									2		2
<i>International Marketing Review</i>					1						1
<i>Internet Research</i>								1			1
<i>Journal of Air Transport Management</i>									1		1
<i>Journal of American Academy of Business, Cambridge</i>									1		1
<i>Journal of Brand Management</i>							1				1
<i>Journal of Business Ethics</i>									1		1
<i>Journal of Business Research</i>					1						1
<i>Journal of Business Strategy</i>					1			1	1		3
<i>Journal of Computer Information Systems</i>								1	2		3
<i>Journal of Customer Behaviour</i>									1		1
<i>Journal of Database Marketing</i>								8	13		21
<i>Journal of Economic & Social Research</i>								1			1
<i>Journal of European Industrial Training</i>									1		1
<i>Journal of Financial Services Marketing</i>							1	6	2		9
<i>Journal of Information Technology Cases and Applications</i>									1		1
<i>Journal of Information Technology Theory and Application</i>									2		2
<i>Journal of Interactive Marketing</i>							1		3		4
<i>Journal of International Business Studies</i>								1			1
<i>Journal of International Consumer Marketing</i>			1								1
<i>Journal of Knowledge Management</i>									1		1
<i>Journal of Management Information Systems</i>								1	1		2
<i>Journal of Market-Focused Management</i>				1							1
<i>Journal of Marketing</i>						1			2		3
<i>Journal of Marketing Management</i>									1		1
<i>Journal of Personal Selling & Sales Management</i>								2	2		4
<i>Journal of Retailing</i>								1			1
<i>Journal of Retailing and Consumer Services</i>									1		1
<i>Journal of Service Research</i>								1			1
<i>Journal of Services Research</i>									1	2	3
<i>Journal of Strategic Marketing</i>								2	1		3
<i>Journal of Targeting, Measurement and Analysis for Marketing</i>								2	4		6
<i>Journal of the Operational Research Society</i>									1		1
<i>Journal of Vacation Marketing</i>								1			1
<i>Knowledge and Process Management</i>							1				1
<i>Learned Publishing</i>								1			1
<i>Long Range Planning</i>			1								1
<i>Management Science</i>									1		1
<i>Managing Service Quality</i>									1		1
<i>Marketing Health Services</i>							1	1			2
<i>Marketing Intelligence & Planning</i>								1	1		2
<i>Marketing Management</i>								2	1		3
<i>MIS Quarterly</i>							1				1
<i>Qualitative Market Research</i>								1	2		3
<i>Quality Progress</i>								1			1
<i>Serials: The Journal for the Serials Community</i>								1			1
<i>Services Marketing Quarterly</i>							1	1			2
<i>Singapore Management Review</i>									1		1
<i>Sloan Management Review</i>								1	1		2
<i>Strategic Direction</i>							1				1
<i>Supply Chain Management: An International Journal</i>									1		1
<i>Supply Chain Practice</i>							1				1
<i>Technology in Society</i>									1		1
<i>The Journal of Bank Cost & Management Accounting</i>								2	3		5
<i>The Journal of Government Financial Management</i>									1		1
<i>The Journal of Management Development</i>									1		1
<i>The TQM Magazine</i>						2		1			3
<i>Total Quality Management</i>									1		1
<i>User Modeling and User-Adapted Interaction</i>							1				1
Grand total	1	1	2	1	3	6	21	65	105		205

Ngai (2005)

3.2.2 Challenges in Defining CRM

Much debate exists with CRM academics and business practitioners as to what CRM is, how it works, what it does and whether it works. The first step in discussing the nature of CRM is to attempt to define it. New management trends tend to be expressed by acronyms; CRM originally stood for Customer Relationship Marketing, changing subtly but importantly to Customer Relationship Management in about 1998 (Nairn, 2002). Therefore CRM is an acronym for “Customer Relationship Management”. In this context it should NOT be confused with some 22 other CRM definitions that can be found in the online Wikipedia (Wikipedia, 2006) listed in Table 3-1 below.

Table 3-1 What CRM is NOT

1. Conceptual Reference Model.	13. Credit Risk Management.
2. Compensating Resource Manager.	14. Certified Records Manager.
3. Clean Room Model.	15. Constituent Relationship Management.
4. Cluster Resources Manager.	16. Comas Racing Management, a driver management firm created and operated by French ex-F1 driver Erik Comas.
5. CRM114, a spam filter.	17. Coastal Research & Management.
6. Communication Resource Manager, part of the X/Open specification for distributed transaction processing, see X/Open XA.	18. Camp Rainey Mountain, a Boy Scout Summer Camp in North East Georgia.
7. CRM32Pro, a multimedia SDK to develop cross-platform games.	19. Charles Rennie Mackintosh, an architect, designer, and watercolorist.
8. Cause-Related Marketing.	20. Charles River Media a publishing organisation
9. Cis-regulatory Modules.	21. Courtesy Reply Mail.
10. Cardiac Rhythm Management.	22. Crew Resource Management or Cockpit Resource Management.
11. Certified Reference Material.	
12. Cultural Resources Management.	

(Wikipedia, 2006).

Whereas explaining the meaning of the CRM acronym is achieved quite easily, presenting a concise definition is a little more challenging. One of the key problems in defining CRM is that managers and writers use the CRM term broadly to describe all forms of transactions between customers and their suppliers (Knox, Maklan, Payne, Peppard, & Ryals, 2002). The level of confusion within business regarding a CRM definition is expressed well by McKeen (2003) as follows:

“When asked to describe CRM, one focus group member claimed that, “CRM is a philosophy about how customers will be treated by this organisation... CRM is the “overall process of marketing, sales, and service within any organisation”. To IBM Global Services, CRM is “any effort undertaken to improve customer service” For others, CRM is software that manages customer interactions with an organisation... it became abundantly clear from our focus group that the number of definitions of CRM equalled the number present at the table.

At the highest level it was agreed that CRM focuses on the relationship between an organisation and its customers. Beyond that, little agreement was forthcoming (McKeen & Smith, 2003).”

Defining CRM is not an easy task. According to Keefe (2001) some CRM experts argue that there is little consensus about what CRM actually is or how to best execute or measure it. Coined in the mid-1990s and heavily promoted during in the late 1990s, the term CRM still means different things to different people (Goldenberg, 2002 p.7). The ambiguous, yet widespread use of the CRM acronym can mean several things within various areas of business (Turban, et al., 2002 p.315); this presents both a *challenge* and *opportunity* in discussing and then proposing a CRM definition as a cornerstone of this PhD thesis.

The *challenge* is presented in the similar yet often different CRM definitions that need to be considered and explored by academics and popular industry journal articles. Owing to these differing CRM definitions, an *opportunity* exists to construct a CRM definition and series of research questions for this case study methodology and research process.

In the next section, the researcher initially presents some of the more common CRM definitions then proceeds to explain the nature of CRM resulting from an examination of both academic and popular industry journal literature. The researcher then presents a CRM definition and a series of research questions used in researching *The Anatomy of a CRM Initiative* within the context of the single longitudinal case study investigation undertaken for this PhD thesis (methodology outlined in the Methodology of Data Collection chapter starting on page 99).

3.2.3 What is CRM? A definition

According to Tan et al. (2002 p.84) faced with widespread global-economic technological and cultural change, organisations around the world are seeking to enhance the value and profitability of their existing customer relationships, while attracting new and profitable customers.

Wilson, Daniel, & McDonald (2002 p.194) describe CRM as a management approach that enables organisations to identify, attract and increase retention of profitable customers by managing relationships with them.

Hansotia (2002) says that defining what CRM means to the organisation, its scope and how it ties in with the organisation's mission and related strategies is without question the responsibility of the organisation's Chief Executive Officer (CEO). CRM will not succeed if it is only the dream of middle management and senior management just pay lip service to it. It needs the full commitment not only of the CEO but all the CEO's direct reports. This is because, in almost every case, it will mean challenging current norms and practices and re-inventing the organisation.

Tan, Yen, & Fang (2002 p.78) present a number of CRM definitions which include the following:

1. CRM is the implementation of customer-centric business strategies.
2. CRM concentrates on the retention of customers by collecting all data from every interaction every customer makes with an organisation from "all" access points.
3. A CRM strategy's basic theme is for the organisation to become more customer-centric.
4. CRM is the process of acquiring, regaining, growing profitable customers.
5. CRM is a business strategy to select and manage customers to optimise long term value requiring a customer-centric business philosophy and culture to support effective marketing, sales and service processes.

Parvatiyar & Sheth (2001) state that CRM refers to a conceptually broad phenomenon of business activity, and if the phenomenon of cooperation and collaboration with customers becomes the dominant paradigm of marketing practice and research, CRM has the potential to emerge as the predominant perspective of marketing. The authors state that from the corporate implementation point of view, CRM should not be misunderstood to simply mean a software solution implementation project. They go onto say that building relationships with customers is a fundamental business of every enterprise, and it requires an holistic strategy and process to make it successful.

Nairn (2002) states the ancestry of CRM can be traced precisely to 1956 and, more specifically, to the July issue of the 21st volume of the *Journal of Marketing*. This is where a seminal word in the marketing dictionary was phrased; "segmentation". Nairn says that market segmentation is based upon developments on the demand side of the market and represents a rational and more precise adjustment of product and marketing effort to consumer and user requirements. Nairn (2002) emphasises this by stating that over 1,600

articles have been written on the subject and an entire chapter is devoted to the subject in the millennium edition of Philip Kotler's Marketing Management.

Binggelt, Gupta, & de Pommès (2002) state that in the 1980s, airlines introduced frequent-flyer programs to increase the loyalty of their customers, thereby pioneering a new approach to marketing that has come to be known, more broadly, as CRM. Today, the authors state, CRM programs are used in a wide variety of industries to identify and retain valuable customers, to encourage fickle ones to spend more, and to cut the cost of serving those who are less valuable.

Nairn (2002) defines CRM as a long-term business philosophy that focuses on: collecting, understanding and utilising customer information intelligently; treating different customers differently and providing a higher level of service for an organisation's best customers; then using these two together to increase customer loyalty and profitability. This is further supported by Buttle (2003 p. 34) who says that CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. CRM is grounded on high-quality customer data and enabled by IT.

It is important to mention here that in recent years, the phenomenon of relationship ending has received increased attention. Michalski's (2004) research identified six types of relationship ending methods that include (1) forced, (2) sudden, (3) creeping, (4) optional, (5) involuntary and (6) planned ending. Michalski's (2004) suggests that knowledge about types of customer relationship ending is important for marketing managers in order to develop different strategies and actions to regain lost customers.

In light of the discussion this far, research issues arising from the CRM definitions literature above are as follows:

- **CRM Question 2:** *As a result of CRM, how did Unison go about becoming more customer-centric?*
- **CRM Question 3:** *What active steps has Unison taken to actively build relationships with customers?*
- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*

- **CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*
- **CRM Question 5:** *Does an understanding of CRM vary across departments at Unison?*
- **CRM Question 32:** *How did Unison compare with peer lines organisations?*
- **CRM Question 7:** *Does Unison have a strategy for ending relationships?*

3.2.4 CRM Philosophy, Strategy and Operations Definitions

As demonstrated in the above summaries, CRM definitions and interpretation vary among academics, across industries, between organisations/industries and even across departments within the same organisation. In a similar fashion to that presented by Ngai (2005) previously on page 30, CRM can be broken down and segmented into three categories as follows:

1. CRM Philosophy
2. CRM Strategy and
3. Operational CRM.

Within the three categories presented above, the researcher will now present a bullet point review of the literature specific to these areas. The first of these three categories relate to CRM philosophy.

3.2.5 CRM Philosophy.

- **CRM** looks at ways to treat customers more as individuals and to exercise their choice positively towards an organisation while embracing many current marketing and management methods, such as customer loyalty and marketing database management (Roberts-Phelps, 2001).
- **CRM is** a total discipline which can be likened to a manufacturing business as it uses a machine (CRM technology), power (people) to turn raw material (customer information) into products (processes and interactions that build customer loyalty) (Kincaid, 2002 p.42).
- **CRM is** all of the elements inside the business associated with the customer function connected in an intelligent manner (Cunningham, 2002 p.6).
- **CRM is** the focus of keeping customers and building a strong relationship with them, thus enhancing customer loyalty (Pendharkar, 2003 p.150).

- **CRM** includes the harnessing of technology for mining data related to customer preferences and behaviours and according to Kale (2003), it is the use of these data to design business processes than enhance efficiency and effectiveness (Kale, 2003).
- **CRM is** an IT enhanced value process, which identifies, develops, integrates and focuses the various competencies of an organisation to the “voice” of the customer in order to deliver long-term superior customer value, at a profit, to well identified existing and potential customer segments (Plakoyiannaki & Tzokas, 2002).
- **CRM is** the process of predicting customer behaviour and selecting actions to influence that behaviour to benefit the organisation, typically leveraging on IT and database related tools (Chye & Gerry, 2002).
- **CRM is** a set of tools and processes marketed to large organisations as a way of facilitating comprehensive customer service organisation-wide (Eichorn, 2004).
- **CRM is** a process that involves identifying customer wants and expectations, managing them, closely monitoring the customer experience, anticipating problems and taking appropriate actions to foster and nurture relationships (Nancarrow, Rees, & Stone, 2003).
- **CRM is** the process that builds on the relationship marketing idea that lifetime relationships with customers are more profitable than short-term transactional relationships (Ryals, 2003).
- **CRM is** a process that provides necessary knowledge for the retailer’s proposition to reflect individual customer requirements; customer loyalty is more likely to be gained when the customer is won over by both a rational argument and an emotional bond (Cuthbertson & Laine, 2004 p. 291).
- **CRM is** a great opportunity to increase customer value and provides a way to systematically attract, acquire and retain customers (Lin & Su, 2003).
- **CRM is** an approach that recognises that customers are the core of the business and that the organisation's success depends on effectively managing relationships with them (Brown, 2000).
- **CRM’s purpose is** to build relationship strategies that refine relationships and thus increase their value (Storbacka & Lehtinen, 2001 p.3).

The second of the three CRM categories relate to CRM Strategy. Below is a bullet point list of definitions presented by various authors.

3.2.6 CRM Strategy

- **CRM is** a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the organisation and the customer (Parvatiyar & Sheth, 2001).
- **CRM is** a business strategy focusing on winning, growing and keeping the right customers (Knox, et al., 2002 p.1).
- **CRM is** a business strategy that maximises profitability, revenue and customer satisfaction by organising around customer segments, fostering behaviour that satisfies customers and implementing customer-centric processes (Nelson, 2004).
- **CRM is** the strategic use of information, processes, technology and people to manage the customer's relationship with an organisation (marketing, sales, services and support) across the whole customer life cycle (Kincaid, 2002 p.39).
- **CRM is** a customer-oriented business strategy that involves many business units such as IT, sales departments, marketing personnel and public relations staff as well as top and middle management (Rajola, 2003 pp. 149-150).
- **CRM is** the business strategy and mode of operation deployed to maintain and develop relationships with profitable customers, and manage the cost of doing business with less profitable customers.' (M. Stone & Foss, 2002 p.14).
- **CRM is** a business strategy that works to ensure every customer interaction (whether sales or service) is appropriate, relevant and consistent regardless of the communication channel (Ragins & Greco, 2003).
- **CRM Strategy** aims to achieve growth by building and nurturing high-value relationships with carefully selected groups of customers; through these relationships, both the organisation and its customers can enjoy lifelong benefits; the strategy considers all the elements that go into a relationship and how they fit together (Crosby & Johnson, 2002).
- **CRM is** a business strategy that aims to understand, anticipate and manage the needs of an organisations current and potential customers (Brown, 2000).
- **CRM Strategy** comprises of elements necessary to develop a market relating capability as a competitive strategy (Day, 2000).
- **CRM is** a business strategy that aims to maximise customer value by exploiting proprietary customer data and analysis to acquire, develop, and retain high-value customers (Harding, Cheifetz, DeAngelo, & Ziegler, 2004).

- **CRM is** a customer-centric business strategy that requires alignment among people, processes and technologies to achieve growth and profitability (Lochridge, 2001).

The final category is that of operational CRM. Below is a bullet point list of definitions by various authors in relation to operational CRM.

3.2.7 Operational CRM

- **Operational CRM is** the dynamic process of managing a customer-organisation relationship such that customers elect to continue mutually beneficial commercial exchanges and are dissuaded from participating in exchanges that are unprofitable to the organisation (Bergeron, 2002 p 3).
- **Operational CRM is** a process of acquiring, retaining and growing profitable customers, requiring a clear focus on the service attributes that represent value to the customer and that create loyalty (Brown, 2000 p.8).
- **Operational CRM is** a three layered collection of operating philosophy, processes, and technologies that help companies improve their sales, service, and marketing operations.(Bligh & Turk, 2004).
- **Operational CRM** consists of methods marketers use to understand the behaviours and actions needed to motivate a customer to form a loyal attachment and repeatedly purchase a organisation's products or services (Buskirk & Lavik, 2004).
- **Operational CRM is** a combination of business processes and technology that seeks to understand an organisation's customers from multiple perspectives to competitively differentiate an organisation's products and services (Tiwana, 2001 p.23).
- **Operational CRM** refers to: (1) the entire field of CRM, that is, all customer-focused functions such as marketing, sales, and customer support, (2) the tools used by such functions such as Sales Force Automation (SFA) and (3) something in between the two, usually the processes involved in managing the relationship with the customer (Tourniaire, 2003 p.2).
- **Operational CRM is** a comprehensive approach that provides seamless coordination between all customer-facing functions (Goldenberg, 2002 p.7).
- **Operational CRM is** the optimisation of all customer contacts through the distribution and application of customer information (Newell & Newell Lemon, 2001 p.84).
- **Operational CRM is** about understanding the nature of the exchange between customer and supplier and managing it appropriately (Peel, 2002 p.3).

- **Operational CRM** is the system of how an organisation works with its customers, solve problems for them, encourages them to purchase products and services, and deals with the financial transactions that includes all aspects of an organisations interactions with clients (Cunningham, 2002 p.6).
- **Operational CRM** is the cycle of activities by which an organisation analyses its customers, targets potential customers, makes them aware of its offerings, acquires those customers, manages interactions with them, delivers value to them, develops a relationship with them over time and resolves their issues when things go wrong (Woodcock, Stone, & Foss, 2003 p.163).
- **Operational CRM** is a management approach that enables organisations to identify, attract and increase retention of profitable customers by managing relationships with them; as data-driven marketing (Ryals & Payne, 2001).
- **Operational CRM** is a management approach that enables organisations to identify, attract and increase retention of profitable customers by managing relationships with them (Wilson, et al., 2002 p. 194).
- **Operational CRM** is a managerial process that focuses on the development and maintenance of relationships with individual customers in such a way that value is created for both the customer and the organisation using customer databases, statistical decision-support tools and interactive communication techniques (Verhoef & Langerak, 2002).
- **Operational CRM** is a process of acquiring, retaining and growing profitable customers. It requires a clear focus on the service attributes that represent value to the customer and that create loyalty (Brown, 2000 p.8).

Drawing from these philosophical, strategic and operational CRM definitions, several questions arising from this literature that will be addressed in the Analysis of Data chapter are as follows (continuing from the previous list):

- **CRM Question 8:** *What efforts did Unison make to treat different customers differently?*
- **CRM Question 9:** *What were the varying levels of interaction with customers?*
- **CRM Question 10:** *Is customer loyalty a consideration for an electricity lines company operating in a monopoly?*
- **CRM Question 11:** *How was data mining utilised at Unison?*
- **CRM Question 12:** *How was the voice of the customer used to deliver value?*

- **CRM Question 13:** *How is customer behaviour predicted and actions taken to meet requirements?*
- **CRM Question 14:** *How did Unison increase customer value?*
- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 48:** *What processes have been implemented to foster customer satisfaction?*
- **CRM Question 17:** *How are customer relationships managed by Unison?*
- **CRM Question 18:** *How and to what degree are various business units – IT, sales, marketing, PR staff, top and middle management involved in CRM at Unison?*
- **CRM Question 19:** *How does Unison manage customers by profitability, how is profitability determined?*
- **CRM Question 20:** *How is customer communication managed?*
- **CRM Question 21:** *How did Unison interact with mass market customers?*
- **CRM Question 22:** *How are high value relationships determined?*
- **CRM Question 23:** *How are specific service attributes measured?*
- **CRM Question 24:** *What is the cycle of activities Unison uses to analyse, target, make aware of its offerings and develop relationships over time and resolve issues?*

3.2.8 CRM Vendor Hype

Popular industry literature is replete with accolades for IT based CRM systems hyped-up by CRM vendors. Barlow (2001) put this issue succinctly in saying that:

CRM practice is primarily propagated by the theoreticians deployed by the major consulting firms, who are building and testing their theory as they go, and largely at the expense of their clients (Barlow, 2001).

Money is the key driver of CRM hype. Worldwide CRM software revenue totalled \$5.7 billion in 2005, a 13.7 percent year-over-year increase, thanks in large part to license and maintenance revenue, according to Gartner's "*Market Share: CRM Software Worldwide, 2005.*" SAP retained its top spot, with \$1.47 billion in CRM total software revenue, representing a 19.6 percent increase from 2004's \$1.23 billion. Siebel Systems secured the second spot with \$966.1 million, up 6.4 percent from 2004's \$908.3 million. Oracle (including PeopleSoft) took third place, accruing \$367.5 million, an 11.7 percent drop from 2004's \$416.2 million. Sales force.com captured the fourth spot with \$280.7 million, up 77.7 percent from 2004's \$158

million. Amdocs earned \$276.4 million in 2005, up 22.3 percent from 2004's \$225.9 million. "Others" accounted for \$2.33 billion in 2005, a 12.6 percent boost from \$2.07 billion in 2004 (Brooks, 2006). CRM software is BIG business.

The researcher would have preferred to omit this topic owing to the fact that countless hours were needed at the beginning of this thesis to wade neck deep through this vendor hype material. Owing to the sheer volume of CRM vendor hype available electronically, considerable time was required to properly review vendor hype to ensure the subject was examined thoroughly. In saying this, upon reflection the researcher came to the conclusion that vendor hype which drives the CRM market was an important topic as it presents the nature of the CRM market and is a principle contributor to confusion and CRM failure as will be explained later in CRM failure on page 53 of this chapter.

An entire chapter could be dedicated to vendor hype alone, however to avoid the tedium associated with this a summary of the main CRM vendor hype claims and definitions is presented below:

3.2.9 CRM Vendor Hype Claims and Definitions

Roberts (1999) argues that CRM is a way for companies to identify and capture new value throughout the supply chain. He suggest this is achieved by beginning with a systematic exploration of exactly what buyer segments an organisation wants to serve, which products and services customers want, and how an organisation goes about delivering them. The next step is working to re segment customers according to what they actually want and are willing to pay for. Finally the company works back to tailor the way they develop, make, and distribute products and services to leverage the most value from today's market realities.

Deshmuk & Romine (2002) say that CRM manages prospective and existing customer data, coordinates marketing channels, and integrates customer support functions with back-end office systems. The analytical capabilities of CRM support can identify profitable customers, products, and regions; conduct life-cycle analysis on customers; identify productive salespersons; and provide sophisticated sales forecasting abilities.

Bland (2004) argues that CRM strategies encourage customers to believe a business knows their needs in advance, and helps businesses to anticipate customer needs rather than

just react to them. Bielski (2004) says CRM is a business process focused around smaller, provable initiatives in sales and marketing.

Borck (2001b) claims that CRM is the tool organisations should employ to monitor customer needs and build an effective competitive advantage. The author states that CRM can help counteract the effects of layoffs and human resources shortages through its capabilities for self-service sufficiency. CRM can help model promotions, forecast demand, and determine campaign effectiveness that will enable marketing teams to operate more effectively, meeting goals by making the right offer, to the right customer, at the right time.

Coffee (2002) says CRM is a set of best practices and process goals that should be pursued by every piece of IT infrastructure. They include: (1) End-to-end integration, (2) Think in both directions, (3) Measure what matters, (4) Pick the right relationships, (5) Track the moving target, (6) Do not sneer at “soft” numbers and (7) Invite new opportunities. CRM is also said to be a form of sales force automation and customer support and service.

Wilde (2001) asserts that CRM is designed to create a unified view of each customer and make this information available throughout an organisation so that processes from product development to delivering new services reflect the knowledge of each customer's history and what they want. According to Moore (2001) CRM extends the concept of selling from a discrete act performed by a salesperson to a continual process involving every person in the organisation. It is the art/science of gathering and using information about customers to build customer loyalty and increase customer value. Lewis states that (2001) CRM is a business strategy that means shifting focus from transaction margins and process efficiencies to customer retention and growth in customer lifetime value.

Dver (2001) claims CRM is the ability of an organisation to effectively identify, acquire, foster and retain loyal, profitable customers. CRM solutions boil down to two major things: (1) The ability to capture interactive information, (2) The ability for the organisation to share information easily where as Borck (2001c) says CRM tools offer powerful insight into customer-facing applications and Hansotia (2002) says CRM is about managing customer interactions and creating memorable customer experiences that exceed expectations.

Although this commentary only touches the upper tip of the “vendor hype” iceberg of CRM literature, common themes running through all articles are claims that CRM is a business

enabler allowing an organisation to provide varying levels of service and products to customers. From a vendor perspective, these processes and practices are intrinsically linked to information systems software (IS) and information technology (IT). It is important to note that even though IS and IT may be enablers for CRM processes and practices, from a study of the available academic and industry literature the researcher is of the opinion that IS and IT are not a panacea for all things CRM.

3.2.10 What is CRM? An IT Perspective

As already stated, one of the common misconceptions is that CRM is an IT or IS initiative. In support of this Tiwana (2001 p.24) states that CRM is a business strategy, not a suite of software products. Though vendors (software and service) would have organisations believe that they offer end-to-end CRM solutions, nothing (economies of scale, broad reach, or fancy software) can compensate for strategic inelegance.

Although this thesis does NOT focus on CRM IT initiatives, it is relevant here that the subject of IT based CRM is discussed briefly in this literature review. To address this issue, the researcher will now turn the readers attention to the IT perspective of CRM.

Shoemaker (2001) states that as customers commence using multiple channels to interact with an organisation, it becomes increasingly more difficult and more important to manage the customer relationship seamlessly. This is where CRM technology supports customer relationships at each of the customer's touch points, the areas where customers and organisations interact.

Roberts, Liu, & Hazard (2005) state that the role of technology in successful customer CRM implementation is a perennial subject of concern to marketers. In a review of CRM studies, the authors state that technology is a necessary but not sufficient factor in the ultimate success of a CRM system; other success factors include other marketing and organisational issues as key drivers.

Friedman (2004) presents the top ten capabilities of a CRM application as follows:

1. Complete data warehouse
2. Import asset information from your portfolio management system
3. Office workflow tools

4. Client communications
5. Office client management capabilities
6. Creating mass customized letters
7. Compliance
8. Marketing capabilities
9. Integrated contact management, email, document management, portfolio management system
10. Flexibility (Friedman, 2004).

Margulius (2002) highlights that achieving CRM integration into business operations is a multilayered challenge. The author states that to be effective CRM integration must work on many levels simultaneously including data cleaning and consistency, logical and semantic data mapping, business process coordination and trans-functionality among participating front and back-end systems. An overview of other IT related CRM articles is presented below:

3.2.11 Operational IT CRM definitions

- **CRM IT is** a process by which an organisation maximises customer information in an effort to increase loyalty and retain customers' business over their lifetimes; combining a progressive approach to gathering data with advanced database and decision support technologies that help transform that data into business knowledge (*Customer relationship management: The ultimate guide to the efficient use of CRM* 2001 p 117).
- **CRM IT is** the business process, technology, and rules required to deal with a customer at various stages of the business lifecycle (Cunningham, 2002 p.6).
- **CRM IT is** a system that brings together information about customers, customer characteristics, sales transactions, marketing effectiveness, responsiveness, and market trends (Zikmund, McLeod, & Gilbert, 2003 p.3).
- **CRM IT is** the entire process of the utilisation of information and information technology that enables organisations to more efficiently allocate resources to maintain or increase revenue or market share (Kudyba & Diwan, 2002 p.118).
- **CRM IT is** adds relevance to marketing and enables an organisation to provide better value for customers by building strong customer relationships and loyalty over time generating the highest return on investment (Newell & Newell Lemon, 2001 p.84).

- **CRM IT** is performed across all customer contact channels throughout the extended enterprise; Technology, including pervasive computing devices such as mobile phones and web sites, is often used to enable effective CRM. The Internet is an enabling infrastructure that allows CRM performance improvements across all customer management channels (Woodcock, et al., 2003 p.163).
- **CRM IT** packages facilitate the interaction between the customer and the organisation enabling the organisation to coordinate all the points of communication to present the customer with the desired image, message and information (Shoemaker, 2001 p 177).
- **CRM IT** is a powerful facilitator in the process of CRM (Kale, 2003 p.53).
- **CRM IT** exists within the domain of data mining; data mining has the potential yield important insights including predication models, and associations that can help companies understand their customer better (Chye & Gerry, 2002).
- **CRM IT** requires the intelligent application of technology; it is about how customer information is used to create an ongoing relationship with the customer. (Ragins & Greco, 2003).
- **CRM IT** promises to provide personalisation to every customer and prospect. Database marketing identifies unique segments in the database reacting to specific stimulus such as promotions (McKim, 2002).

Although the multi billion dollar business of CRM is in the constant process of working to convince businesses and organisations that CRM software is the way to progress forward with all things related to the customer, results from research by Yim, Anderson, & Swaminathan (2004) indicate that managers need to think beyond the technological components of CRM and focus on four key CRM dimensions to significantly enhance customer loyalty and sales growth as follows:

1. **Focusing on Key Customers:** based on lifetime value.
2. **Organising around CRM:** ensuring flexibility and customer-centricity.
3. **Managing Knowledge:** data gathered through interactions and touch points.
4. **Incorporating CRM based technology.**

Tsikriktsis, Lanzolla, & Frohlich (2004) suggest that expectations of performance and external pressure are factors that influence an organisation's adoption of eCRM initiatives. In their 2004 study they examined whether rational efficiency (expressed by expected performance benefits and access to new markets), the bandwagon effect (expressed by

external pressure), and barriers (both internal and customer related) influence Internet use for transactions (e-transactions) and/or to extend the relationships between service providers and their customers (e-CRM). The findings, based on a sample of 338 service organisations, showed that rational efficiency and the bandwagon effect drive both types of e-processes. Conversely, only internal barriers have a negative impact on adoption of e-processes, while barriers related to customers do not have a significant impact (Tsiriktsis, et al., 2004).

CRM comes with its own set of jargon, a list of common CRM IT terminology is presented below:

3.2.12 Common CRM Terminology

- **Call centres:** Central points where customers queries are channelled through the organisation (Aldhizer & Cashell, 2004; April & Harreld, 2002; Bland, 2003; Borck, 2001a; Child & Dennis, 1995; Drucker, 2000; Duvall, 1999; Fayerman, 2002; Gardner, 1999; Girishankar, 2000; Goldenberg, 2002; Hansotia & Rukstales, 2002; Jain, Jain, & Dhar, 2002; Kale, 2003; Knox, et al., 2002; Krill, 2002; O'Sullivan, 2001; Patron, 2002; Riggs & McDougall, 1999; D. F. Ross, 2005; Ryals & Payne, 2001; Seminerio, 2000; Thompson, 2005; Trott & Jones, 2000; Woodcock, et al., 2003; Zikmund, et al., 2003 p.3).
- **Databases:** Customer information repositories (Aldhizer & Cashell, 2004; April & Harreld, 2002; Bentley, 2001; Buttle, 2003; Callaghan, 2001; Child & Dennis, 1995; Chung & Sherman, 2002; Chye & Gerry, 2002; Crosby & Johnson, 2001; Davis, 2002; G. Dowling, 2002; Gareiss & Sweat, 2000; Hansotia, 2002; Kemp, 2001; Kennedy, 2004; Lipsey, 2002; McKim, 2002; Nancarrow, et al., 2003; Newell & Newell Lemon, 2001 p.84; O'Malley & Mitussis, 2002; Robb, 2000; Ryals & Payne, 2001; Seligma, 2002).
- **Operational CRM:** Hands on and automated CRM processes within the enterprise (Anton & Petouhoff, 2002; Crosby & Johnson, 2001; Fayerman, 2002; Turban, et al., 2002; Whiting, 2001).
- **Analytical CRM:** A panoramic view of the customer through the use of statistical predictive analytics (Anton & Petouhoff, 2002; Borck, 2001c; Buttle, 2003; Child & Dennis, 1995; Crosby & Johnson, 2001; Deshmuk & Romine, 2002; Doyle, 2002; Fayerman, 2002; Plakoyiannaki & Tzokas, 2002; Turban, et al., 2002 p.317).
- **Sales force automation:** Automation of business processes involved in sales such as contact management, information delivery, and proposal configuration (Buttle, 2003;

1999; D. F. Ross, 2005; Ryals & Payne, 2001; Tourniaire, 2003; Turban, et al., 2002 p.317).

- **e-CRM:** Online version of CRM utilising and interfacing business processes and data with offline, back-end systems (Alwang, 2000; Babcock, 2000; Bayers, 1998; Biggs, 2001a; Callaghan, 2000; Ganapathy, Ranganathan, & Sankaranarayanan, 2004; Gareiss & Sweat, 2000; Greenberg, 2001; Ragins & Greco, 2003; D. F. Ross, 2005; Ryals & Payne, 2001; Seminerio, 2000; Tsiriktsis, et al., 2004).
- **Touch points:** Areas where customers and organisations interact (Butler, 2000; Crosby & Johnson, 2002; Eichorn, 2004; Fayerman, 2002; Shoemaker, 2001)
- **Data mining:** The process of analysing data to identify patterns or relationships (Biggs, 2001b; Buttle, 2003; Chye & Gerry, 2002; Deshmuk & Romine, 2002; Hendler & Hendler, 2004; Kale, 2003; Langerak & Verhoef, 2003; Nairn & Bottomley, 2003; Thompson, 2005).
- **Customer profiles/segments:** Grouping a market into smaller homogeneous subgroups (Albert, Goes, & Gupta, 2004; Bayers, 1998; Biggs, 2001b; Bligh & Turk, 2004; Bottomley & Nairn, 2004; Child & Dennis, 1995; Crosby & Johnson, 2002; Fayerman, 2002; Fingar, Kumar, & Sharma, 2000; Fletcher, 2003; Girishankar, 2000; Hirschowitz, 2001; A. M. Hughes, 2002; B. Lewis, 2001; Mackintosh, 2004; McKim, 2002; Nelson, 2004; Plakoyiannaki & Tzokas, 2002; Rigby, Reichheld, & Schefter, 2002; M. Roberts, 1999; Trepper, 2000; Turban, et al., 2002).
- **Privacy:** Legal and international considerations relating to customer data sharing and storage (Bayers, 1998; Callaghan, 2001; Fletcher, 2003; Fraone, 2001; Wong & Citrin, 2003).
- **Customer loyalty and lifetime value (LTV):** the estimated profitability of a customer over the course of his/her entire relationship with an organisation (Child & Dennis, 1995; *Customer relationship management: The ultimate guide to the efficient use of CRM* 2001; Davids, 1999; G. Dowling, 2002; Kale, 2003; Kennedy, 2004; Kincaid, 2002; Langerak & Verhoef, 2003; B. Lewis, 2001; McKim, 2002; Patron, 2002; Rogers, 2003; D. F. Ross, 2005; Ryals, 2002, 2003; Verhoef & Langerak, 2002).
- **Customer-centricity:** engineering the organisation(Nelson, 2004) around the customer (Albert, et al., 2004; Barlow, 2001; Bligh & Turk, 2004; Buttle, 2003; Chye & Gerry, 2002; Davis, 2002; Evans, 1999; Gosney & P., 2000; Humby, 2004; Lochridge, 2001; Nelson, 2004; Newell & Newell Lemon, 2001; Plakoyiannaki & Tzokas, 2002; Tan, et al., 2002; Thompson, 2005; Trepper, 2000; Turban, et al., 2002; Yim, et al., 2004).

3.2.13 What Does CRM Do?

As outlined previously, CRM definitions are as varied and as diverse as the authors and practitioners who propose them. So too is the case with defining exactly what CRM does. In this section the researcher outlines some of the more common explanations of what CRM does.

Kale (2003) states that the heart of CRM is the notion of customer lifetime value (LTV). LTV is the estimated profitability of a customer over the course of his/her entire relationship with an organisation. Kale (2003) cites a recent study by Deloitte Consulting which shows that companies who understand customer value are 60% more profitable than those that do not. Kale (2003) concludes that in order for CRM to be profitable, companies must be able to retain customers over long periods of time highlighting that a 5% increase in customer retention can lead to a 20-85% increase in profitability (this generalisation is argued against later this chapter).

On a similar note Panda (2002) says that CRM goes beyond the transactional exchange and enables the marketer to estimate the customer's sentiments and buying intentions so that the customer can be provided with products and services before he/she starts demanding. The process reorients the traditional business models to suit the integrative approach of CRM by emphasising customer LTV rather than product LTV. The product life cycle approach strategy is now obsolete and it gives way to customer LTV.

Lewis (2005) states that the calculation of customer value without regard to marketing policy is problematic because the value of managerial flexibility and the impact of consumer learning are neglected. The author suggests that the use of estimated parameters to conduct policy experiments yield more accurate forecasts of customer value. In support of this Ryals (2005) shows when using calculations of the LTV of customers, customer management strategies change as more is discovered about the value of the customer. These changes in turn lead to better organisational performance.

With regards to making CRM financially successful Ang & Taylor (2005) say to do this well, an organisation must first understand customer profitability achieved by using as customer portfolio methodology. Essentially this process involved going beyond customer

loyalty and advocating a proactive way of managing different customer groups based on their profitability.

According to Newell (2001 p.84) CRM is customer-centric; meaning that while its objective is still to add profit to an organisations bottom line, it accomplishes that goal by concentrating on customer benefits and values rather than on what the organisation wants to sell, thereby strengthening the relationship between the customer and the organisation.

Zikmund (2003) states that the purposes of a CRM system are to enhance customer service, improve customer satisfaction, and ensure customer retention by aligning business processes with technology integration.

Peel (2002 p.3) says that CRM is about people on both sides of an exchange understanding each other; it is also about deriving some form of utility satisfaction from that exchange.

Turban (2002 p.315) suggests that CRM enables an organisation to build its products and services around its customers and that to achieve this, an organisation must continuously interact with customers, individually. He goes onto say that one reason so many organisations are beginning to focus on CRM is that this kind of marketing can create high customer loyalty and, as a part of the process, help the organisation's profitability.

Ragins & Greco (2003) suggest that CRM requires that an organisation view customer relationships as a means to learn about customers' needs and wants and how best to create satisfy and sustain them while concomitantly helping the organisation to meet its objectives. Ragins & Greco (2003) outline three advantages intimate customer relationships have in relation to the importance of CRM as a core business process as follows:

1. Relationships can create a committed customer.
2. CRM relationships provide a point of leverage to realise economies of scope.
3. In concert with other processes, CRM has the potential to contain and reduce costs by reducing churn or turnover in an organisation's customer base.

Chye & Gerry (2002) state that CRM initiatives usually seek to fulfil several objectives which include three broad objectives as follows:

1. Getting closer to the customer by utilising the data "hidden" in scattered enterprise databases.

2. Transforming the organisation into a customer-centric organisation with a greater focus on customer profitability as compared to line profitability.
3. Cross selling possibilities, improved lead management, better customer response and improved customer loyalty.

Lin & Su (2003) state that in high quality hotel enterprises, application of CRM is a great opportunity to increase customer value and provides a way to systematically attract, acquire and retain customers. In line with this Cuthbertson & Laine (2004 p. 303) state that CRM has the potential to help strengthen loyalty and build profitability, though it can be very expensive to implement. CRM techniques allow the retailer to focus on developing customer profitability, rather than aggregate profitability. This allows for a more targeted use of marketing and operational resources. Furthermore, loyal and profitable customer activity can be tracked to facilitate continually relevant retail development. Thus, CRM activities can be very effective in enhancing customer loyalty for profit.

Plakoyiannaki & Tzokas (2002) say that CRM serves to improve marketing efficiency and enhance mutual value for both parties involved. Gosney (2000) says CRM has the basic theme of enabling an organisation to become more customer-centric.

Crosby & Johnson (2002) state that CRM strategy depends on a top-down commitment to make deep and enduring customer relationships the organisation's top investment priority. The result is a unique organisation differentiation based on relationship knowledge and strong, unbreakable bonds.

Hansotia (Hansotia, 2002) claims that CRM is the organisation's ability to leverage customer data creatively, effectively and efficiently to design and implement customer-focused strategies. De Torcy (2002) writes that CRM systems can reduce costs significantly, shorten the lead times and limit the number of phone enquires from customers. Langerak & Verhoef (2003) state that a strategic orientation of CRM links to a strategy of customer intimacy centres on the customer. This orientation should lead to a customer driven organisation structure and culture. The aim of CRM is to develop customer relationships. According to (Dyché, 2001) The real value of CRM is in its capability to track not only where customers are but also *who* they are in terms of their influence and decision-making clout.

Although explanations as to what CRM does are as varied as are the definition of what CRM is, the above summaries once again raise a variety of research questions the researcher needs to address in this thesis. Research issues arising from the above literature are as follows.

- **CRM Question 25:** *Does lifetime value impact on profitability at Unison?*
- **CRM Question 26:** *What steps did Unison take to enhance customer service and improve satisfaction?*
- **CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- **CRM Question 28:** *How did Unison CRM work to build profitability through better understanding of customers?*

3.2.14 CRM Failure

Another important aspect of CRM are the well documented failures in CRM implementation. Regarding this failure of CRM systems, Anton (2002) reports the following statistics:

- 69.3% of CRM installations failed to meet all goals.
- 45.3% were late.
- 36.8% were over budget.
- 31.7% did not produce meaningful results.

Metzner (2001) reports research that cites CRM failure rates of between 50 and 90 percent. Citing a recent survey of 30 Fortune 1,000 companies, the author found that less than 50 percent are realising expected objectives. Shackleton (2003) reports indicate a 60-70 per cent failure rate in CRM implementation, stating it is possibly due to unreasonable expectations being set.

Taylor (2002) says that more than a half of all CRM implementations completely fail to live up to expectations, while a further 20 per cent fail substantially to do so. The author also says most of these failures could easily have been prevented if more attention had been paid at the start of the campaign.

Morris (2003) comments that an online report published by CRMDaily.com said that CRM system projects are most likely to be pulled off course and off budget by lack of appropriate checkpoints for reviewing assumptions, scope, and business problems.

Cleary (2001) reports from market research firm Gartner Group that up to 60 percent of projects to install CRM systems fail. In addition, Connolly (2001) reports that in the InfoWorld CRM Survey 35.4 percent of respondents said their CRM software met or exceeded their expectations, however, 18.8 percent felt their expectations went unfulfilled.

Bielski (2004) states that today's CRM is more business process focused around smaller, provable initiatives in sales and marketing owing to past failed CRM initiatives which left many organisations high and dry after huge spends on CRM technology.

Failure of CRM initiatives is often a by product of overly high expectations of CRM systems being put in place. According to Nairn (2002), technology is not a driver that exists in a vacuum; it has been harnessed by an industry that was worth \$16.8 billion in 2003. Nairn (2002) states that the real driver is the activity of the massive vendor industry in whose interest it is to make CRM a must-have for client organisations and the activity of the consultancies, ready to assist with implementation issues. The vendor market, while large, is still fragmented with market share a volatile statistic. When vendors fight, hype is inevitable.

Nairn (2002) states that evidence from a variety of sources has shown that from 1998 satisfaction with CRM systems has remained consistently low.

Another silent but significant threat to CRM success was highlighted in a study undertaken by Bottomley & Nairn (2004). With the advent of sophisticated CRM solutions providing cluster analysis for the purpose of marketing segmentation by managers, an experiment was conducted to investigate whether managers could distinguish between cluster analysis outputs derived from real and random data. Participants in the study perceived both the real and random data as equally useful for the purpose of market segmentation. Bottomley & Nairn (2004) state that the issue here is that cluster analysis is incorporated into the analytics suites of popular CRM systems, marketing managers are becoming increasingly distanced from the raw data. Therefore the consequences of inappropriate use of cluster analysis, and in particular inadequate validation, can be dramatic.

Zablah, Bellenger, & Johnston (2004) research demonstrates the extent of alignment between the three constituent elements of a firm's CRM program (employees, processes, and technology) influences end user acceptance of CRM technology. The authors highlight that process gaps within CRM programs generate cognitive dissonance among end users, and that

the level of dissonance generated ultimately determines whether individuals will adopt or resist the new technology.

Many CRM initiatives are being implemented with the aim of retrieving up front investment through increased profitability as a result of the implementation. In their study of cross selling in the financial sector Jarrar & Neely (2002) highlight this issue, however from published experiences the authors said there is NO evidence to show any paybacks to justify such investments.

Reasons for CRM failure are fairly consistent. Starkey & Woodcocks (2002) reasons for CRM failure include the following twelve issues:

1. Managers have a short-term focus: financial objectives are often set quarterly or at best annually.
2. Managers do not see change through.
3. Senior managers ignore the basics of what defines good CRM and business performance.
4. Senior managers do not recognize their companies' CRM strengths and weaknesses
5. Senior managers rarely appear to have the real authority or appetite to challenge the status quo and work across the enterprise.
6. Too much thinking, too little doing - Companies make CRM too complicated.
7. Functional and departmental silos – CRM is still implemented by functions and departments.
8. Larger companies find it more difficult to manage customers than smaller companies do.
9. CRM is 'champion' based CRM behaviours (e.g. customer profitability analysis and managing customers based on their value) are often not embedded in the culture of an organisation.
10. More education is required; knowledge of good customer management techniques and practices is not widespread.
11. There remains a belief that IT is a panacea.
12. Poor implementation of customer management projects.

Other common reasons for CRM failure from other authors are presented below.

3.2.15 Additional Reasons for CRM Failure

1. Implementing CRM before creating a customer strategy, rolling out CRM before making the requisite organisational transformation, assuming that more CRM technology is better and stalking instead of wooing customers (Kale, 2003 p. 48).
2. Lack of skills, inadequate investment, poor data quality and quantity, failure to understand the benefits, functional boundaries and inadequate measurement systems (Ryals & Payne, 2001).
3. Not integrating or aligning the underlying business processes and information systems (Eichorn, 2004).
4. The quality of the data collected and databases, the people who work with customers, either in using the information or in dealing with customers on the basis of implementing it, and the tendency of management to assume what is planned is implemented (the management myth) (Nancarrow, et al., 2003).
5. Failing to address the factors most closely associated with CRM success i.e. people, processes and day-to-day customer management activity (Wright, Stone, & Abbott, 2002).
6. CRM being driven by information technologists rather than marketers (Cuthbertson & Laine, 2004 p. 291).
7. Corporate data warehouses and associated interface often failing to meet users' expectations (Payton & Zahay, 2003).
8. Lack of executive sponsorship, relying on technology to fix bad business practices, and poor system design (Davis, 2002).
9. Bad data, politics, IS and business users can not work together, lack of a plan, CRM is done for the organisation, not the customer, a flawed process is automated, Training is ignored. (Gomolski, 2001).
10. Most executives simply not understanding what they are implementing (Rigby, et al., 2002).
11. Setting inadequate planning objectives, having inaccurate or incomplete looks at data, not training employees sufficiently, trying to implement too much and to integrate across too many systems at once (Krill, 2002).

Another big cause of CRM failure is highlighted by Verhoef & Langerak (2002) who state that despite its roots in marketing, CRM is often associated with the use of software. The authors highlight survey results which show 65% of large companies in the US and Europe are

aware of CRM technology, 28% are developing it and 12% are now using CRM applications. Despite the increasing use of CRM software, however, there is an ongoing debate about the effectiveness of CRM. The success rate of CRM projects reportedly varies from 30-70% (Verhoef & Langerak, 2002).

As discussed, CRM failure is a very real phenomenon. Overly high expectations, lack of senior level buy-in or lip service, insufficient resources and follow through plus an over reliance of technology to solve issues of inadequate process and practices are some of the major contributing factors leading to CRM failure. Some of these issues were present in the case study organisation. This introduces another CRM question as follows:

3.3 CRM Models and Concepts

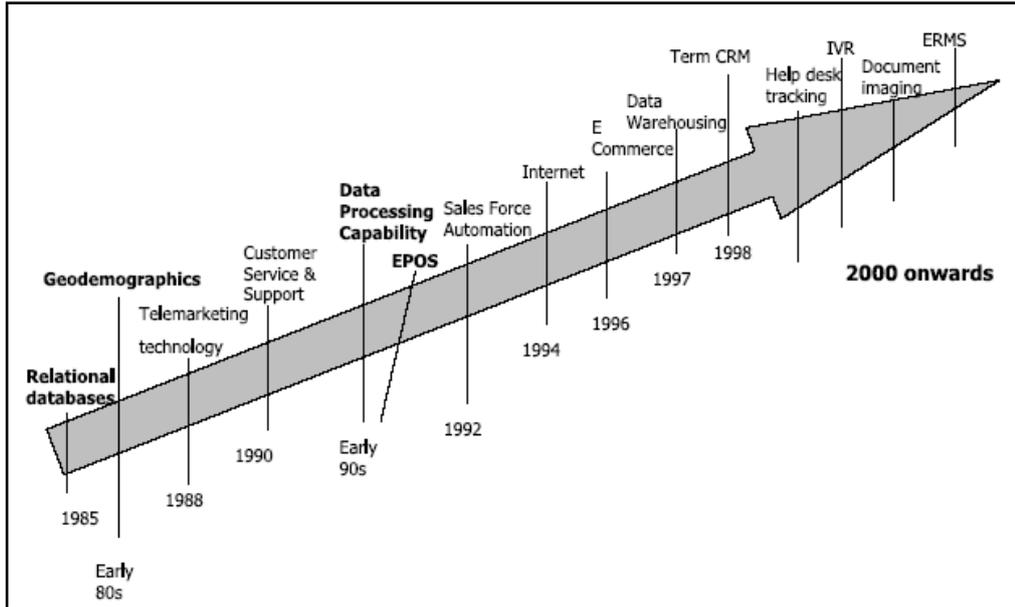
At the time this thesis began, CRM was very much in its infancy. One of the challenges the researcher faced was finding an existing framework from which to base this thesis that would also fit with the case study organisation; namely a New Zealand electricity lines company. None existed at the start of the PhD and, to the researcher's knowledge, none exists today. Therefore the researcher drew on the data and references within this literature review for the purpose of developing a series of question and concepts that could be answered using multiple sources of evidence.

The researcher will now present a selection of the models and concepts discovered in the review of CRM literature. The work of Nairn (2002), Anton (2002), Buttle (2003), Parvatiyar & Sheth (2001), Plakoyiannaki & Tzokas (2002), Verhoef & Langerak (2002), Anderson & Narus (2003), Payne & Frow (2005) and Croteau & Li (2003) will now be summarised.

3.3.1 Nairn (2002)

Over recent years however, CRM study and practice has come a long way from where the concept was first introduced in 1998. Nairn (2002) presents a CRM Technology timeline in Figure 3-5 below. This illustrates the technological development that has evolved over the past 20 years.

Figure 3-5 Technology Timeline



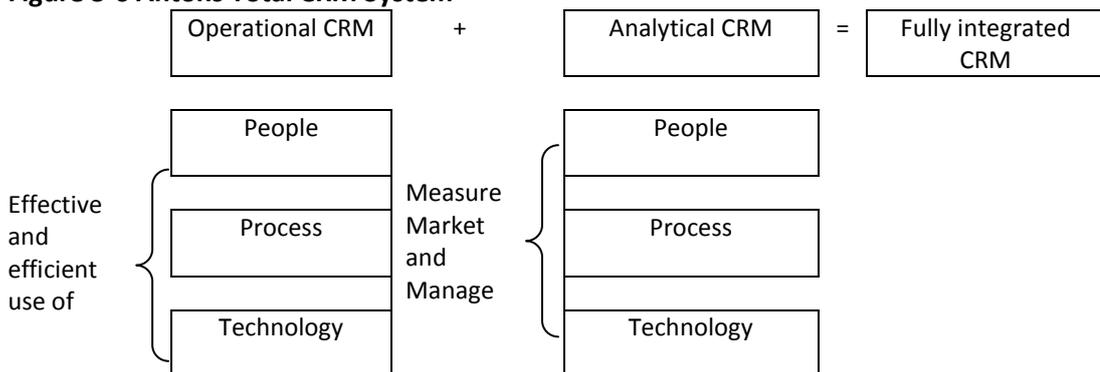
(Nairn, 2002 p.379)

Nairn's (2002 p.379) technology timeline above shows the successive development of technologies since the mid-1980s that have forged a chain, each link facilitating the process of collecting, analysing and acting on customer information to identify and communicate with the most profitable customers. An introductory overview of some of the theoretical CRM frameworks will now be presented.

3.3.2 Anton (2002)

Anton (2002) puts forward the concept that CRM comprises of two components: Operations CRM and Analytical CRM as presented in Figure 3-6 below:

Figure 3-6 Antons Total CRM System



(Anton & Petouhoff, 2002 p 4)

In Anton's (2002) Total CRM system, operational and analytical CRM combine to present and fully integrated CRM system. Anton (2002) states that when operational CRM is undertaken in conjunction with analytical CRM, that the total CRM system has a higher

probability of providing customers with the services they want thereby offering them a higher return on investment on their purchase and use.

3.3.3 Buttle (2003)

According to Buttle (2003) there are three different perspectives on CRM as presented in Table 3-2 below:

Table 3-2 Buttle’s Three Major Perspectives on CRM

Level of CRM	Dominant characteristic
Strategic.	A top down perspective on CRM which views CRM as a core customer-centric business strategy that aims at winning and keeping profitable customers.
Operational.	A perspective on CRM which focuses on major automation projects such as service automation, sales force automation or marketing automation.
Analytical.	A bottom-up perspective on CRM which focuses on the intelligent mining of customer data for strategic or tactical purposes.

(Buttle, 2003 p. 3)

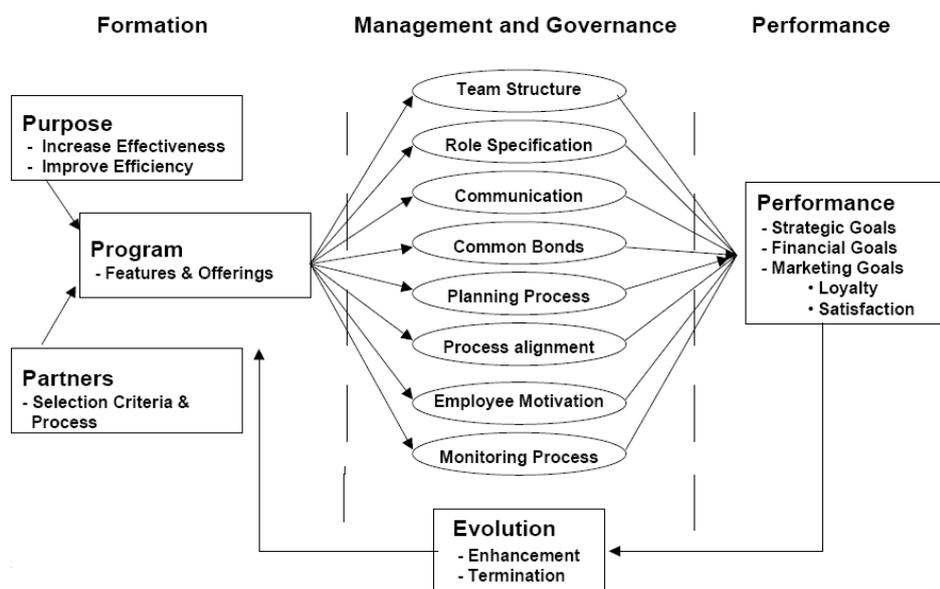
3.3.4 Parvatiyar & Sheth (2001)

Parvatiyar & Sheth (2001) developed a four-stage CRM process framework comprised of the following four sub-processes:

1. a customer relationship formation process
2. a relationship management and governance process
3. a relational performance evaluation process, and
4. a CRM evolution or enhancement process.

The components of their process framework are presented in the Figure 3-7 below.

Figure 3-7 The CRM Process Framework



(Parvatiyar & Sheth, 2001).

Parvatiyar & Sheth (2001) suggest the formation process of CRM refers to the decisions regarding initiation of relational activities for an organisation with respect to a specific group of customers or to an individual customer with whom the organisation wishes to engage in a cooperative or collaborative relationship.

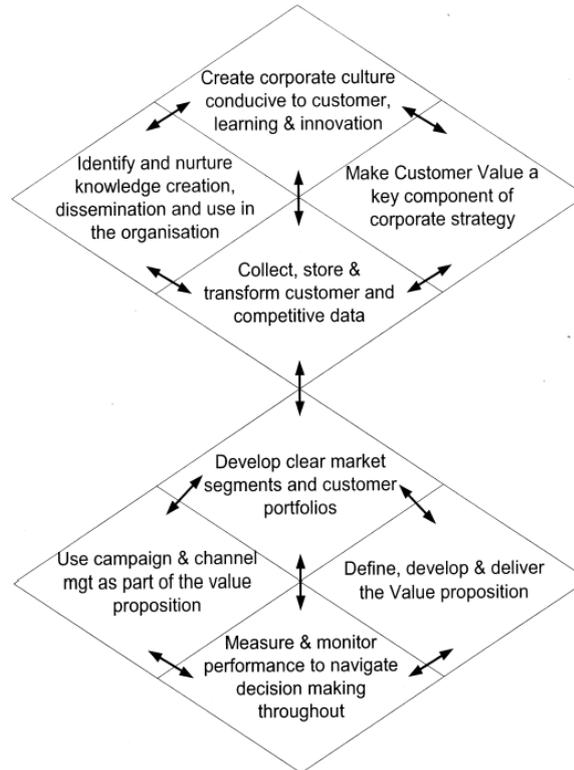
Once a CRM program is developed and rolled out, the program as well as the individual relationships must be managed and governed. For mass market customers, the degree to which there is symmetry or asymmetry in the primary responsibility for whether the customer or the program sponsoring organisation will be managing the relationship varies with the size of the market (Parvatiyar & Sheth, 2001).

From this point forward, periodic assessment of results in CRM is needed to evaluate whether programs are meeting expectations and if they are sustainable in the long run. These performance evaluations also help in taking corrective action in terms of relationship governance or in modifying relationship marketing objectives and program features (Parvatiyar & Sheth, 2001).

3.3.5 Plakoyiannaki & Tzokas (2002)

Plakoyiannaki & Tzokas (2002) present an axiomatic view of the CRM process as presented in the eight steps below:

Figure 3-8 Building Blocks of CRM - A Process View



(Plakoyiannaki & Tzokas, 2002)

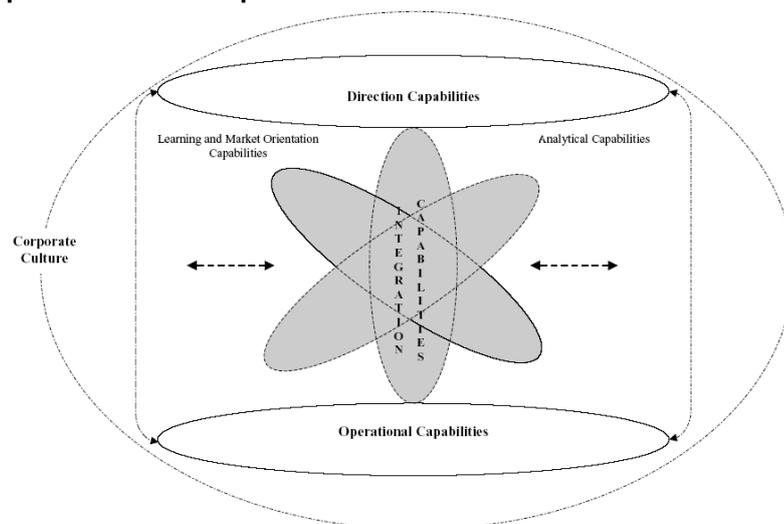
As illustrated in Figure 3-8 above, Plakoyiannaki & Tzokas eight building blocks of CRM are as follows:

1. **Creating a corporate culture conducive to customer orientation, learning and innovation:** a cultural focus that encourages processing and cross-functional sharing of information and knowledge appreciation is essential.
2. **Making customer value a key component of the corporate strategy and planning process:** goals entail profit orientation through customer, employee and stakeholder satisfaction, relationship building
3. **Collecting and transforming customer data to aid strategic and operational decision making:** the CRM process is fuelled by information flows, which contribute to customer insight generation.
4. **Appreciating, identifying and nurturing knowledge creation, dissemination and use within the organisation:** companies embrace CRM, they realise that employees need to be introduced to new processes, knowledge and technologies and develop a mindset and skills for relationship building
5. **Developing clear market segments and customer portfolios:** CRM enhances the efficiency of market segmentation

6. **Defining, developing and delivering the value proposition:** ultimately, customer insight is translated to product and service offerings and delivers constantly differentiated treatment
7. **Using campaign and channel management as part of the value proposition:** CRM replaces the broadcast mentality of traditional marketing; it relies on a two-way information flow and attempts to reach customers with appropriate information and tailored messages.
8. **Measuring performance at each stage of the process to navigate decision making:** the justification of the CRM system is anchored in future performance and is often hindered by the lack of proper measures integrating several activities of the organisation.

Continuing on from these building blocks Plakoyiannaki & Tzokas (2002) present a conceptual framework for CRM capabilities in Figure 3-9 below.

Figure 3-9 CRM Capabilities - A Conceptual Framework



(Plakoyiannaki & Tzokas, 2002)

As illustrated in Figure 3-9 above, Plakoyiannaki & Tzokas (2002) state that capabilities and processes are closely entwined; using the CRM process as a starting point, the authors propose that the following set of capabilities will determine the success of a CRM system.

1. **Learning and market orientation capabilities:** the learning process has been closely linked with market orientation
2. **Integration capabilities:** 'weaving' business processes together into capabilities mandates integration

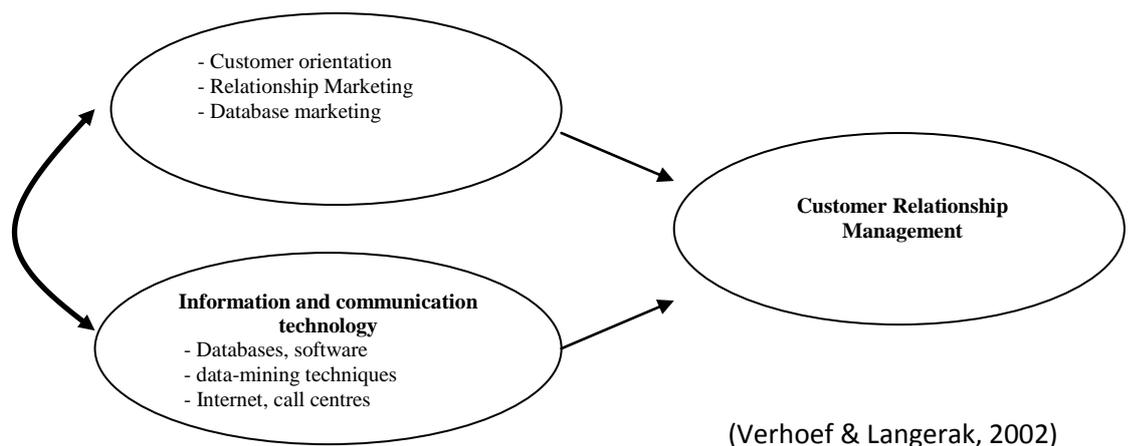
3. **Analytical capabilities:** analytical capabilities are linked to technological artefacts and knowledge and hold an active role in enhancing relationships with customers
4. **Operational capabilities:** operational capabilities utilise and enhance resources.
5. **Direction capabilities:** CRM initiatives suffer from strategic focus.

This last group of capabilities - often underestimated by CRM commentators - is the compass for the course of the CRM system and the organisation. Direction capabilities depend on strategic skills and reflect the sharpness of corporate long-term vision and organisational values.

3.3.6 Verhoef & Langerak (2002)

Verhoef & Langerak (2002) say that the essence of CRM is comprised of three elements as presented in Figure 3-10 below.

Figure 3-10 Three Elements of CRM



As presented in Figure 3-10 above, Verhoef & Langerak (2002) state that CRM is based on three aspects of marketing management as follows:

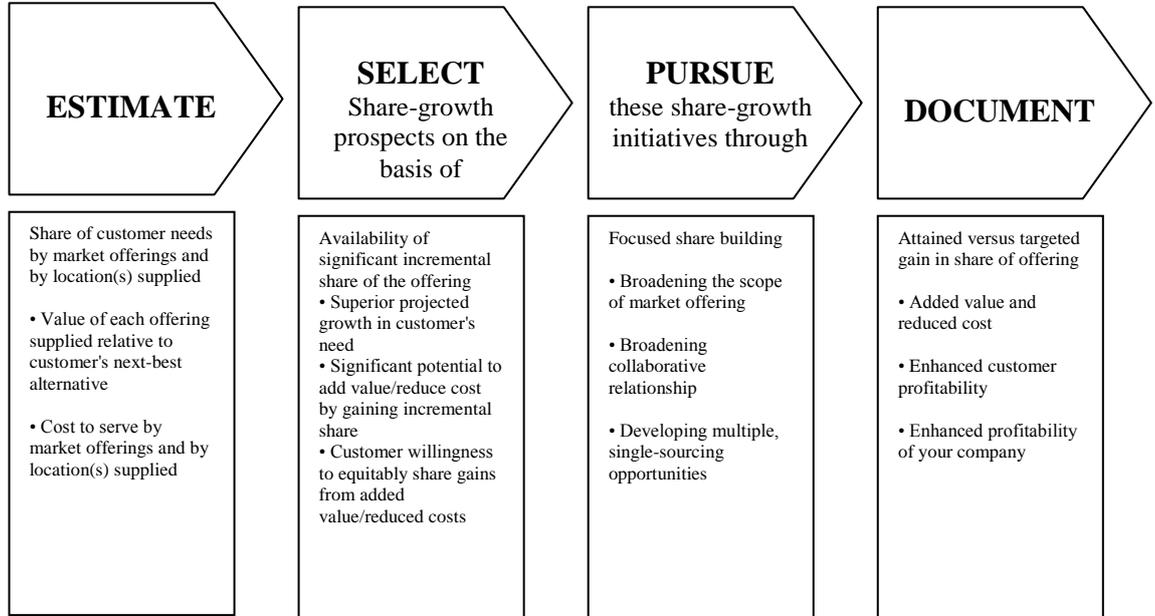
1. Customer Orientation
2. Relationship Marketing and
3. Database marketing.

Verhoef & Langerak (2002) say that CRM is the managerial process that focuses on the development and maintenance with individual customers in such a way that value is created for both the customer and the organisation using databases, statistical decision support tools and interactive communication techniques.

3.3.7 Anderson & Narus (2003)

Anderson & Narus (2003) present a four step CRM process to assist organisations selectively pursue more of their customers as follows in Figure 3-11 below:

Figure 3-11 Four Step CRM Process



(J. C. Anderson & Narus, 2003)

The four steps put forward by Anderson & Narus (2003) in Figure 3-11 above is explained in more detail below:

1. **Estimating Share:** For any given customer, a supplier's share of business is its percentage of the customer's total purchase requirements for all market offerings that the supplier would be able to supply. In short, of the potential business that a supplier and customer could potentially do together, how much are they doing?
2. **Selecting and Pursuing Share:** When suppliers know how much of each of their customers' business they are getting, they can then better understand the array of growth prospects possible with each customer. Further, when suppliers know which offerings customers value most and the cost of providing those offerings, they can accurately target those growth prospects that will be most profitable.
3. **Focused share building:** This relies on account profitability analysis to guide efforts in building its share of a customer's business. The process avoids pursuing business that builds revenue but is only marginally profitable. Instead it seeks to become a focused single-source provider of a customer's purchase requirements. That is, it attempts to

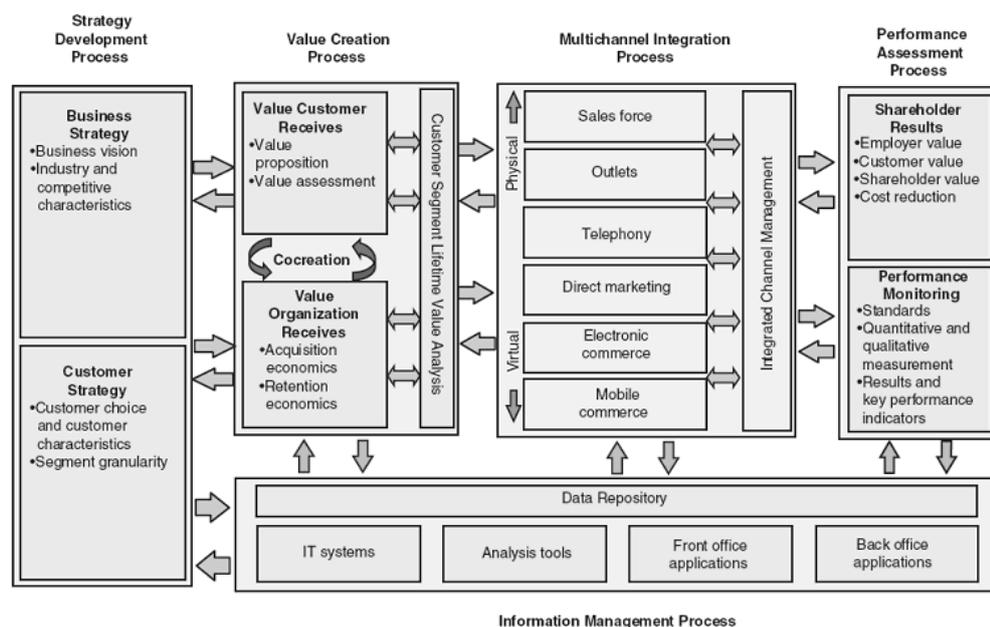
attain 100% of a customer's business in targeted offering categories while not pursuing others.

4. **Documenting the Profitability of Greater Share:** Best-practice suppliers have the discipline to accurately assess their total cost to serve each customer, including the costs of providing supplementary services, programs and systems. To guide these decisions, an organisation can perform a customer-contribution analysis including acquisition costs per product group, the cost of sales calls on the customer, the logistics cost, the handling cost, the credit cost and the year-end bonus paid to the customer. Thus, the net result and true profit margin for each customer are known.
5. **Profiting From Finer-Grained Knowledge of Customers:** Beneath the veneer of the often heard rhetoric about being "market-oriented" and "customer-focused", most companies in business markets still have difficulty being anything more than sales-oriented. Building the scope of the market offering, broadening collaboration and multiple single sourcing each represents a way to grow share of business selectively with a customer and, at the same time, improve the profitability of doing business together for both the supplier and customer.

3.3.8 Payne & Frow (2005)

Payne & Frow (2005) claim their conceptual framework for CRM helps broaden the understanding of CRM and its role in enhancing customer value and, as a result, shareholder value. The author's framework is presented in Figure 3-12 below.

Figure 3-12 A Strategic Framework for CRM



(Payne & Frow, 2005)

As presented in Figure 3-12 above, Payne & Frow (2005) identify five key cross-functional CRM processes as follows:

1. **A strategy development process:** requires a dual focus on the organisation's business strategy and its customer strategy
2. **A value creation process:** transforms the outputs of the strategy development process into programs that both extract and deliver value. The three key elements of the value creation process are
 - a. determining what value the organisation can provide to its customer
 - b. determining what value the organisation can receive from its customers
 - c. maximising the lifetime value of desirable customer segments.
3. **A multi-channel integration process:** takes the outputs of the business strategy and value creation processes and translates them into value-adding activities with customers.
4. **An information management process:** concerned with the collection, collation, and use of customer data and information from all customer contact points to generate customer insight and appropriate marketing responses.
5. **A performance assessment process:** covers the essential task of ensuring that the organisation's strategic aims in terms of CRM are being delivered to an appropriate and acceptable standard and that a basis for future improvement is established.

3.3.9 Croteau & Li (2003)

Croteau & Li (2003) presents five Critical Success Factors of CRM based on technological initiatives realized by 57 large organisations in Canada as follows:

1. **Operational and strategic perceived benefits:** the more managers comprehend and recognise the relative advantage of a specific technology the greater the chances for successful implementation.
2. **Top management support:** the higher the buy-in, the more likely the success of the initiative.
3. **Organisational readiness:** requires a significant level of financial support, IT sophistication, and technological skill.
4. **Knowledge management capabilities:** the organisation's ability to capture, manage and deliver real time authenticated customer, products and services information.
5. **CRM impact:** the actual benefits that organisations received through the CRM initiative.

As has been demonstrated through the presentation of the CRM models and concepts above, approaches, models, theories and suggested practices are many and varied. This review presents a selection of the literature during the course of completing the initial research outlined in this thesis; an updated review of literature will now be presented to reflect a 2008 thesis submission date.

3.4 2007-2008 CRM Literature review update

To ensure that this thesis reflected a 2008 thesis submission date, the researcher undertook a review of emergent literature up till the end of 2008. This review of literature from 2007-2008 identified a continuation of research along the categorical lines outlined previously in this chapter. These categories included CRM frameworks and models, CRM failure and success, portfolio management, CRM benefits and the CRM concept of Customer lifetime value (LTV). Salient pieces of this literature will now be presented.

3.4.1 Frameworks and Models

Richards & Jones (2008) research focused on well documented issues of huge CRM investments with little measured payback. The researchers highlighted that intuition would suggest that increased management of customer relationships should improve business performance, but that this intuition had only inconsistent empirical or real world support. To remedy this situation Richards & Jones (2008) identified a core group of expected CRM benefits and examined their ability to increase a firm's value equity, brand equity and relationship equity which are components of customer equity. They identified ten propositions which explored the anticipated effects of these drivers which in turn was used to establish a framework for measuring CRM and supporting the link between CRM and performance.

King & Burgess (2008) research took into account the technological aspects of CRM accompanying vendor hype and subsequent failure surrounding CRM initiatives. The authors identified a need for stronger theoretical models of the entire CRM innovation process which could then be used by managers to better understand the underlying causes of success and failure. To address this King & Burgess (2008) developed a conceptual model of CRM innovation and then converted this model into a dynamic simulation model. To support this framework they presented some early simulation results illustrating changes in CRM benefits and organisational support over time along with some of the underlying causes and suggestions for how managers can counteract potential innovation failure.

Chen, Zhang, Hu, & Fu (2007) approached the concept of CRM framework developments from the customer segmentation perspective, highlighting research into the application of data mining technology in customer segmentation. They proposed a customer segmentation framework based on data mining but constructed a new customer segmentation method based on survival character. The new customer segmentation method consisted of two steps as follows:

1. **K-means clustering arithmetic:** customers are clustered into different segments in which customers have the similar survival characters (churn trend).
2. **Survival analysis:** each cluster's survival/hazard function is predicted by survival analysis.

Chen, Zhang, Hu, & Fu (2007) conclude that effective segmentation can help companies increase revenue by acquiring and retaining high value customers at low cost. It can also help match service cost with customer value, and reduce overall sales and service costs.

Mendoza, Marius, Perez, & Griman (2007) highlight that most organisations perceived the CRM concept as a technological solution for problems in individual areas, accompanied by a great deal of uncoordinated initiatives. However the authors argue that CRM must be conceived as a strategy, due to its human, technological, and processes implications, at the time an organisation decides to implement it. To test this hypothesis the researchers worked to propose, justify, and validate a model based on critical success factors (CSFs). The model was conformed by a set of 13 CSFs with their 55 corresponding metrics; these factors covered the three key aspects of every CRM strategy (1) human factor, (2) processes, and (3) technology; providing organisations with a global focus and propitiating success in the implementation of a CRM strategy.

3.4.2 CRM Success and Failure

A common theme in the previous literature presented is that of CRM failure or success; emerging from this is the human component of this success-failure equation. Carl-Erik (2008) reiterates that CRM often fails to produce expected results, and goes onto state that when companies start to adopt relationship marketing strategies, there is often a need to transform the relevant marketing, sales and service processes to become more customer oriented. The transformation of processes may have an effect on the people carrying the various sales, service and managerial roles. To address this the author suggests that for CRM

implementation to be successful it is important for an organisation to first establish a clear customer relationship strategy.

Osarenkhoe & Bennani (2007) undertook a case study of CRM implementation at a large Swedish firm using open-ended, face-to-face and telephone interview methods to collect data from key informants at both strategic and operative levels; research focused on technical and cognitive aspects necessary for successful implementation of a sustainable CRM strategy. Results showed that relationships were not only a tactical weapon, but represent a different, strategic approach to buyer-seller exchange. Also, the research highlighted that implementing sustainable CRM strategy requires the endorsement by, and commitment from, top management, systematic cross-functional communication, and mandatory customer loyalty training programmes for all employees.

Forza & Salvador (2008) in response to flawed CRM software decision making provided a conceptualisation of the essential functions of Product Configuration (PC), Product Data Management (PDM) and CRM systems, discussing how these functions help a company to manage its product variety and how they relate to each other. To augment the possibilities for successful CRM implementation, they proposed that two core data structures of PC systems, namely the (1) sales and (2) technical configuration models are essential elements of the information management infrastructure of a company offering a large variety of products, because they enable a number of important product variety management functions also present within PDM and CRM systems.

From a banking perspective Rootman, Tait, & Bosch (2008) state that to survive in a competitive business environment banks need to focus on building and maintaining client relationships and identify how their employees influence these relationships. Rootman et al. investigated the influence of variables, with regard to bank employees, on the CRM systems of banks. Findings revealed that “knowledgeability” and “attitude of bank employees” variables have a statistically significant impact on the effectiveness of the CRM strategies. Once again highlighting the human element central to the nature of CRM’s success or failure.

3.4.3 Customer Lifetime value (LTV)

Customer LTV continues to be a common theme in current CRM literature. Ryals & Knox (2007) presented empirical research which explored differing approaches to measuring customer risk and the creation of shareholder value through CRM. The authors developed a

customer relationship scorecard which presented an innovative tool for managers to use in determining the risks in their customer relationships and developing risk mitigation strategies. The scorecard was then used to forecast retention probabilities, from which a risk-adjusted customer LTV was calculated. From this research both the scorecard and the calculations had an impact on the CRM practices of the customer relationship managers; this enhanced consideration of customer risk and returns and presented important additional step towards demonstrating that marketing creates shareholder value.

Venkatesan, Kumar, & Bohling (2007) undertook a study to address significant challenges that practitioners face when using customer LTV for customer selection. In their study, the authors proposed a Bayesian decision theory based customer selection framework that accommodated the uncertainty inherent in predicting customer behaviour. They developed a joint model of purchase timing and quantity that was amenable for selecting customers using LTV. Their research found that given a budget constraint, customers selected by means of a Bayesian decision theory based framework (i.e., using the maximized expected LTV of a customer and the corresponding optimal marketing costs as an estimate of future costs) provided the highest profits.

Berger & Martin (2008) identified that the diffusion of LTV measures into bank practice has not fully taken place yet. The authors proposed that “Adoption modelling” can help explain the use of LTV and identify major factors of influence for its adoption. In analogy to the Technology-Organisation-Environment (TOE) framework which structures influential factors for the adoption of technological innovations, the researchers developed an Innovation-Organisation-Environment model, transferring the TOE approach to the adoption of a generic innovation. As a result of applying this model to the banking sector, competitive pressure was identified as a dominating driver, but perceived ease of use was also of high relevance, whereas a negative link from firms’ profitability to the adoption of LTV was revealed.

3.4.4 Portfolio management

From the perspective of CRM Portfolio management Kundisch, Sackmann, & Ruch (2008) highlight the common business practice of investing in existing customers as a widely accepted strategy because it is believed to be less costly than attracting new ones. They also state that it could also be profitable to simultaneously focus on a customer segments being more transaction-oriented. Using a case study organisation the researchers used Portfolio

Selection Theory to develop a model to determine the optimal proportion of the different customer types from a value-based risk management perspective. The results of the model provided a basis for the alignment of future CRM activities.

3.4.5 Benefits of CRM

The subject of what CRM is, does, why/how it works, benefits etc has continued to attract researchers attention over the past two years. Du, Kamakura, & Mela (2007) rightfully argue that many companies collect substantial information about their interactions with their customers but information about their customers' transactions with competing firms is often sparse or nonexistent. As a result, firms are often compelled to manage customer relationships from an inward view of their customers. In undertaking an empirical study Du et al., (2007) state that (1) the volume of customers' transactions within a firm has little correlation with the volume of their transactions with the firm's competitors and (2) a small percentage of customers account for a large portion of all the external transactions, suggesting the considerable potential to increase sales if these customers can be correctly identified and incentivised to switch. To address this scenario, the authors argue for a more outward view in customer relationship management and develop a list augmentation-based approach to augment firms' internal records with insights into their customers' relationships with competing firms, including the size of each customer's wallet and the firm's share of it.

Teng, Ong, & Ching (2007) state that with the development of technology, reaching customers and achieving sales are no longer a difficult task for an organisation and that CRM promises to help companies understand their customers better and as a result to know which customers to retain and which can be left. In this way it can help companies to limit their spending. To research this claim, the authors investigated the use of CRM by manufacturing companies across different sectors of the Malaysian economy via a survey of 120 firms from six different industrial codes; they found that the objectives for CRM and the effort made to implement CRM was not the same in firms from the different sectors. The researchers concluded that CRM plays a significant role in the manufacturing sector and that an unfocused CRM initiative is unlikely to secure any competitive advantage.

Liu (2007) highlights that although CRM is arguably one of the most important areas of concern to enterprises in an era of electronic commerce, few studies have explored it from an industry-specific perspective to develop usable action plans. Liu (2007) states that embracing CRM requires changes in many aspects of enterprises and presents a four point-strategic

framework; of (1) contact channel management, (2) enterprise-wide management, (3) customer data management, and (4) information technology management. The author argues that if industry adopts this framework it should be able to respond effectively to the various internal and external challenges identified.

In relation to why CRM works, Coltman (2007) says that the market enthusiasm generated around investment in CRM technology is in stark contrast to the “nay saying” of many academic and business commentators. The author raises an important research question concerning the extent to which companies should continue to invest in building a CRM capability. Drawing on field interviews and a survey of senior executives, the results of Coltman (2007) research reveal that a superior CRM capability can create positional advantage and subsequent improved performance. Further, the author’s research showed that to be most successful, CRM programs should focus on latent or unarticulated customer needs that underpin a proactive market orientation.

From the perspective of whether CRM works Liu (2007) examined the long-term impact of a loyalty program on consumers' usage levels and their exclusive loyalty to a firm. The study showed that consumers who were heavy buyers at the beginning of a loyalty program were most likely to claim their qualified rewards, but the program did not prompt them to change their purchase behaviour. In contrast, consumers whose initial patronage levels were low or moderate gradually purchased more and became more loyal to the firm. For light buyers, the loyalty program broadened their relationship with the firm into other business areas. Findings suggest a need to consider consumer idiosyncrasies when studying loyalty programs and illustrate consumers' co-creation of value in the marketing process.

Upon reflection of the 2007-2008 literature reviewed in this section, although this thesis makes a contribution to the body of knowledge, several authors have advanced many interesting studies in this field. Of particular interest to the researcher are the works relating to lifetime value and portfolio management as these studies offer a metric for measuring CRM success as opposed to the more qualitative approach taken in this thesis. Much wisdom can be gained with the benefit of hindsight.

This concludes the updated literature review. Finally, a chronological list of CRM authors and practices/frameworks is presented in Table 3-3, Table 3-4, Table 3-5 and Table 3-6, below:

Table 3-3 2003 Practices and Frameworks Chronological Table of CRM

2003	Gebert, Geib, Kolbe, & Brenner (2003) propose a business process model for CRM, comprising the six relevant business processes: campaign management, lead management, offer management, contract management, service management, and complaint management.
2003	Campbell (2003) propose a conceptual framework about the internal processes involved in creating customer knowledge competence, which allow firms to strategically manage their CRM programs.
2003	Reinartz & Kumar (2003) develop a framework that incorporates projected profitability of customers in the computation of lifetime duration.
2003	Rogers (2003) suggest that to address findings on the way CRM success or failure is measured, if it is measured at all and propose that CRM strategy has had an unfair press. To address this they recommend re-launching CRM step-by-step with a balanced metrics framework, including the customer experience, may be the way forward.
2003	Park & Kim (2003) develop a framework of dynamic customer relationship management, suggesting the information technology strategy to support the framework, and illustrating the applicability of such framework and strategy through a real business case.
2003	Lin & Su (2003) provide a framework to review the strategic analysis related to customer connections in high quality hotel enterprises in Taiwan. Their data demonstrating how the hotel enterprises can develop their customer connection strategies based on their current and future positions in four dimensions of the value compass model.
2003	Campbell (2003) proposes a conceptual framework about the internal processes involved in creating customer knowledge competence, which allow firms to strategically manage their CRM programs.
2003	Anderson & Narus (2003) state that for organisation to be able to focus limited resources on the best prospects for attaining profitable growth, suppliers must invest not just in customer relations management (CRM) systems, but in gathering data and generating knowledge about their customers' purchase requirements, the value of the offerings that they deliver, and the total cost incurred to serve each customer.

Table 3-4 2004 Practices and Frameworks Chronological Table of CRM

2004	Reinartz, Krafft, & Hoyer (2004) conceptualise a construct of the CRM process and its dimensions, operationalise and validate the construct, and empirically investigate the organisational performance consequences of implementing CRM processes.
2004	Wang, Lo, Chi, & Yang (2004) develops an integrative framework for customer value and CRM performance based on the identification of the key dimensions of customer value.
2004	Zablah, Bellenger, & Johnston (2004) propose that CRM is best conceptualized as an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships. Based on the proposed conceptualization, a detailed description of the CRM process is provided, along with a comprehensive framework intended to aid marketers in their quest to achieve CRM success.
2004	Bolton, Lemon, & Verhoef (2004) propose an integrated framework, called CUSAMS (customer asset management of services), that enables service organisations (1) to make a comprehensive assessment of the value of their customer assets and (2) to understand the influence of marketing instruments on them.
2004	Venkatesan & Kumar (2004) evaluate the usefulness of customer lifetime value (CLV) as a metric for customer selection and marketing resource allocation by developing a dynamic framework that enables managers to maintain or improve customer relationships proactively through marketing contacts across various channels and to maximize.
2004	Tuominen, Rajala, & Moller (2004) focus on market orientation (MO) and customer intimacy (CI) in business-to-business marketing. They identify that business executives must carefully match the strategic posture of the firm, its MO, and customer relationship management (CRM). They strongly support a contingency modelling approach in studying the factors underlying marketing performance in business markets.
2004	Payne & Frow (2004) review the strategic role of multi channel integration in customer relationship management (CRM) with the objective proposing a structured approach to the development of an integrated multi channel strategy.

2004	Jonker, Piersma, & Van den Poel (2004) present a CRM joint optimization approach addressing two issues: (1) the segmentation of customers into homogeneous groups of customers, (2) determining the optimal policy (i.e. what action to take from a set of available actions) towards each segment. The results show that the proposed model outperforms a CHAID segmentation.
2004	Hwang, Jung, & Suh (2004) suggest an LTV model considering past profit contribution, potential benefit, and defection probability of a customer and cover a framework for analysing customer value and segmenting customers based on their value.
2004	Ho & Lin (2004) present critical success factor framework for an integrated-enterprise systems implementation framework in the collaborative manufacturing environment. This framework ensures that the various critical success factors are considered at a very early stage of the project so that the integrated-enterprise system can be designed and implemented.
2004	Hart, Hogg, & Banerjee (2004) study CRM from the organisational learning perspective and draws attention to the extent to which firms deploying CRM are sensitive and responsive to what they might learn from their implementation efforts and establish a platform for future research. The authors suggest the need for the two processes of CRM and organisational learning to move in tandem to be mutually beneficial.
2004	Eichorn (2004) suggest that CRM implementations require a holistic approach that integrates internal leadership, culture, organisational structure, business processes, and information systems with external customer touch points.
2003	Verhoef (2003) investigates the differential effects of customer relationship perceptions and relationship marketing instruments on customer retention and customer share development over time. Customer relationship perceptions are considered evaluations of relationship strength and a supplier's offerings, and customer share development is the change in customer share between two periods.

Table 3-5 2005 Practices and Frameworks Chronological Table of CRM

2005	Payne & Frow (2005) develop a conceptual framework for customer relationship management (CRM) that helps broaden the understanding of CRM and its role in enhancing customer value and, as a result, shareholder value emphasizing the need for a cross-functional, process-oriented approach that positions CRM at a strategic level.
2005	Cao & Gruca (2005) show how to target prospects who are likely to respond and be approved. This approach increases the number of customers who are approved and reduces the number of applicants who may defect after being turned down. This method can be extended to new customer acquisition and more effective targeting of costly promotions to migrate customers to higher levels of lifetime value.
2005	Mithas, Krishnan, & Fornell (2005) evaluate the effect of customer relationship management (CRM) on customer knowledge and customer satisfaction. Analysis showed that the use of CRM applications is positively associated with improved customer knowledge and improved customer satisfaction.
2005	Jayachandran, Sharma, Kaufman, & Raman (2005) examine the key drivers and outcome of relational information processes and the role of technology in implementing CRM using data collected from a diverse sample of firms. The results show that relational information processes play a vital role in enhancing an organisation's customer relationship performance.
2005	Simonson (2005) examines basic assumptions underlying individual marketing and presents a process model of customers' responses to customized offers. The model addresses (1) preference development, (2) evaluation of customised offers, (3) likelihood of purchasing the customised offers, and (4) maintenance of relationships with one-to-one marketers.
2005	Javalgi, Radulovich, Pendleton, & Scherer (2005) present an integrative framework to explain the role that customer behaviour and customer relationship management (CRM) play in developing a profitable, sustainable competitive advantage for internet companies.

Table 3-6 2006 Practices and Frameworks Chronological Table of CRM

2006	Javalgi, Martin, & Young (2006) use anecdotal cases to illustrate the essential linkages between market research, market orientation, and CRM. Key implications revolve around the notion that in today's hyper-competitive markets service firms must be market-oriented in order to be competitive, and that market research plays a critical role in generating the needed data on which a market orientation can be developed and implemented, which, in turn, can enhance the practice of CRM.
2006	Hunt, Arnett, & Madhavaram (2006) ask why is relationship marketing so prominent now? Why do firms and consumers enter into relationships with other firms and consumers? And Why are some efforts at relationship marketing more successful than others? They identify that although relationship marketing is a relatively young field of inquiry, relationship marketing theory is an extremely rich area of research. Relationship marketing can take many forms and, as a result, relationship marketing theory has the potential to increase one's understanding of many aspects of business strategy.
2006	Hughes (2006) discusses the implications for the management of customer relationships of pursuing a multi-channel approach and identifies that the addition of new channels alongside those already in existence opens up new areas of the organisation to customer contact and creates significant challenges in relation to staff roles and existing processes for interacting with customers. Channel integration is a strategic issue potentially requiring structural changes to the organisation and changes in the behaviour of customers.
2006	Donio, Massari, & Passiante (2006) explore the links between customer loyalty attitude, customer loyalty behaviours (measured by customer purchase behaviours) and profitability. The aim is to define a conceptual framework within which to analyse the relationships between attitudes, behaviour, and profitability of the customers. The results showed support for all but one of the five hypotheses.

Table 3-7 2007 & 2008 Practices and Frameworks Chronological Table of CRM

2007	Venkatesan, Kumar, & Bohling (2007) address challenges that practitioners face when using customer lifetime value (CLV) for customer selection and propose a Bayesian decision theory-based customer selection framework that accommodates the uncertainty inherent in predicting customer behaviour.
2007	Tokman, Davis, & Lemon (2007) indicate that, in order for win-back offers to be effective, service providers must consider a customer's reasons for leaving and their relationships with the current service provider.
2007	In a review of what constitutes best practice in the leading banks in Taiwan with respect to CRM, Liu (2007) employs a four step strategic framework that includes contact channel management, enterprise-wide management, customer data management, and information technology management.
2007	Chen, Zhang, Hu, & Fu (2007) propose a customer segmentation framework based on data mining and construct a new customer segmentation method based on survival character which consists of two steps. (1) K-means clustering arithmetic, customers are clustered into different segments in which customers have the similar survival characters (churn trend). (2) each cluster's survival/hazard function is predicted by survival analysing, the validity of clustering is tested and customer churn trend is identified.
2008	Richards & Jones (2008) address the lack of empirical real world support for the benefits of management of customer relationships and identify a core group of expected CRM benefits then examines their ability to increase a firm's value equity, brand equity and relationship equity which are components of customer equity. Ten propositions explore the anticipated effects and present a framework for measuring CRM and supporting the link between CRM and performance.
2008	Moutot & Bascoul (2008) define a framework for understanding the impact of sales force automation (SFA) on customer relationship management (CRM) processes from the perspective of information systems and motivation theories.

3.5 Cornerstone Literature

The researcher will now present and substantially justify citing independent academic discussion the three cornerstone pieces of literature upon which this thesis is based; namely the work of Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002). The first influencing piece of literature in this thesis came from the work of Crosby et al., (2002) and is discussed next.

3.5.1 1. Crosby et al., (2002) - CRM and Market Research

Crosby, Johnson, & Quinn (2002) say the notion of marketing based on CRM has gained support in both the business and academic communities for the following reasons:

- A growing services economy and the importance of service as part of a "total product solution" have helped form a potentially strong emotional bond between the provider and the user.
- Business improvement and quality management philosophies require a close working relationship with customers, suppliers, and other members of the marketing infrastructure.
- In today's mature and complex markets, building and sustaining relationships frequently is more important than customer acquisition.

Crosby et al (2002) highlight that powerful software applications have also contributed to marketing's interest in CRM. The authors state that the objective of CRM and CRM software is to optimise all interactions the customer has with the organisation for the purposes of acquiring, retaining, and cross-selling that customer. The author's state this is accomplished in several ways including (1) capturing and analysing data, (2) interacting with customers and (3) reporting on CRM performance over time via metrics.

For these reasons Crosby et al (2002) say the route to effective CRM must include marketing research and that only through surveys and qualitative methods can organisations hope to find answers to the following critical questions.

1. What are customers trying to accomplish through their interactions with the organisation?
2. What types of relationships do customers want to have with the organisation?
3. How are the organisations CRM efforts perceived and interpreted?
4. Whose interests do they appear to serve – the organisation's or the customer's?

5. What benefits attract customers to form a closer bond with the organisation than with the competition, and vice versa?

The use of customer research surveys form a significant part of the quantitative data presented in this thesis. The market research methodology used in this thesis is discussed in detail in the research methods chapter on page 99, the findings are presented on the Customer Survey section on page 179. Research issues arising from the CRM and market research article literature above are as follows:

- **CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*
- **CRM Question 37:** *What was Unison's working philosophy with its customers?*
- **CRM Question 38:** *Is sustaining relationships more important than customer acquisition to Unison and electricity lines companies?*
- **CRM Question 39:** *How did Unison capture and analyse data?*
- **CRM Question 40:** *How did Unison interact with customers?*
- **CRM Question 41:** *How did Unison report on performance?*
- **CRM Question 42:** *What are customers trying to accomplish through their interactions with the organisation?*
- **CRM Question 43:** *What types of relationships do customers want to have with the organisation?*
- **CRM Question 44:** *How are the organisation's CRM efforts perceived and interpreted?*
- **CRM Question 45:** *Whose interests do they appear to serve – the organisations or the customer's?*

Using data and findings from the various customer surveys and subsequent stakeholder surveys, allowed the researcher to address a central CRM assumption that **good service increases the level of emotional bond between customer and supplier.**

Having discussed how this literature influences and impacts on this thesis, the researcher will now present additional academic discussion in support of the inclusion of concepts arising from this literature.

The researcher used the work of Crosby et al (2002) because it stressed the value of market research methodologies as part of the overall CRM mix, specifically its usage as a means of measuring satisfaction with levels of service by customer segments. In support of this

line of reasoning Maklan et al.(2008) recently stated that for decades, one of the key roles of market research has been to help companies forecast customer acceptance of innovation and of changes to the marketing mix (the 4Ps). To illustrate this, using a dot com case study Maklan et al. (2008) demonstrate how action research can provide tools and methods by which market researchers can assist and improve the CRM value co-creation process.

Furthermore, Javalgi, Martin, & Young (2006) have used anecdotal cases to illustrate the essential linkages between market research, market orientation, and CRM. Key implications revolve around the notion that in today's hyper-competitive markets service firms must be market-oriented in order to be competitive, and that market research plays a critical role in generating the needed data on which a market orientation can be developed and implemented, which, in turn, can enhance the practice of CRM.

Jaworski & Kohli (1993) state it is important to note that the use of market research occupies an important place in managing information and developing a market orientation. Moorman, Zaltman, & Deshpande (1992) also identified the important role of knowledge use in developing trust between the providers (researchers) and users (managers) of marketing research.

Given that market research is the process of planning, collecting, and analyzing customer-oriented information for use in making decisions (Aaker, Kumar, & Day, 2004), Javalgi et al.(2006) state that the two concepts of market orientation and market research are inextricably linked and that, market orientation has been defined as the organisation-wide generation of market intelligence pertaining to current and future needs of customers, dissemination of intelligence within the organisation, and responsiveness to it (Kohli, Jaworski, & Kumar, 1993).

Javalgi et al. (2006) state it follows that capturing customer insights and applying analytical tools to extract this new learning helps improve decision making and in turn organisational performance. A key vehicle that organisations use to capture these critical insights is market research, which is critical to understand the voice of customers.

To this end Javalgi et al. (2006) arguments support the researchers reasoning and use of market research and customer surveys as valid tools within the longitudinal case study by participant observation.

Furthermore, Du et al. (2007) state that many companies collect substantial information about their interactions with their customers. Yet information about their customers' transactions with competing firms is often sparse or nonexistent. As a result, firms are often compelled to manage customer relationships from an inward view of their customers. However, Du et al. (2007) study indicates that (1) the volume of customers' transactions within a firm has little correlation with the volume of their transactions with the firm's competitors and (2) a small percentage of customers account for a large portion of all the external transactions, suggesting the considerable potential to increase sales if these customers can be correctly identified and incentivised to switch. Thus, the authors argue for a more outward view in customer relationship management and develop a list augmentation-based approach to augment firms' internal records with insights into their customers' relationships with competing firms, including the size of each customer's wallet and the firm's share of it. As argued in this thesis an understanding of customers is important in developing relationships, the more information a company has about its customers the better it can anticipate and meet its needs. Hence the researcher's use of market research as highlighted by Crosby, et al. (2002).

Finally, in support of the market research included in this thesis Massey et al.(2001) state that companies are using their customer databases and new communication media to create customer profiles, *anticipate* customer's needs, conduct market research, and prompt customer purchase. From this companies such as Unison can differentiate their customers in terms of core needs and value to organisation via market research. This type of detailed customer-level knowledge provides a basis for prioritizing effort to gain the most advantage with the most valuable customers.

The second influencing piece of literature in this thesis came from the work of Dowling (2002) and is discussed next.

3.5.2 2. Dowling (2002) - CRM Fact vs. Fiction

It is important to note that CRM is not necessarily the panacea for all things related to the customer that some authors and vendors would have one believe. Amidst the consultant hype and numerous accolades of CRM, little empirical evidence exists to support many of the claims made by authors arguing what CRM is does and is capable of doing.

Although the researcher through the above literature presents a positive case for CRM through multiple definitions, others argue whether customers actually want a relationship with an organisation, a concept or assumption that proponents of CRM take as fact.

Dowling (2002) highlights that fundamental to the concept of CRM is the issues of relationship between buyers and sellers. Over recent years CRM as a management concept has gained in popularity; however it is important to ask questions as to whether customers actually want a relationship with an organisation.

In consideration of this Dowling (2002) challenges the notion that customers want a relationship with the business they purchase products or service from. According to Dowling (2002) there is considerable anecdotal evidence to suggest that many customers do not want a relationship with most of the products and services (and thus the companies) that they buy. People simply do not have the time, interest, or the emotional energy to form relationships with a wide variety of products and services.

In saying this Dowling (2002) suggests that if customers do not want a relationship with a product or service, they may still appreciate a relationship with the retailer that sells them and that another potential value-adding avenue for CRM programs is to help customers establish a dialogue with the organisation. Continuing on with this line of customer supplier thought is another assumption central to the concept of CRM; that developing relationships with customers is profitable. Again Dowling (2002) challenges this notion by questioning three of the basic assumptions that under-pin the profitability of long-life customers, namely:

1. the costs of serving these customers are less,
2. lifelong customers pay higher prices, and
3. these customers spend more.

Dowling states that recently, criticisms regarding these three issues were tested directly by a substantial empirical study. Reinartz & Kumar (2000) studied the customers of a large catalogue retailer to see if they could find support for the three assumptions listed above.

Reinartz & Kumar (2000) found no substantive support for any of them and their overall finding was that “long-life customers are not necessarily profitable customers.” To illustrate their findings, the correlation between lifetime duration and lifetime profit was 0.2.

In other words, only 4% of the profitability of a customer is explained by the length of time that the person was a customer with the organisation (G. Dowling, 2002).

In light of this evidence, one may ask what the point of implementing a CRM program is. Dowling (2002) suggests there are two ways in which CRM programs may be an effective use of a marketing budget as follows:

1. First, in many cases they are a purely defensive tactic. If a direct competitor launches such a program, other competitors match it. In this scenario, a CRM program is part of the price the organisation pays for being in the market.
2. The second reason suggests CRM programs are a strategy that competitors use to help avoid starting a price war.

Dowling's (2002) work above coupled with the findings of the stakeholder survey enabled the researcher to address another central CRM assumption that **customers want a relationship with their suppliers of products or services.**

Having discussed how the work of Dowling's (2002) is integrated into this thesis, the researcher will now present additional academic discussion in support of the inclusion of concepts arising from Dowling's (2002) work.

Recently Danaher, Conroy, & McColl-Kennedy (2008) identified previously found and new factors that influence whether consumers expect a service provider to form a relationship with them. The authors used these factors to segment consumers based on the relationship expectations they had with three universal categories of service providers: phone companies, banks, and doctors. The authors concluded that although there are always consumers who are keen to form a relationship with their service provider, there is no "hard core" group of consumers keen on relationships with all service providers.

The question arising from this, as stated by Berry (1995) is "what types of customers are most receptive to relationship marketing." In line with this questioning, this thesis identifies segments more disposed to developing a relationship with Unison. In saying this, research suggests that not all customers want a relationship. This is rather sobering news for service firms, which may have previously thought that the vast majority of consumers are willing to engage in relationships and therefore have mass-marketed their customer retention and CRM schemes (G. Dowling, 2002; G. R. Dowling & Uncles, 1997; Noble & Phillips, 2004; Odekerken-

Schroder, De Wulf, Schumacher, & Jeffrey, 2003). The investment costs incurred by such large-scale relationship building include prospecting for new customers, training employees, identifying customer needs and modifying offerings to meet these needs, and monitoring performance (Bendapudi & Berry, 1997). Reichheld & Sasser (1990) comment that in some cases, these costs are too high, and they advocate not forming relationships with, for example, price sensitive consumers as an acceptable strategy.

From the above literature it has been demonstrated that the concept of customer relationships, in particular evidence that suggests not all customers want a relationship, is a valid notion which has received attention from other academic researchers. It reiterates that this line of reasoning for inclusion of this concept in this thesis is valid.

The third and final influencing piece of literature in this thesis came from the work of Reinartz et al., (2004) and is discussed next.

3.5.3 3. Reinartz et al., (2004) - A Valid Model for CRM

Although no frameworks specific to the New Zealand electricity lines industry existed, several quantitative and qualitative research approaches were adopted by the researcher to study the phenomenon via multiple sources of evidence. Specifically the work of (Reinartz, et al., 2004) provided a valuable survey instrument that was used to survey the phenomenon from an internal, industry specific and wider New Zealand organisational community perspective providing the researcher with a degree of external validity. To summarise Reinartz et al.'s (2004) work, the following abstract is presented below:

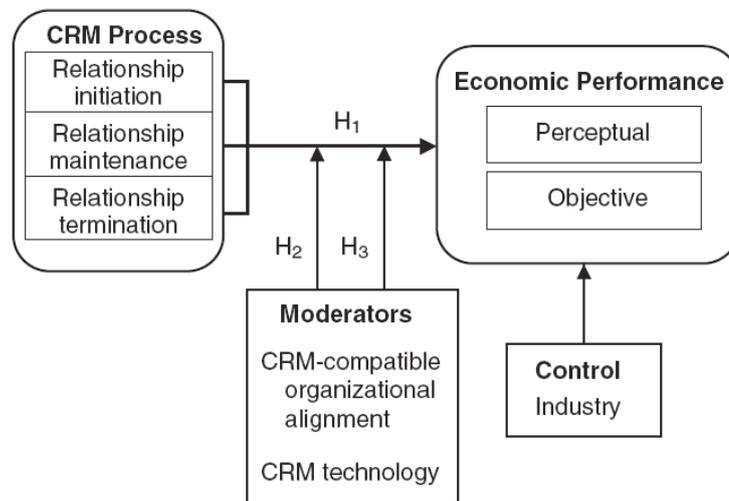
“An understanding of how to manage relationships with customers effectively has become an important topic for both academicians and practitioners in recent years. However, the existing academic literature and the practical applications of customer relationship management (CRM) strategies do not provide a clear indication of what specifically constitutes CRM processes. In this study, the authors (1) conceptualise a construct of the CRM process and its dimensions, (2) operationalise and validate the construct, and (3) empirically investigate the organisational performance consequences of implementing CRM processes. Their research questions are addressed in two cross-sectional studies across four different industries and three countries (Reinartz, et al., 2004).

According to Reinartz et al.'s (2004), adoption and implementation of a CRM process is only the initial part of the story. The authors state that in their opinion, it is also critical to establish whether CRM is “a good thing” for an organisation. Given the dearth of sound

empirical findings in the domain and that evidence now suggests that CRM strategies may not perform as well as many people had expected, the authors state that an investigation of the CRM process-economic performance link should be of great interest to managers and academics.

As a result Reinartz et al.'s (2004) work conceptualised and tested a model of how the three primary CRM dimensions are associated with organisational performance. Figure 3-13 below presents an overview of the three primary CRM dimensions model.

Figure 3-13 Three Primary CRM Dimensions Model



(Reinartz, et al., 2004)

As presented in Figure 3-13 above, Reinartz et al.'s (2004) three primary CRM dimensions consist of the following:

1. **CRM Processes:** A measure of the level of CRM process sophistication that exist in an organisation in relation to the initiation, maintenance and termination of customer relationships.
2. **Moderation:** The degree to which organisations are compatibly aligned to deliver these CRM processes.
3. **Economic Performance:** A measure of both perceptual and objective performance outcomes as a result of the level of CRM processes employed and the level of moderation experienced. Also measured is whether industry type impact on the three dimensions.

The first key outcome from Reinartz et al.'s (2004) research was a theoretically sound CRM process measure that outlines three key stages: initiation, maintenance, and termination.

The second key result is that the implementation of CRM processes has a moderately positive association with both perceptual and objective organisation performance.

The use of Reinartz et al.'s (2004) work within this PhD is discussed in detail in the research methods chapter on page 141. Research issues arising from Reinartz et al's (2004) CRM Concepts and Model are as follows:

- **CRM Question 29:** *Was CRM a good thing for Unison?*
- **CRM Question 30:** *Was there a performance link with CRM implementation?*
- **CRM Question 31:** *What differences existed across various departments within Unison?*
- **CRM Question 32:** *How did Unison compare with peer lines organisations?*
- **CRM Question 33:** *How did Unison compare with other industries?*
- **CRM Question 34:** *Which industries was Unison closest to?*
- **CRM Question 35:** *How were each of the 12 areas rated and implemented?*

In addition to the CRM questions above, it is through this piece of literature that the researcher was able to address the central CRM assumption that **CRM is a process or practice that all organisations to some degree either engage in or should engage in.**

Having presented how the work of Reinartz et al.'s (2004) will be used in this thesis, the researcher will now present additional academic discussion in support of the inclusion of concepts arising from Reinartz et al (2004).

The literature used in this thesis by Reinartz et al (2004) has been cited some 167 times since its publication in 2004. Table 3-8 below presents a sample of some of the work which has used Reinartz et al. (2004) literature as part of ongoing, progression on the subject of CRM.

Table 3-8 Reinartz (2004) Literature Citations

(Zablah, et al., 2004).	Customer Relationship Management Implementation Gaps. Journal of Personal Selling and Sales Management.
(Dekimpe, et al., 2005).	Strategic Firm Commitments And Rewards For Customer Relationship Management In Online Retailing. Journal of Marketing.
(Eberl & Schwaiger, 2005).	Corporate Reputation: Disentangling The Effects On Financial Performance. European Journal of Marketing.
(Garland, 2005).	Segmenting Retail Banking Customers. Journal of Financial Services Marketing.
(Jayachandran, et al., 2005).	The Role Of Relational Information Processes And Technology Use In Customer Relationship Management. Journal of Marketing.
(Lundstrom & Wright, 2005).	Marketing Innovation The Crm physician Interface: Toward A Model Of Physician Relationship Building. Journal of Medical Marketing.

(Payne & Frow, 2005).	A Strategic Framework For Customer Relationship Management. Journal of Marketing.
(M. L. Roberts, et al., 2005).	Strategy, Technology And Organisational Alignment: Key Components Of CRM Success. Journal of Database Marketing & Customer Strategy Management.
(Srinivasan & Moorman, 2005).	Strategic Firm Commitments And Rewards For Customer Relationship Management In Online Retailing. Journal of Marketing.
(Tanner Jr, Ahearne, Leigh, Mason, & Moncrief, 2005).	CRM In Sales-Intensive Organisations: A Review And Future Directions. Journal of Personal Selling and Sales Management.
(Zinnbauer & Eberl, 2005).	Measuring Customer Relationship Management Performance: A Consumer-Centric Approach. Journal of Marketing Channels.
(Ang & Buttle, 2006).	CRM Software Applications And Business. Journal of Database Marketing And Customer Strategy Management Performance.
(P. D. Berger, et al., 2006).	From Customer Lifetime Value To Shareholder Value: Theory, Empirical Evidence, And Issues For Future Research. Journal of Service Research.
(Berghman, Matthyssens, & Vandenbempt, 2006).	Building Competences For New Customer Value Creation: An Exploratory Study. Industrial Marketing Management.
(Forza & Salvador, 2006).	Application Support To Product Variety Management. International Journal of Production Research.
(Moeller, Fassnacht, & Klose, 2006).	A Framework For Supplier Relationship Management (SRM). Journal of Business-to-Business Marketing.
(Plakoyiannaki & Saren, 2006).	Time And The Customer Relationship Management Process: Conceptual And Methodological Insights. Journal of Business And Industrial Marketing.
(Bronn, 2007).	Relationship Outcomes As Determinants Of Reputation. Corporate Communication: An International Journal.
(Bush, Underwood III, & Sherrell, 2007).	Examining The Relationship Marketing, Marketing Productivity Paradigm: Establishing An Agenda For Current And Future Research. Journal of Relationship Marketing.
(Chen, et al., 2007)	Customer Segmentation Based On Survival Character. Journal of Intelligent Manufacturing
(Coltman, 2007).	Why Build A Customer Relationship Management Capability? Journal of Strategic Information Systems.
(Homburg, Hoyer, & Stock, 2007).	How To Get Lost Customers Back? Journal of the Academy of Marketing Science.
(Jindal, Reinartz, Krafft, & Hoyer, 2007).	Determinants Of The Variety Of Routes To Market. International Journal of Research in Marketing.
(Kim & Lee, 2007).	Contextual Perceived Value?: Investigating The Role Of Contextual Marketing For Customer Relationship Management In A Mobile Commerce Context. Business Process Management Journal.
(Login & Areas, 2007).	An Exploration Of Call Centre Agents' CRM Software Use, Customer Orientation And Job Performance In The Customer Relationship Maintenance Phase. Journal of Financial Services Marketing.
(Mathies & Gudergan, 2007).	Revenue Management And Customer-centric Marketing—How Do They Influence Travellers' Choices? Journal of Revenue and Pricing Management.
(Rothenberger, 2007).	Strategic And Operational Issues In Implementing A CRM Tool. International Journal of Business Environment.
(Shumanov & Ewing, 2007).	Developing A Global CRM Strategy. International Journal of E-Business Research.
(Sichtmann, 2007).	Buyer-Seller Relationships And The Economics Of Information. Journal of Business Market Management.
(Sinisalo & Karjaluo, 2007).	Mobile Customer Relationship Management: A Communication Perspective. International Journal of Electronic Customer Relationship Management.
(Vanesa Aciar, Serarols-Tarres, Royo-Vela, & De la Rosa i	Increasing Effectiveness In E-Commerce: Recommendations Applying Intelligent Agents. International Journal of Business and Systems Research.

Esteva, 2007).	
(J. Richard, Thirkell, & Huff, 2007)	The Strategic Value Of CRM: A Technology Adoption Perspective. Journal of Strategic Marketing.
(Adebanjo, 2008).	The Application Of Process Modelling And Simulation Techniques To Analysing The Impact Of CRM Implementation. International Journal of Electronic Customer Relationship Management.
(Foss, Stone, & Ekinci, 2008).	What Makes For CRM System Success—Or Failure? Journal of Database Marketing & Customer Strategy Management.
(Gee, Coates, & Nicholson, 2008).	Understanding And Profitably Managing Customer Loyalty. Marketing Intelligence & Planning.
(Homburg, Droll, & Totzek, 2008).	Customer Prioritization: Does It Pay Off And How Should It Be Implemented? Forth coming in Journal of Marketing.
(Moutot & Bascoul, 2008).	Effects Of Sales Force Automation Use On Sales Force Activities And Customer Relationship Management Processes. Journal of Personal Selling and Sales Management.
(Mukherjee & He, 2008).	Company Identity And Marketing: An Integrative Framework. The Journal of Marketing Theory and Practice.
(Plakoyiannaki, Tzokas, Dimitratos, & Saren, 2008).	How Critical Is Employee Orientation For Customer Relationship Management? Insights From A Case Study. Journal of Management Studies.
(Ramani & Kumar, 2008).	Interaction Orientation And Firm Performance. Journal of Marketing.
(J. E. Richard, 2008).	The Impact Of Customer Relationship Management (CRM) Technology On Business-To-Business Customer Relationships, Victoria University of Wellington.
(Rindfleisch, Malter, Ganesan, & Moorman, 2008).	Cross-Sectional Versus Longitudinal Survey Research: Concepts, Findings, And Guidelines. Journal of Marketing Research.
(Shum, Bove, & Auh, 2008).	Employees' affective Commitment To Change. European Journal of Marketing.
(Soch & Sandhu, 2008).	Does Customer Relationship Management Activity Affect Firm Performance? Global Business Review.
(Treiblmaier & Streibinger, 2008).	The Effect Of E-Commerce On The Integration Of IT Structure And Brand Architecture. Information Systems Journal.

As presented in Table 3-8 above Reinartz et al. (2004) have received considerable academic attention. Also, the researcher found that much work has continued in the (1) Relationship initiation, (2) Relationship maintenance and (3) Relationship termination all areas identified by Reinartz et al (2004). CRM compatible organisational alignment and CRM technology have also received much academic attention. The researcher will now present a brief review of some of the literature work which forms a significant portion of this thesis.

The CRM issues of (1) organisational alignment, (2) regaining, (3) retaining and (4) de-marketing to customers are integral components of Reinartz et al. (2004) work; other authors have also addressed these concepts in recent times. Plakoyiannaki, Tzokas, Dimitratos, & Saren (2008) explored the interface of employee orientation and the CRM process based on an in-depth case study of a leading firm in the UK automotive services sector. Through this research

the widely postulated link between CRM success and employee orientation is empirically supported and the mechanisms underlying this association elucidated.

Tokman, Davis, & Lemon (2007) discuss the issue of customer reacquisition (referred to as “Regain” by Reinartz et al. (2004)) stating that such practices provide firms with high financial and service improvement benefits. The findings of Tokman et al. (2007) indicate that, in order for win-back offers to be effective, service providers must consider a customer's reasons for leaving and their relationships with the current service provider. Value determinants (price and service benefits provided in the win-back offer), social capital and service importance play a prominent role in shaping customer switch-back intentions regardless of the level of previous satisfaction, regret, or delight with the new service provider.

Still on the subject of regaining customers Homburg, Hoyer, & Stock (2007) state that most research in the field of CRM focuses on keeping existing customers but that some companies also systematically address lost customers and try to revive these relationships. The authors study provides a theoretical discussion and an empirical analysis of factors driving the success of relationship revival activities; they found that the customer's perceived interactional, procedural, and distributive justice with respect to revival activities positively affect customer revival-specific satisfaction which in turn, has a strong impact on revival performance. Furthermore, revival performance depends on customer characteristics (variety seeking, involvement, age), and the overall customer satisfaction with the relationship.

Reinartz et al. (2004) concept of de-marketing (relationship termination) has also received academic attention. Kim & Lee (2007) research suggest that assessing customers by profitability analysis (retaining profitable customers but firing unprofitable ones) may not be appropriate for a firm of goods and services because of the strategic network value of unprofitable customers. Through their research, the authors verify that this strategic value of customers also affects customer leveraging efforts through operational and collaborative CRM and that under certain conditions, de-marketing efforts based on simple profitability measures may prove counter-productive to the firm and even socially undesirable.

On the subject of retaining customers Burez & Van den Poel (2007) highlight that the early detection of potential churners can enable companies to target these customers using specific retention actions, and subsequently increase profits. They illustrated this analytical CRM using real-life data of a European pay-TV company where their very high churn rate had a

devastating effect on their customer base. As a result of their research using Markov chains in churn prediction, and a random forest model benchmarked to a basic logistic model they found that profits could be doubled using their churn-prediction model and that profits vary enormously with respect to the selected retention action, indicating that a customer satisfaction questionnaire yields the best results, a phenomenon known in the psychological literature as the ‘mere-measurement effect.’

From the above literature, the researcher has demonstrated that this thesis, along with ongoing academic work of numerous authors, has been leveraged in part through the work of Reinartz et al., (2004) indicating that this is a valid piece of literature on which to base part of this thesis.

In summary the work of Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002) can be considered credible, representative and valid cornerstone pieces of literature for the purpose of this thesis. From these three principle pieces of CRM literature, the researcher asked the research question from the case study perspective:

Table 3-9 Research Question: Primary and Secondary nature of enquiry

	Primary Enquiry
Part 1:	Do customers want a relationship with suppliers of products or services?
Part 2:	Is CRM is a process or practice that all organisations to some degree either engage in or should engage in?
Part 3:	Within the context of an electricity lines company does good service increase the level of emotional bond between customer and supplier?

The CRM assumptions contained within the research question above are re-stated as hypotheses and are addressed in this thesis. These three hypotheses are presented as follows.

1. **Hypothesis 1** Customers want a relationship with suppliers of products or services.
2. **Hypothesis 2** CRM is a process or practice that all organisations to some degree either engage in or should engage in.
3. **Hypothesis 3** Good service increases the level of emotional bond between customer and supplier.

3.6 CRM and Quality Models

Although the concept of service quality could be considered to classified within the Total Quality Management (TQM) domain, some service quality models have the potential to inform

particular aspects of this research. To address this cross-disciplinary linkage, the researcher will now briefly discuss and present a series of appropriate service quality models within the context of this research.

3.6.1 Service Quality Models

Over the past 20-30 years the concept of service quality has become a major area of attention to practitioners, managers and researchers. This has occurred for a number of reasons which include their correlations to a strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Chang & Chen, 1998; Cronin & Taylor, 1992; Gammie, 1992; Gummesson, 1998; Guru, 2003; Hallowell, 1996; Lasser, Manolis, & Winsor, 2000; Leonard & Sasser, 1982; Newman, 2001; Silvestro & Cross, 2000; Sureshchander, Rajendran, & Anatharaman, 2002)

Seth, Deshmukh, & Vrat (2005) state that for an organisation to gain competitive advantage it must use technology to gather information on market demands and exchange it between organisations for the purpose of enhancing the service quality. To this end, a conceptual model attempts to show the relationships that exist between salient variables (Ghobadian, Speller, & Jones, 1994).

The subject of service quality is very rich in context of definitions, models and measurement issues (Seth, et al., 2005). In this section, the researcher will present appropriate, relevant service quality models and discuss their potential to inform particular aspects of this research. To achieve this, the researcher will first present a summarised table of nine service quality models providing a description of the model and brief explanation. The researcher will then discuss each models potential to inform particular aspects of this research.

Table 3-10 Service Quality Models

Model	Summary
1. Technical and functional quality model).	Grönroos (1984) model identifies three components of service quality: (1) technical quality; (2) functional quality and (3) Image.
2. GAP model.	Better known as SERVQUAL (Parasuraman, Zeithaml, & Berry, 1985) this model proposed that service quality is a function of the differences between expectation and performance along the quality dimensions.
3. Attribute service quality model.	Haywood-Farmer (1988) model states that a service organisation has “high quality” if it meets customer preferences and expectations consistently based on the foundation that services have three basic attributes: (1) physical facilities and processes; (2) people's behaviour; and (3) professional judgment.
4. Synthesised model of service quality.	Brogowicz, Delene, & Lyth (1990) model attempts to integrate traditional managerial framework, service design and operations and marketing activities for the purpose of identifying the dimensions associated with service quality in a traditional managerial framework of planning, implementation and control.
5. Performance only model.	Known as SERVPERF (Cronin & Taylor, 1992) and based on SERVQUAL through this model the authors computed difference scores with perception to conclude that perceptions only are better predictors of service quality.
6. Ideal value model of service quality.	Mattsson (1992) model argues for a value approach to service quality, modelling it as an outcome of satisfaction process; this suggests the use of a perceived “ideal standard” against which the experience is compared.
7. Model of perceived service quality and satisfaction.	Spreng & Mackoy (1996) attempts to enhance the understanding of the constructs perceived service quality and consumer satisfaction and highlights the effect of expectations, perceived performance desires, desired congruency and expectation disconfirmation on overall service quality and customer satisfaction.
8. PCP attribute model.	Philip & Hazlett (1997) propose a model that takes the form of a hierarchical structure – based on three main classes of attributes – (1) pivotal, (2) core and (3) peripheral.
9. Internal service quality model.	Frost & Kumar (2000) developed an internal service quality model based on the concept of GAP model based on SERVQUAL The model evaluates the dimensions, and their relationships, that determine service quality among internal customers (front-line staff) and internal suppliers (support staff) within a large service organisation.
10. Disconfirmation Theory.	Oliver (1981) has elaborated the specific categories of events that give rise to the three disconfirmation conditions (1) Positive disconfirmation (2) Negative disconfirmation: Low probability undesirable events occur or high probability desirable events do not. (3) Confirmation: Low and high probability desirable and undesirable events occur or do not as expected.

Several other models exist or have continued to be developed, focusing more on IT and e-commerce, repeat buying patterns, consumer perceptions etc. Although these models are advancements on the service quality models presented in the table above, they do not necessarily apply or give the ability to inform aspects of this research or to the case study organisation (Broderick & Vachirapornpuk, 2002; Oh, 1999; Santos, 2003; Zhu, Wymer, & Chen, 2002).

3.6.2 Technical and functional quality model

Grönroos (1984) model identifies three components of service quality (1) technical quality; (2) functional quality and (3) Image. Their potential ability to inform this research are as follows:

1. **Technical quality:** this is the quality of what consumer actually receives as a result of their interaction with Unison and is important to them and to their evaluation of the quality of service (quality of electricity).
2. **Functional quality:** the consumer gets the technical outcome. This is important to him and to his/her views of service he/she has received (can relate to fault repairs, outages and new connection services).
3. **Image:** important to Unison and can be expected to built up mainly by technical and functional quality of service including the other factors (tradition, ideology, word of mouth, pricing and public relations).

The positives of this model in relation to Unison are based on the fact that Unison's service quality depends on technical quality, functional quality and Unison's image. The downside to using this model is that it does not offer an explanation on how to measure functional and technical quality.

3.6.3 GAP model

SERVQUAL (Parasuraman, et al., 1985) proposes that service quality is a function of the differences between expectation and performance along the quality dimensions. This model has the potential to inform on aspects of this research based on the fact that it is an analytical tool. It would enable Unison to identify systematically service quality gaps between a number of variables affecting the quality of their electricity offering. As the model is externally focused, it would be capable of assisting Unison to identify the relevant service quality factors from the consumer's perspective. The downside to using this model is that it does not explain the clear measurement procedure for the measurement of gaps at different levels.

3.6.4 Attribute service quality model

Haywood-Farmer (1988) model states that a service organisation has "high quality" if it meets customer preferences and expectations consistently based on the foundation that services have three basic attributes: (1) physical facilities and processes; (2) people's behaviour; and (3) professional judgment. Attempts have been made in this model to map different types of service settings as per their degree of contact and interaction, degree of

labour intensity and degree of customization. The informing aspects of this model include its ability to allow Unison to segregate organisational service aspects based on the three dimensions listed above and its potential to enhance understanding of the concepts of service quality and help provide guidance relating to targeting towards the right customer segments. In saying this, the model does not offer the measurement of service quality nor does it present a practical procedure capable of helping Unison to identify service quality problems or practical means of improving service quality.

3.6.5 Synthesised model of service quality

Brogowicz et al.(1990) model works to integrate, service design and operations and marketing activities for identifying the dimensions associated with service quality in a traditional managerial framework of planning, implementation and control. This model could help Unison to improve the success of its service offerings within the electricity industry as it identifies key variables that require systematic management attention in planning, implementation and controlling service-marketing strategies that prevent or minimise service quality gaps. However, this model requires empirical validation and needs to be reviewed for different types of service settings.

3.6.6 Performance only model

SERVPERF (Cronin & Taylor, 1992) concludes that “perceptions only” are **better** predictors of service quality. This approach has the potential to inform with regards to Unison’s service quality as the model conceptualises and measures service quality as an attitude. SERVPERF is efficient in comparison with SERVQUAL, as it directly reduces the number of items by 50% making it easier for Unison to implement. Although there are indeed potential benefits to using this model within the case study organisation, the model needs to be generalised for all types of service settings, also a quantitative relationship between consumer satisfaction and service quality needs to be established.

3.6.7 Ideal value model of service quality

Mattsson (1992) model argues for a value approach to service quality, modelling it as an outcome of satisfaction process; this suggests the use of a perceived “ideal standard” against which the experience is compared. This model has the potential to inform Unison as it incorporates and defines the importance of diverse components of the service encounter to be studied (such as response time, rates, perceived quality etc). This model provides a new learning perspective on how an ideal standard can be formed and how it can be sustained; the

model highlights attention to the importance of negative disconfirmation experience as a determinant for satisfaction outcome. Reasons against using this model include the fact that there are fewer number of items used for value and customer satisfaction and that the model needs to be defined for all types of service settings.

3.6.8 Model of perceived service quality and satisfaction

Spreng & Mackoy (1996) model highlights the effect of expectations, perceived performance desires, desired congruency and expectation disconfirmation on overall service quality and customer satisfaction. These are measured through a set of ten attributes which when applied to this research could inform in the following areas:

1. convenience in making an appointment with Unison.
2. friendliness of Unison's staff (management, lines staff, contractors).
3. Unison listened to my questions (in relation to faults queries, new connections).
4. Unison provided accurate information (in relation to faults queries, new connections).
5. the knowledge of Unison (new connections, faults etc).
6. the advice was consistent (connection procedures).
7. advisor helped in long-range planning (from the perspective of developers, local government infrastructure).

However the final three variables may not necessarily be relevant to Unison.

8. Unison helped in choosing the right courses for career (not necessarily applicable).
9. advisor was interested in personal life.
10. the offices were professional.

Benefits on using this model to inform aspects of this research include the fact that a key determinant of service quality and customer satisfaction is meeting customer desires. Also, rising expectations have a positive effect on customer satisfaction perceptions of performance, but they also have a negative effect on satisfaction through disconfirmation linking through to negative quality. However the model does not highlight how the service quality is achieved and operationalised and the model appears to be lacking any specific directions for improvements in service quality

3.6.9 PCP attribute model

Philip & Hazlett (1997) model takes a hierarchical structure – based on three main classes of attributes – (1) pivotal, (2) core and (3) peripheral. Benefits of using this model to inform on particular aspects of Unison service delivery include the fact that it provides a simple, effective and general framework of assessing service quality for any service sector and that it highlights the area of improvements for service quality based on the frequency of encounter. A potential drawback of using this model is that its shortfall in providing general dimensions to three levels of attributes and it lacks empirical validation.

3.6.10 Internal service quality model

Frost & Kumar (2000) model based on SERVQUAL evaluates dimensions, and their relationships, that determine service quality among internal customers (front-line staff) and internal suppliers (support staff) within a large service organisation. This model has the ability to inform on aspects of this research as the perceptions and expectations of internal customers and internal suppliers plays a major role in recognising the level of internal service quality perceived by external customers. Positive internal customer satisfaction with Unison impacts via internal staff relations on external customers. This model also has the potential to indicate the resources, which can be better utilised to produce higher service quality levels. The cons of the model are that it needs to be generalised for all types of internal environments, the effects of changes in the external environment on the model is not considered, it does not provide the measurement of service quality and the model ignores other organisational performance measures.

3.6.11 Disconfirmation Theory

Finally, as framed within the expectancy disconfirmation model of consumer satisfaction (Erevelles & Leavitt, 1992; Oliver & Rust, 1997; Tse, Nicosia, & Wilton, 1990) purchase and usage reveal actual performance levels which are thought to be compared to expectation levels using a better-than, worse-than heuristic. The resulting judgment is labelled negative disconfirmation if the product is worse than expected, positive disconfirmation if better than expected, and simple confirmation if as expected (Oliver, 1981, 1997). Oliver (1981 p.35) has elaborated the specific categories of events that give rise to the three disconfirmation conditions as follows:

1. **Positive disconfirmation:** Low probability desirable events occur or high probability undesirable events do not.

2. **Negative disconfirmation:** Low probability undesirable events occur or high probability desirable events do not.
3. **Confirmation:** Low and high probability desirable and undesirable events occur or do not as expected.

From this perspective, it would appear that conditions necessary for either positive or negative disconfirmation involve the surprising occurrence of low probability events or the non-occurrence of high probability events, as coupled with the desirability (i.e., valence) of these events.

Further perspective on this phenomenon is provided by Woodruff, Cadotte, & Jenkins (1983) who suggested a range of "experience-based norms." The norms described by these authors are historical, representing the range of likely performance outcomes experienced over time or learned via the experience of others. Performance deviations within this "normal" range are not considered to be disconfirming, as would be those outside this region.

Other research by Mittal (1998) has found that negative performance on an attribute has a greater impact on overall satisfaction and repurchase intentions than positive performance has on that same attribute and overall satisfaction displays diminishing sensitivity to attribute level performance.

Of all the service quality models presented this far, the concept of disconfirmation theory has the greatest ability to inform on aspects of the research within this thesis. The researcher stated in the thesis abstract that he found evidence to suggest from a lines company perspective, emotional bonds are driven by poor quality rather than good quality. In support of this, Anderson (1993) states that disconfirmation occurs when perceived quality fails to match expectations and that quality which falls short of expectations has a greater impact on satisfaction than quality which exceeds expectations and disconfirmation is more likely to occur when quality is easy to evaluate. From the perspective of the research in this thesis, the quality of electricity supply is easy evaluate, customers either have it or they do not; it is either good (clean power with little or no fluctuations) or it is bad (brown-outs, flickering lights, outages). Customers across all segments expect, and usually receive, a good quality power supply, when this is not delivered then disconfirmation occurs and as stated by Mittal (1998) above, negative performance (with electricity supply and delivery) has a greater impact on overall satisfaction than positive performance. Because consumers have limited emotional

bonds with their lines company when power supply and quality are good, the impact of bad electricity supply is greater (as per disconfirmation theory) supporting the researchers claim that emotional bonds are driven by poor quality rather than good quality.

3.6.12 Summary of Chapter and the Researchers Definition of CRM

Prior theory presented in this literature review chapter provided the researcher with a focus to the data collection phase in the form of research. This chapter has presented the initial theoretical CRM concepts, frameworks and models and as this is a case study, gaps presented in this literature review were expressed as general broad, open research questions that will be addressed in various sections in the Analysis of Data and concluding chapters of this thesis. The researcher reviewed various models for CRM, but decided to use the works of Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002).

When the researcher examined the common issues identified in the many varying definitions and purposes of CRM tendered by academics, industry publications and vendors, several recurrent themes begin to emerge as follows:

1. The perceived importance of customer relationships and developing trends for organisations to become more customer-centric.
2. The overriding importance of a CRM processes orientation within organisations.
3. The importance for organisations to drive profitability and value through CRM processes.
4. The critical nature of CRM Strategy in the success of CRM initiatives which includes the overall objectives for the organisation and senior management buy-in.

In relation to the case study organisation under investigation in this thesis the researcher puts forward the following CRM definition:

“CRM is a strategy that segments customers based on value and a reciprocal desire for varying levels of relationship management. The strategy structures the organisation in such a way as to enable the deployment of processes to drive stakeholder value while measuring, managing and maintaining relationships through a series of operational channels which include customer research, communication channel management, segment based pricing and service, infrastructure asset management and where appropriate one to one relationships.

Driving and tempering this strategy is a combination of internal and external forces and constraints”.

In light of the above literature review, from the perspective of the quantitative CRM survey of Reinartz et al., (2004) and the literature of Crosby et al., (2002) and Dowling (2002) the researcher sought to verify or falsify the following hypotheses:

1. *Customers want a relationship with suppliers of products or services,*
2. *CRM is a process or practice that all organisations to some degree either engage in or should engage in, and*
3. *Good service increases the level of emotional bond between customer and supplier.*

From the three principle pieces of CRM literature by Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002), the researcher asked the following research question which has been phrased to reflect the three different primary and secondary natures of its enquiry:

Table 3-11 Research Question: Primary and Secondary nature of enquiry

Primary Enquiry	
Part 1:	Do customers want a relationship with suppliers of products or services?
Part 2:	Is CRM is a process or practice that all organisations to some degree either engage in or should engage in?
Part 3:	Within the context of an electricity lines company does good service increase the level of emotional bond between customer and supplier?
Secondary Enquiry	
48 CRM Questions:	Furthermore, based on the 48 CRM questions arising from the literature review, how do the findings from the case study research relate to the 48 CRM questions?

In consideration of the literature review presented, CRM definition offered and the subsequent research questions raised, the researcher will now discuss in detail the methodology used to investigate the phenomenon. Five different sources of evidence were used to varying degrees when researching *The Anatomy of a CRM Initiative* within Unison Networks Ltd from 2002-2005 and are presented below:

1. Documents
2. Archival records
3. Interviews
4. Direct observations
5. Participant observation.

The specifics of how and why each was used are explained in detail in chapter 4 of this thesis.

3.7 Chapter 3 Summary

In this chapter, the researcher provided an initial introduction to the CRM literature and discussed the challenges in attempting to define the subject. Several CRM definitions were discussed followed by the creation of 48 CRM questions arising from literature relating to CRM philosophy, strategy and operations. The subject of CRM vendor hype was addressed along with what CRM is and is intended to do. The researcher presented the three principal literature components used to undertake this research and the three parts of the research question they posed. A variety of CRM models and concepts was presented, the issue of CRM failure was discussed and a section referring to service quality models that inform various aspects of this research was also introduced.

4 Chapter 4. Methodology of Data Collection

4.1 Chapter 4. Researcher's Overview

As mentioned in the overview to chapter 3, both the literature review and this methodology chapter presented the greatest learning curves for the researcher. Although the researcher had experienced a successful academic background for both Bachelor and Masters Degrees, nothing done previously came anywhere near close to what was required to undertake this PhD.

As a result of completing this thesis, it was the researcher's intention to pursue a career in commercial business, social and marketing research; therefore the development of chapter 4 took on even greater personal importance. Indeed, through the course of several incarnations of this chapter, the researcher's supervisors argued that the content had gone overboard, almost to extremes in arguing, defining and defending the chosen approaches. Previous versions of this chapter had run into excess of 70,000 words, therefore in consideration of this... perhaps the supervisors had a valid point! The work and time invested in creating this chapter provided the researcher with a new sense of confidence in his research abilities from both a quantitative and qualitative perspective.

In this chapter, the researcher discusses the degree of Doctor of Philosophy, the thesis structure and the issues of Positivism vs. Phenomenology and Business and Management Research. A discussion of alternative methodologies will be presented and justification for the chosen approach will be put forward. The researcher then presents arguments for a case study methodology using a mixed methodology then discusses when to use a case study approach, types of case study approaches and the researcher's chosen approach. Arguments specific to a single case study methodology are presented and arguments for and against single or multiple respondents and viewpoints are outlined. The researcher explains data collection methods, addresses construct, internal and external validity and reliability then presents the concept of participant observation, data analysis and qualitative text analysis methods used in this research.

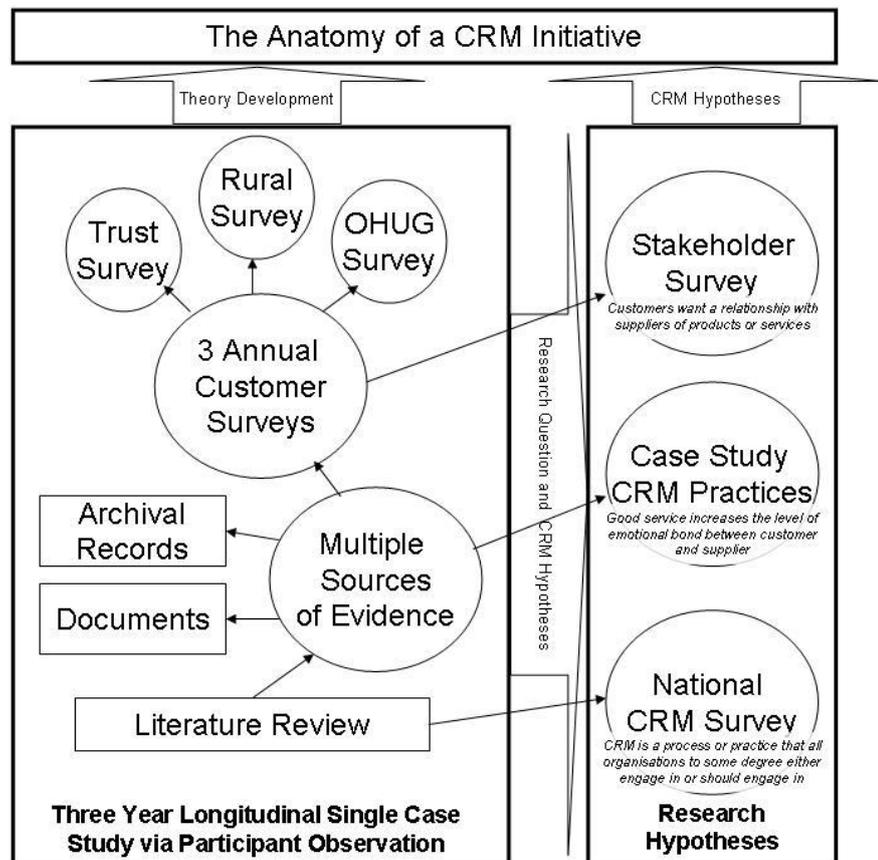
4.1.1 Chapter 4. Introduction

To complete this thesis, the researcher undertook the following work:

1. A three year longitudinal single case study via participant observation which involved a detailed examination of multiple sources of evidence which are summarised in chapter 5 and 6.
2. A series of annual customer surveys and other surveys which led the researcher and the case study organisation to the development of a stakeholder survey reported in detail in chapter 5 and 6.
3. A national CRM survey of processes and practices from over 1200 New Zealand organisations which included 16 other electricity lines companies an in-depth interview with the case study organisation CRM manager and survey of its executive staff reported in detail in the chapter 5 and 6.

Figure 4-1 below presents the way in which the research evolved over the three-year period.

Figure 4-1 Progression of research



As presented in Figure 4-1 above, a review of the CRM literature resulted in the researcher developing of a series of 48 CRM related questions which allowed the researcher to describe the nature of the CRM initiative under investigation over the three year period. Alongside this, the researcher identified three central CRM assumptions and subsequent hypotheses which would be tested and resulted in three research outcomes via the three pivotal pieces of CRM literature from Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002). Together the general research question, three CRM assumptions and subsequent hypotheses presented explored *The Anatomy of a CRM Initiative*.

To achieve this, the researcher developed a relationship with the case study organisation. Through this relationship over a three year period via participant observation, the researcher undertook several customer surveys along with a detailed examination of multiple sources of evidence.

The customer surveys evolved into a Customer Stakeholder Survey, the multiple sources of evidence provided the antecedents of the case study organisations CRM practices (which answered the 48 CRM questions presented in the literature review, summarised in APPENDIX from page 304) and the literature review resulted in the conducting of the National CRM surveys. These three research outcomes are presented in chapter 5. An overview of the structure of this chapter is presented in Table 4-1 below:

Table 4-1 Chapter 4 Structure

Topic	Explanation
Philosophical issues involved in determining an appropriate methodology.	<ul style="list-style-type: none"> • Discusses the degree of Doctor of Philosophy, thesis structure, overview of alternative methodologies and chosen approach, the issue of positivism vs. phenomenology and Business and Management Research.
Specifics of the research methodology.	<ul style="list-style-type: none"> • Presents the argument for a case study methodology and using a mixed methodology.
Defining the nature of the case study methodology.	<ul style="list-style-type: none"> • Discusses when to use a case study approach, types of case study approaches and the researchers chosen approach. • Details specifics of a single case study methodology and argues for and against single or multiple respondents and viewpoints. • Explains data collection, construct, internal and external validity and reliability. • Presents the concept of participant observation, data analysis and qualitative text analysis methods used in the research.

As outlined in Table 4-1 above, in this chapter, the researcher explains the methodology used in this thesis. First the researcher discusses the nature of PhD research debates Positivism and Phenomenology then an overview of alternative methodologies and then chosen approach. The subjects of management and business research are discussed then arguments in support of a mixed methodology approach are presented.

The researcher defines the specifics of the chosen case study methodology then explains and justifies why a phenomenological mixed methods based single longitudinal case study via participant observation was used. The researcher also explains the use of positivist survey methodologies to overcome inherent weaknesses of the single case study methodology.

Data collection and data analysis methods employed in both qualitative field work and quantitative surveys is also presented in this chapter.

4.1.2 The Degree of Doctor of Philosophy

This thesis presents what Phillips and Pugh (2005) refer to as good research in that it consists of three characteristics that distinguish it from decision making or consultancy as follows:

1. It is based on a **system of open thought**: involving continual testing, review and criticism of others' ideas, and willingness to hazard new ideas.
2. The researcher was prepared to **examine the data critically**: requesting multiple sources of evidence behind conclusions drawn by others.
3. The **research is generalisable**: attempting to extract understanding from one situation and apply it to as many other situations as possible.

According to Phillips & Pugh (1994) the degree of Doctor of Philosophy represents an acknowledgement that holders of the degree are recognised as authorities in their particular field of research. They provide six criteria for recognising doctoral level research as follows:

1. The work says something useful and novel that the research community wishes to hear.
2. The researcher has demonstrated a command of current knowledge of the research field explored and that the contribution that others have made has been evaluated.
3. The researcher has demonstrated astuteness in identifying gaps in current knowledge of the research field chosen.

4. The research has demonstrated a grasp of research techniques and their limitations
5. Research results have been effectively communicated.
6. The research work has been carried out in an international context so that a grasp of a current worldwide knowledge has not been confined to a national or local debate. (E. Phillips & Pugh, 1994; Walker, 1997).

In line with this reasoning, the researcher defines this thesis as original in the following ways:

1. **It continues a previously original piece of work** – part of the research undertaken in this thesis is based on the work of Reinartz et al. (2004).
2. **It shows originality in testing somebody else's idea** – in relation to the work of Reinartz et al. (2004), the construct and survey instrument was used to assist with the case study external validity within New Zealand and across more business categories than the four originally tested.
3. **It carries out empirical work that has not been done before** – based on a search of the available CRM literature, no other researcher has undertaken this type of case study within this industry in this subject in New Zealand or internationally.
4. **It uses already known material but with a new interpretation** – the CRM literature search provided useful concepts, theories and methodologies; using these as a basis, the concepts were re-interpreted and applied and research issues investigated in relation to the case study.
5. **It tries out something in one country that has previously only been done elsewhere** – the original work of Reinartz et al. (2004) was originally carried out in Europe, this study took place in New Zealand.
6. **It is cross-disciplinary and uses different methodologies** – the qualitative case study approach uses a variety of cross-disciplinary approaches incorporating triangulation, multiple sources of evidence, quantitative surveys and case study research methodologies.
7. **It adds knowledge in a way that has not been done before** – owing to the “newness” of CRM and the approach taken, new knowledge has been added in a unique fashion.

In consideration of the above, there existed a wide scope for undertaking research that, according to Phillips (2005) definitions, is original and satisfies the requirements for rigorous work at the PhD level (Walker, 1997).

4.1.3 Thesis Structure

According to Perry (1998b) a thesis using the case study research methodology can be structured like traditional theses. Adding to this advice, the researcher used the seven chapter headings offered by Perry (1998b) as follows:

1. Chapter 1. Introduction.
2. Chapter 2. The Case Study Organisation.
3. Chapter 3. CRM Literature Review.
4. Chapter 4. Methodology of Data Collection.
5. Chapter 5. Analysis of Data.
6. Chapter 6. Findings and Implications.
7. Chapter 7. Conclusions.

Throughout the PhD, the researcher was prepared to continually use his judgement which, according to Buchanan (1980), is one of the most important outcomes from the use of research projects in management development programs. Although daunting in the first instance, over time the researcher became skilled at working effectively and independently with associated uncertainty and risk in this thesis; this ability then developed into a skill which has been frequently transferred in other aspects of the researcher life.

Unlike the researcher's previous academic experience with undergraduate and post graduate master's degrees, in developing the research strategy, the researcher experienced what Alvesson (2000) described as false starts. This resulted in the continual attention to setting boundaries so that the work could be completed within constraints of time, scope and the resources of a single researcher learning the craft of research, rather than a team of skilled and experienced researchers.

This required the researcher to adopt a flexible strategy in the development of the research framework. To achieve this, the researcher followed Walker's (1997) five steps as follows:

1. Developing the research idea, including searching the literature to establish the basis for a pilot study to help identify the true nature and extent of the journey.
2. Deciding upon an appropriate and defensible research methodology and approach.
3. Conducting the research and documenting results.
4. Writing the thesis.

5. Revising and crafting the work to the satisfaction of the examiners.

4.2 Overview of Methodology: Alternative Methodologies and Chosen Approach

In undertaking this study, the researcher was cognisant of the many and varied possible approaches in methodology that were available. In developing the chosen approach used in this research, the following issues were given careful consideration:

1. whether to take a positivist or phenomenological approach
2. whether to use qualitative or quantitative research methodologies within the context of chosen approach
3. whether to be involved as a researcher (participant observation) or maintain an independent distance
4. whether to use a large or small sample for research purposes
5. whether to test an existing theory or generate new theory(s)
6. whether to use an experimental design (randomly selected groups) or fieldwork methodology
7. whether to verify or falsify an hypothesis
8. whether to use a reductionist or holistic (survey vs. case study) design and
9. whether the conventions of “general research” applied or if the specific approaches of “Business and Management research” were preferred.

These considerations are discussed in detail from pages 106 to 116. Having considered them in detail, the researcher decided to take a phenomenological approach to the research owing to the nature of study. The researcher was interested in the “hows” and “whys” of the phenomenon under investigation, also the researcher had little control over the events being studied, the object of the research was a contemporary issue in a real life context and because the boundaries between the phenomenon and the context were not clear, it was desirable for the researcher to use multiple sources of evidence. According to (Schwandt, 1997) these are all situations when a case study is preferred.

In light of this, considerations that needed to be taken into account when assigning this approach included the following:

1. the validity, reliability and generalisability of the research
2. determining whether to use a single or mix of methodologies
3. the issue of efficiency vs. objectivity

4. what type of approach to take with the case study i.e. a snapshot, longitudinal, pre-post or patchwork approach
5. whether to use a single or multiple, retrospective or longitudinal case study study(s).

These issues and considerations of alternative approaches are discussed in detail from page 117 to 121. Owing to the fact that 2 of 3 of Yin's (Yin, 1994) justifications for a single case methodology existed namely (1) the case represented an extreme or unique case and (2) the case was revelatory in its nature, the researcher decided to opt for a single case study approach. Important considerations in relation to alternative approaches at this level included the following:

1. whether to use a single or multiple respondent viewpoints
2. determining what data to collect and how to collect it
3. issues of construct, internal and external validity as they apply to a single case study methodology
4. reliability of results and whether or not to collect the data by external means or participant observation
5. how to analyse the data i.e. whether to use pattern matching, explanation building, time series analysis or program logic models.

These issues and alternative approaches are discussed in detail from page 121 to 128. Other issues than needed to be considered included how to analyse the masses of qualitative data. Approaches to this included "holistic interpreting", "cut 'n' paste" or "Computer Assisted Qualitative Data Analysis" (CAQDAS). In this scenario, the research used a combination of all three approaches.

Having provided an overview to the alternative approaches available, the researcher will now discuss in detail and provide justification as to why the chosen approach was taken.

4.2.1 The Issues of Positivism and Phenomenology

From the outset of this doctoral thesis, the researcher was aware that matching an appropriate existing research approach to a particular research problem, or developing an appropriate innovative methodological solution, was an important research skill (Walker, 1997).

To this end, gaining an understanding of the philosophies and politics of research was an important consideration as this would influence the resulting research design. Easterby-

Smith et al. (1991) state there are three reasons why a knowledge of research philosophy is important as follows:

1. It can help to clarify research designs.
2. It can help the researcher to recognise which designs will work and which will not.
3. It can help the researcher identify, and even create, designs that may be outside his or her past experience as well as help the researcher to adapt research designs according to the constants of different subject or knowledge structures.

Two main philosophical positions exist in research: phenomenology and positivism. Positivism emphasizes assumption that 'the external world itself determines absolutely the one and only correct view that can be taken of it, independent of the process or circumstances of viewing' (Willig, 2001 p. 9). An early and influential proponent of this view, French philosopher, Auguste Comte (1853), said:

"All good intellects have repeated, since Bacon's time, that there can be no real knowledge but that which is based on observed facts".

Easterby-Smith et al., (1991) state that positivism assumes that reality is external and objective and that knowledge is only of significance if it is based on observations of this external reality. As a result there are a number of implications as follows:

1. *Independence*: the observer is independent of what is being observed.
2. *Value-freedom*: the choice of what to study, and how to study it can be determined by objective criteria rather than by human beliefs and interests.
3. *Causality*: the aim of social sciences should be to identify causal explanations and fundamental laws that explain regularities in human social behaviour.
4. *Hypothetico-deductive*: science proceeds through a process of hypothesising fundamental laws and then deducing what kinds of observations will demonstrate the truth or falsity of these hypotheses.
5. *Operationalisation*: concepts need to be operationalised in a way which enables facts to be measured quantitatively.
6. *Reductionism*: problems as a whole are better understood if they are reduced into the simplest possible elements.
7. *Generalisation*: in order to be able to generalise about regularities in human and social behaviour it is necessary to select samples of sufficient size.

Phenomenology however, exists at the opposite end of the spectrum as it stems from the view that the world and 'reality' are not objective and exterior, but that they are socially constructed and given meaning by people (Husserl, 1946). A good definition of phenomenology is that this is the discipline analysing how self and world constitute each other as complementary polarities (Stanghellini, 2001) Some of the key features of positivist and phenomenological paradigms are presented in Table 4-2 below.

Table 4-2 Key Features of Positivist and Phenomenological Paradigms

	Positivist paradigm	Phenomenological paradigm
Basic beliefs.	<ul style="list-style-type: none"> • The world is external and should be objective. • Observer is independent. • Science is value free. 	<ul style="list-style-type: none"> • The world is socially constructed and subjective. • Observer is part of what is observed. • Science is driven by human interests.
Researcher Should.	<ul style="list-style-type: none"> • Focus on facts. • Look for causality and fundamental laws. • Reduce phenomena to simplest elements. • Formulate hypothesis and then test them. 	<ul style="list-style-type: none"> • Focus on meanings. • Try to understand what is happening. • Look at the totality of each situation. • Develop ideas through induction of data.
Preferred methods include.	<ul style="list-style-type: none"> • Operationalising concepts so they can be measured. • Taking large samples. 	<ul style="list-style-type: none"> • Using multiple methods to establish different views of phenomena. • Small samples investigated in depth over time.

(Easterby-Smith, et al., 1991 p. 27)

Some of the associated pros, cons and tradeoffs of positivist (Etic/scientific method) and phenomenological (Emic/qualitative research) approaches proposed by Walle (1997) are presented in Table 4-3 below:

Table 4-3 Science and Art Compared

Tourism Term:	Scientific Method	Qualitative Research
Anthropology Term:	Etic (science).	Emic (Art).
Characteristics:	Formality. Rigor emphasised. Mathematical tools prominent.	Insight/intuition employed. Qualitative data employed.
Especially useful when:	Appropriate data can be gathered. Questions can be attacked via the scientific method. Many informants needed. Adequate time for research available.	Formal/scientific methods will not result in needed data. Formal models are not useful. Few informants are available. Time pressures do not permit formal research.
Net Result of Tradeoffs:	A sacrifice of possible important data and/or abandoning certain research topics is accepted in order that research is placed upon a firm scientific foundation	Rigor is sacrificed for the sake of attacking questions which formal methods cannot easily pursue. Insights/intuition of skilled researchers are allowed a free need Possible time savings.

(Walle, 1997 p. 531)

Some of the distinctions between the positivist and phenomenological approaches and methodologies employed by the researcher in this thesis are presented in Table 4-4 below.

Table 4-4 Positivist and Phenomenological Approach Distinctions

1. Researcher is independent A quantitative online survey of randomly selected New Zealand organisations was employed.	and	Researcher is involved The quantitative survey instrument was used as a starting point for qualitative face to face of depth interview by way of participant observation.
2. Large samples A national sample of 1244 organisations was collected for statistical analysis.	and	Small numbers A single case study organisation was used, single source depth interview, with industry comparisons were carried out.
3. Testing theories An existing CRM study (Reinartz, et al., 2004) study was tested as were the findings of online research study (Faught, Whitten, & Green Jr., 2004).	and	Generating theories The Case Study generated theories on CRM initiative drivers.
4. Experimental design Involved assigning subjects <i>at random</i> to either an experimental or a control group.	and	Fieldwork methods Involves the use of positivist methods which use quantitative techniques, or it can be much more open-ended and phenomenological.
5. Verification Whether to verify a hypothesis by attempting to prove a theory or assumption.	and	Falsification Or attempt to disprove a hypothesis (Popper, 1992).

Phenomenological and positivist approaches may also be defined as Emic and Etic approaches. According to Morey & Luthans (1984 p. 29) the term Emic has come to denote a general orientation in research centred on the native, that is, the insiders or, an

anthropologists call it, the “informants’” view of reality. Thus the Emic approach emphasises native or respondent categories and meanings in general and native rules for, or respondent behaviour, in particular. Etic designates the orientation of outside researchers, who have their own categories by which the subject’s world is organised. The analytical-descriptive categories of the outside researcher generally are organised with a view to explanation in the broader sense traditionally used in organisational research. What the Emic/Etic distinction produces, in its most extreme instances, is the type of division in methodological approach that presently characterises organisational research.

Morey & Luthans (1984 p. 34) cite four especially important advantages in taking an Emic perspective as follows:

1. Although the approach is subjective, the data can be objectified, translated into Etic categories, as was the examination of the case study’s archival and company documents in this thesis.
2. This approach is idiographic (dealing with individual events/cases), but has nomothetic potential (may be generalised).
3. The approach depends mostly on qualitative data but also can produce quantifiable data suitable for traditional statistical analysis techniques.
4. Although this approach is aimed at the insider, the outsider logically enters the research process.

The major issue that confronted the researcher from the outset of this thesis was the decision on what kind of research should be done: should the research be qualitative (phenomenological) or quantitative (positivist) by nature, or should both elements be present? According to Perry (1994) qualitative research is exploratory in nature, and tends to attempt to deduce answers to 'how?' and 'why?' questions. As the researcher wanted to study *The Anatomy of a CRM Initiative* within an electricity lines company, “how” and “why” questions were predominant research questions relevant to this line of query.

Supporting this, Perry (1994) notes that quantitative research answers the questions “how much?” or “how many?”. He maintains that in this kind of research, relationships may have been already established, and the hypotheses deal more with the investigation of which variables are significant, and to what extent, in a scientific way (Walker, 1997). In saying this, to provide the desired degree of external validity, the researcher wanted to measure the CRM initiatives using an existing scale against other like organisations and against other business in a wider context, therefore an element of quantitative research was also applied to this thesis.

The researcher's reason for undertaking a quantitative element approach for the case study thesis was its adoption and verification by others (Ireland, 1983; Naoum, 1991; Sidwell, 1982). This approach yielded results that indicated which factors significantly affect CRM initiatives. The disadvantage of relying entirely upon this approach was that the research questions from the literature review related to an explanation of "why" and "how" the CRM initiative was developed and was employed in the case study organisation. These types of research question requires interpretative and deductive reasoning more akin to a qualitative approach (Walker, 1997).

The conventional (positivist) view of scientific, and social scientific, method is that one should review the existing literature and research findings, identify some gaps and inconsistencies in the state of the art, and then design experiments or collect data that will enable existing ideas to be tested further, or cover evident gaps in knowledge and theory (Easterby-Smith, et al., 1991 p. 46). However as Pettigrew (1985) suggests, research ideas usually evolve in an incremental way through a continual process of negotiation, hence justification and reasoning for the use of a longitudinal approach by the researcher. Table 4-5 presents distinctions between survey and case study designs.

Table 4-5 The Survey Design Compared with Case Study Design

(Reductionist) survey design	(Holistic) Case study design
Splitting research units into observation units.	NO splitting of research units (cases) into observation units.
Measurement of variables.	Observation of patterns/structures.
Individual characteristics.	Group characteristics.
Ordinal/interval level variables.	Nominal variables.
One or some point in time.	Diachronic.
Object as such.	Interface object-environment.
Random sample.	Strategic sample.
Labour –extensive.	Labour intensive.
Pre structures – stimulus/response.	Open ended stimulus free.
Linear-serial.	Iterative-parallel.
Statistical analysis.	Comparative analysis.

According to Bonoma (1985) there are two major approaches to theory development, deductive theory testing and inductive theory building. The difference between the two approaches can be viewed in terms of scientific paradigms, with the deductive approach representing the positivist paradigm and the inductive approach representing the phenomenological paradigm. More precisely, the phenomenological paradigm can be divided into three: critical theory, constructivism and realism (Guba & Lincoln, 1994) Table 4-6 below is

a conceptual schema of these four paradigms, using three columns which allow the evaluation of each paradigm for case study research (Guba & Lincoln, 1994; S. D. Hunt, 1991; Orlikowski & Baroudi, 1991; Parkhe, 1993; Tsoukas, 1989).

Table 4-6 Conceptual Schema of Four Paradigms

Paradigm	Deduction Induction	Dimension Objective/Subjective	Commensurable incommensurable
Positivism.	Deduction.	Objective.	Commensurable.
Critical theory.	Induction.	Subjective.	Commensurable.
Constructivism.	Induction.	Subjective.	Incommensurable.
Realism.	Induction.	Objective.	Commensurable.

The columns in Table 4-6 above refer to the dimensions of deduction/induction, objective/subjective and commensurable (measurable by a common standard) – incommensurable (having no common basis or standard of comparison). Theory development will be discussed in more detail shortly.

4.2.2 Business and Management Research

According to Macpherson et al. (2000) research practice is often determined by the researcher’s own research histories and preferences as well as perceptions and interpretations of current opportunities and experiences. It is these factors that guide the researcher’s negotiation and navigation of the borders and barriers among the social science positions and the demands of the contemporary research environment. In considering this, the researcher’s history is one of management practice and consultancy working professionally with individual organisations to bring about positive change; this history was an influencing factor with the adoption of a qualitative case study approach.

According to Zikmund (1994), business research, which is a subset of general research is defined as the systematic and objective process of gathering, recording and analysing data for aiding making business decisions and that “re-search” literally means to “search again”, which suggests that part of the process is to review problems from different perspectives. In line with this, during the process of conducting the case study the researcher reviewed a number of research data sources which included documents, archival records, interviews, direct observations and the use of participant observation.

The principle purpose of this thesis was to investigate the “hows” and “whys” of a CRM initiative within an electricity lines company as a distinct course of study within itself.

Issues of generalisability were secondary. However, to seek external validity of the case study, research employing both qualitative and quantitative research methodologies was employed. This way colour and depth with statistical robustness are achieved to provide a scientific and balanced case study.

The researcher built theory over the three year period of the longitudinal case study which was tested externally in the application of a quantitative National CRM Survey which investigated other organisations within the same industry as well as other industries surveyed in the national survey.

From the outset of this PhD the researcher believed it important to distinguish between “Management Research” and other research practices. According to Easterby Smith (1991) there are three issues that make Management Research distinctive as a research focus as follows:

1. **The practice of management is largely eclectic:** this means that managers need to be able to work across technical, cultural and functional boundaries. The dilemma for the researcher was whether to examine management from the perspective of one discipline, or adopt a cross-disciplinary approach. The researcher chose the single discipline of CRM for the purpose of this thesis.
2. **Managers tend to be powerful and busy people:** as a consequence they are unlikely to allow the researcher access to their organisations unless they can see some commercial or personal advantage to be derived from it; therefore access for fieldwork can be very difficult and may be hedged with many conditions about confidentiality and publication rights. In this instance the researcher utilised a participant observation approach (Leonard-Barton, 1990) to develop a win-win relationship with the case study organisation.
3. **Management requires both thought and action;** not only do most managers feel that research should lead to practical consequences, they are also quite capable of taking action themselves in the light of research results, research methods either need to incorporate within them the potential for taking action, or need to take account of the practical consequences that will probably ensue. In this instance an entire quantitative research data source (annual customer satisfaction research) was dedicated to allowing management to take action as a result of the findings.

Put succinctly, Business/Management Research is a systematic inquiry that provides information to guide business decisions (Cooper & Schindler, 2001).

There is a move within management research to develop methodologies and research approaches that create a balance between the extremes of positivism and phenomenological methodologies. The purpose of this has been to provide more perspectives on the phenomena being investigated. The use of both qualitative and quantitative approaches as advocated by Fielding (1986) was employed as a methodology in this thesis.

Onwuegbuzie & Leech (2005) highlight that the last 100 years have witnessed a fervent debate about quantitative and qualitative research paradigms which has led to a divide between quantitative and qualitative researchers, who often view themselves as in competition with each other. The authors advocate that researchers learn to utilise and appreciate both quantitative and qualitative research.

The value of this approach is highlighted in research across disciplines. Casebeer & Verhoef (1997) discuss some of the underlying reasons why health researchers have historically had difficulty working collaboratively across qualitative and quantitative research paradigms and argues that it is imperative that researchers move beyond traditional adherence to particular methods of inquiry. They suggest that the success of health research on managing these conditions lies in the shared application of both qualitative and quantitative research perspectives, methods and tools (Casebeer & Verhoef, 1997).

Also, as highlighted by Morgan and Smircich (1980), the appropriateness of a research approach derives from the nature of the social phenomena to be explored; therefore the extent to which the basic subject material in a discipline is quantified exerts a considerable influence on the preference of researchers for more positivist or phenomenological methods. Unlike managerial accounting and finance in which most research will focus on quantifiable facts where the researcher remains at a distance, CRM is more akin to factors in management and marketing. To support this Hirschman (1986) argues that these key factors in marketing are essentially socially constructed: human beliefs, behaviours, perceptions and values. In following this line of reasoning the researcher believed it important to employ research methods drawn from this perspective, such as participant observation and qualitative interviews.

In line with Jobber and Horgan (1987), a study of practices of agencies revealed skills in interviewing and personal communication were considered to be more valuable than mastery of statistical techniques, therefore the researcher phenomenological approach is clearly the correct methodology for this type of research.

Politics permeates management research and indeed suffuses all sociological research (Punch, 1986). Two important features needed to be addressed by the researcher when conducting this management research as follows:

1. Management is about planning, leading, organising and controlling others (Bartol & Martin, 1998). It is the central process whereby organisations achieve the semblance of coherence and direction; a process that is increasingly recognised as being political (Mintzberg, 1973) as a result political issues will rarely be far removed from the research process.
2. Most empirical research in the social sciences is carried out on members of society who are less powerful than the researchers; sociologists tend to focus on people who are relatively powerless due to their low social or economic status (Bogdan & Taylor, 1975). Research into management provides a case where the subjects of research are more powerful than the researchers themselves. (Easterby-Smith, et al., 1991 p. 45).

The researcher was aware that in contemporary research context, policy makers tend to value the generalisable outcomes associated with numerical data and quantitative techniques; as a result the case study research methodology using the qualitative techniques of interpretive social science and critical social theory, may not seem to enjoy the same acceptance (Macpherson, et al., 2000).

The researcher was also aware that quantitative methods of performance measurement and positivist approaches to research are readily accepted and supported within many management sectors (Carroll & Manne, 1992: 7-14; Pusey, 1991: 228) as they offer numerical data. However qualitative methods are often characterised by ambiguity, subjectivity, and place more emphasis on the localised context (Macpherson, et al., 2000).

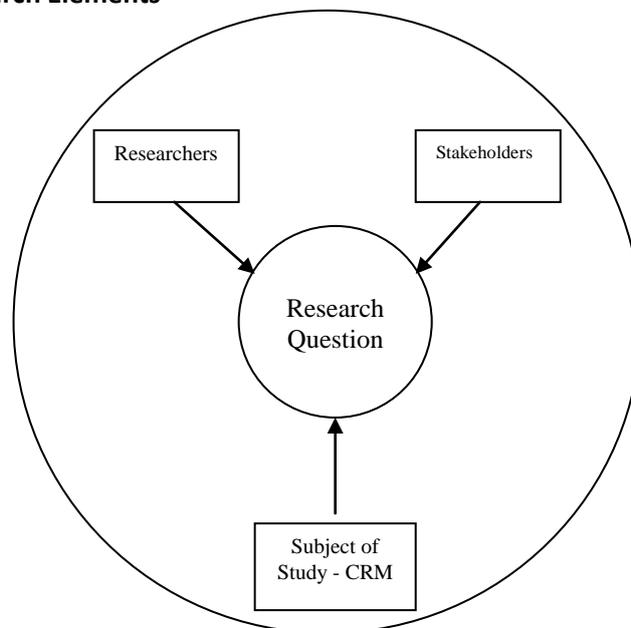
As a result of these factors, some negotiation was needed to enable the researcher to have the level of access to corporate information required to produce a comprehensive, accurate research study. In exchange for this access, the researcher agreed to conduct market research for the case study organisation, at the completion of which, the researcher was

allowed access to the findings to present a participant observation source of evidence to the qualitative case study research. These annual research studies, tracked the progression of public opinion (Crosby, et al., 2002) and some of the CRM initiatives carried out by the case study organisation over the three year research period.

To facilitate access to management, relationships were developed with key executives (CEO, GM, and CRM Manager). These brokers enabled the researcher to make his way around the management system and allowed access of relevant information.

Figure 4-2 below presented the three research elements that contributed to this thesis.

Figure 4-2 Three Research Elements



As presented in Figure 4-2 above, the final research emerged from a process of negotiation between three elements: researchers, stakeholders, and subject as presented in Figure 4-2 (Easterby-Smith, et al., 1991 p. 48).

The researcher element consisted of Virgil Troy, PhD Researcher, stakeholders included the Unison Board, CEO, GM, Customer Relations Manager, and research supervisors; the subject of the study was CRM. All three elements contributed to the research questions. The researcher's interest and drive in the subject matter, stakeholder's contributions and

access of material and the CRM literature review which revealed the research questions are answered in this thesis.

4.2.3 The Argument for a Case Study Methodology

The researcher used a three year longitudinal single case study via participant observation. Phenomenology was the base methodology for this thesis but also utilised positivist approaches within the phenomenological framework. Based on this single case study methodology (Yin, 1994) quantitative methods were employed in the analysis and structure of the case study as follows:

1. The researcher was involved with the case study organisation via participant observation methodology.
2. The researcher was independent in conducting a quantitative study of CRM practices within 1244 New Zealand organisations.
3. Although a single case study was used in this research, a quantitative national survey of CRM practices and processes within New Zealand organisations and other electricity lines companies was used to provide a degree of external validity allowing the case study to be compared and contrasted with 16 of 24 industry peers and over 1244 other New Zealand organisations.
4. Drivers of CRM within the single case study organisation were identified while at the same time existing CRM theories were tested using the quantitative research.
5. Open ended in-depth interviews were used in the single case study as was a detailed review of current and historical documentation; in addition random quantitative sampling of New Zealand organisations was used to collect the 1244 organisations surveyed in the National CRM study.
6. Within this quantitative study, the researcher sought to validate or falsify the following hypothesis “all organisations utilise use CRM to the same degree”, “Unison’s CRM does NOT differ from other lines companies”, and “lines companies do not differ from other organisations using CRM”; at the same time theory developed by Reinartz et al. (2004) was verified.

As a result, the phenomenological approach to the research design benefited from the ability to achieve a degree to external validity using a positivist based quantitative methodology. Table 4-7 below outlines issues considered in relation to reliability, validity and generalisability.

Table 4-7 Questions of Reliability, Validity and Generalisability

	Positivist Viewpoint	Phenomenological viewpoint
Validity.	Does an instrument measure what it is supposed to measure?	Has the researcher gained full access to the knowledge and meanings of informants?
Reliability.	Will the measure yield the same results on different occasions (assuming no real change in what is to be measured)?	Will similar observations be made by different researchers on different occasions?
Generalisability.	What is the probability that patterns observed in a sample will also be present in the wider population from which the sample is drawn?	How likely IS it that ideas and theories generated in one setting will also apply in other settings?

(Easterby-Smith, et al., 1991 p. 41)

4.2.4 Using a Mixed Methodology

Case research is a very important methodology in the field of operations research (Voss, et al., 2002). Because much management research is based on rationalist research methods which utilises statistical survey analysis, the explanation of quantitative findings and the construction of theory based on those findings will ultimately be based on qualitative understanding (Meredith, 1998). As a result, the researcher used a mixture of qualitative case research and quantitative statistical analysis to understand more fully the nature of the CRM initiative being studied.

Leonard-Barton (1990 p. 250) state that “all research methods are seriously flawed – though each is flawed differently” therefore the challenge to the researcher was to “choose often to devise a set of research measures... that together work to transcend on all others methodological vulnerabilities (McGrath, 1982 p. 99). Leonard-Barton (1990 p. 250) highlights that in data gathering, real-time study and retrospective case methodologies have compensatory strengths in efficiency and objectivity as follows:

1. Data Gathering
 - a. **Efficiency.** The more that the in-depth, real-time longitudinal study approximates a true ethnographic, participant-observation methodology, the more the researcher sacrifices efficiency for richness of data whereas most of the data for the retrospective studies are gathered in two almost simultaneous phases.
 - b. **Objectivity:** In a real-time longitudinal study, the researcher is in danger of losing objectivity – of becoming too involved with the organisation, the people and the process. Whereas the examination of retrospective case data provided the researcher with the ability to review data objectively as reported by others at the time in question.

2. Establishing Validity

- a. **External validity:** Multiple case studies on a given topic clearly have more external validity: i.e. generalisability, than does a single case, therefore the use of the CRM survey offers external validity (Leonard-Barton, 1990 p. 258).
- b. **Construct validity:** if the multiple data sources yield similar results, they are evidence of a constructs convergent validity. If the construct as measured can be differentiated from other constructs, it also possesses discriminate validity (D. T. Campbell & Fiske, 1959). The dual research methodology provided the researcher with better opportunities for construct validation than either design would alone.
- c. **Internal validity:** Cause and effect. One of the greatest advantages of the dual methodologies derives from the ability to move back and forth between the two, formulating theory in one setting and then immediately placing the embryonic ideas in the context of the other kind of study for potential disconfirmation. This cutting and pasting of ideas is particularly useful in establishing internal validity, for the combination of the two types of case studies provide better evidence for hypothesis about causal relationships between variables that either could have alone.

According to Leonard-Barton (1990 p. 250) two sets of advantages are obtained from combining the longitudinal real-time study with the replicated historical cases as follows:

1. Specific strengths in the data-gathering process for each method that compensated for some particular lack or weakness in the other and,
2. Complimentary approaches in each method that, because of the synergy obtained by combining the two, enhanced three kinds of validity: external, construct and internal (Leonard-Barton, 1990 p. 255).

The researcher, in consideration of the above, used aspects of both longitudinal and retrospective methodologies while researching the single case study. Using aspects of Leonard-Barton (1990 p. 250) mixed methodology the synergistic integration of these two dimensions are as follows:

1. **Case Study Methodology:** A case study is a history of a past or current phenomenon, drawn from multiple sources of evidence. It can include data from direct observation and systematic interviewing as well as from public and private archives. In fact, any fact relevant to the stream of events describing the phenomenon is a potential datum in a case study, since context is important (Franz & Robey, 1984; E. Stone, 1978).

2. **Longitudinal Study:** The most significant limitation to wholly retrospective research is the difficulty of determining cause and effect from reconstructed events. Moreover, although studies have shown that the participants in organisational processes do not forget key events in these processes as readily as one might suppose (Huber, 1985), the participant-informant in a wholly retrospective study might not recall it afterwards. Therefore, whereas multiple retrospective studies increase the external validity or research design, a longitudinal, real-time study can increase internal validity by enabling one to track cause and effect.

As a result of this approach, three research outcomes were achieved, as presented in the Table 4-8 below:

Table 4-8 Chapter 4 Research Outcomes

Outcome	Explanation
1. Examination and presentation of the case study CRM practices.	This answers the many CRM related questions raised from the literature review as presented in chapter 3.
2. Conducting, analysing and subsequent findings of the case study stakeholder survey.	This allowed the researcher to address the CRM assumptions and subsequent hypotheses that Customers want a relationship with suppliers of products or services; that good service increases the level of emotional bond between customer and supplier.
3. Conducting, analysis and finding of the National CRM Survey.	This allowed the researcher to address the CRM assumption and subsequent hypotheses that CRM is a process or practice that all organisations to some degree either engage in or should engage in.

In summary, the researcher undertook a three year longitudinal single case study via participant observation. In describing the CRM initiative, retrospectively reviewed past company documentation and archival material to gain an insight into the antecedents of the CRM initiative being investigated. This provided an examination of historical initiatives and described their evolution to their current form and nature (current referring to their form and structure over the three years of the longitudinal study).

Having discussed the philosophical issues involved in determining an appropriate methodology and some of the specifics of the research methodology, the researcher will now define the nature of the case study methodology. Table 4-9 below presents an overview of how this will be achieved.

Table 4-9 Defining the Nature of the Case Study Methodology

Heading	Explanation
What is a case study?	Defines what a case study is.
When to use the approach.	Outlines appropriate situations to use a case study methodology.
Types of case study approaches.	Presents four types of case study approaches.
Chosen approach.	Present the researchers chosen approach.
Single case study methodology.	Discusses issues associated with single or multiple case study approaches.
Single or multiple respondents' viewpoints.	Discusses issues associated with determining how many viewpoints should be used in the case study approach.

Once the nature of the case study methodology has been addressed, the researcher will discuss issues associated with case study data collection and presented in Table 4-10 below.

Table 4-10 Case Study Data Collection Issues

Heading/topic	Explanation
Data collection.	Presents six sources of physical evidence.
Construct Validity.	Discusses issues relating to the extent to which the researcher establishes correct operational measures for the concepts being studied.
Internal validity.	Discusses the extent to which the researcher established a causal relationship whereby certain conditions are shown to lead to other conditions.
External validity.	Discusses issues of generalisation beyond the single case study.
Reliability.	Discusses the extent to which the researchers operations can be repeated with the same results.
Participant observation.	Outlines the opportunities and disadvantages for collecting case study data.

4.3 Case Study Methodology

4.3.1 What is a Case Study?

Several authors have written exclusively in the area of case study research (J. C. Anderson & Narus, 1990; Lichtman & Taylor, 1993; Schwandt, 1997; Simons, 1989, 1996; Stake, Denzin, & Lincoln, 1994; Yin, 1989). This case study is a revelatory case as the researcher has had the opportunity to observe and analyse a phenomenon previously inaccessible to scientific investigation (Yin, 1994 p 40).

4.3.2 When to use a Case Study Approach

According to Schwandt (1997: 13), a case study strategy is preferred when:

1. The inquirer seeks answers to “how” and “why” questions.
2. The inquirer has little control over events being studied.
3. The object of study is a contemporary phenomenon in a real-life context.
4. Boundaries between the phenomenon and the context are not clear; it is desirable to use multiple sources of evidence.

All of the above factors were in existence in this case study. Yin (1994) identifies relevant situations for different research strategies as presented in Table 4-11 below:

Table 4-11 Relevant Situations for Different Research Strategies

Strategy	Form of research question	Requires control over behavioural events?	Focuses on contemporary events?
Experiment.	How, why.	Yes.	Yes.
Survey.	Who, what, where, how many, how much.	No.	Yes.
Archival analysis.	Who, what, where, how many, how much.	No.	Yes/no.
History.	How, why.	No.	No.
Case study	How, why.	No.	Yes.

Yin (1994)

As presented in Table 4-11 and as is demonstrated in this thesis; it is the “Hows” and “Whys” that are of primary interest to the researcher; the study does NOT require control over behavioural events but does focus on a contemporary event. Furthermore, using a case study approach allowed the investigation to retain the holistic and meaningful characteristics of a real life events (Yin, 1994).

Having justified why a case study methodology was pursued, the researcher will now discuss the type of case study approach taken.

4.3.3 Types of Case Study Approaches

Case study research satisfies the recognised need for conditional findings and in-depth understanding of cause and effect relationships that other methodologies find difficult to achieve. Jensen & Rodgers (2001) state that there are four types of case studies; snapshot, longitudinal, pre-post case and patchwork case studies.

1. **Snapshot** case studies utilise various qualitative and quantitative approaches, or some combination of the two.
2. **Longitudinal** Case Studies provide a time-ordered analysis of events that occur during a period of the entity's history (Dilulio, 1994; McCurdy, 1991; J. Ross & Staw, 1986).
3. **Pre-Post** Case Studies go a step beyond the longitudinal design to provide evidence on the outcomes of implementing a particular program, policy, or decision. It is longitudinal in design, but it also includes an assessment before implementation of the program, policy, or decision and follow-up assessment after implementation. Pre-post case studies are more sophisticated in the sense that causal inferences can be drawn. Once results are systematically aggregated, cause-and-effect assertions become possible.

4. **Patchwork** Case Studies integrate several case studies that have evaluated a particular entity at different points in time as snapshot, longitudinal, or pre-post designs.

4.3.4 Chosen Approach

A three year longitudinal single case study via participant observation was chosen that also utilised the pre-post method as the researcher wanted to study the relationship between cause and effect, therefore the longer the period over which phenomena are studied, the greater the opportunity to observe at first hand the sequential relationships of events (Voss, et al., 2002).

As a result of this approach, cycles of reflection and action naturally occurred (Stevenson & Noffke, 1995). In this context Macpherson (2000) states that actions are planned and implemented in the first cycle, and in the second cycle, their outcomes and effectiveness are evaluated. In following this methodology, changes arising from outcomes from various research exercises presented in this thesis were recommended and implemented in the next cycle (year), cycles continued in a circular fashion as practices and policies were constantly refined. The practical application of this was that within the case study research, on an annual basis CRM activities were reviewed, analysed and reflected on so as new annual initiatives, amendments and action could be devised and added to the company's asset management plans (AMPs). As a result the quality of collaborative relations and the commitment to change remained high among researchers and participants so that the cycling research process was "sustained" (Feldman & Atkin, 1995).

Having addressed the three year longitudinal single case study via participant observation methodology, the researcher will now discuss why a single case study methodology was chosen.

4.3.5 Single Case Methodology

Perry (1998a) states that the literature recommending the use of case studies rarely specifies how many cases should be developed and presents the following perspectives:

1. The sampling decision is left to the researcher (Romano, 1989).
2. Cases should be added until "theoretical saturation" is reached and recommend (K. Eisenhardt, 1989).
3. Sampling selection should be "to the point of redundancy". (Lincoln & Guba, 1985).

4. Or the view that “there are no rules” for sample size in qualitative research. (Patton, 1990).

Perry (1998a) goes on to point out that the views of these writers ignore the real constraints of time and funding in postgraduate research, that is, postgraduate students need some guidelines to plan their program around.

With regard to this, several constraints which included time, physical and financial resources impacted on the scope and nature of the research undertaken. Three years were available to the researcher to complete the research, in most instances only the researcher was available as a human resource and limited financial assistance was available to fund the project. Other suggestions for the number of case studies include the following:

1. Four and ten cases (K. Eisenhardt, 1989).
2. Four to six groups probably form a reasonable minimum for a serious project (Hedges, 1985).
3. For the maximum, sets an upper limit of 12 because of the high costs involved (Hedges, 1985).
4. More than 15 cases makes a study “unwieldy” (Miles & Huberman, 1994).

Based on the limited level of resources available it was decided that the fewer the case studies, the greater the opportunity for depth of observation (Voss, et al., 2002). In the example given by Narasimhan & Jayaram (1998), Karlsson & Ahlstrom (1995) and Schonberger (1982) a single, in-depth case study was used to conduct a three year longitudinal research project.

Voss et al. (2002) states that there is no clear definition of what is a single case study or unit of analysis and single cases may sometimes involve the opportunity to study several contexts within the case (Mukherjee, et al., 2000).

Table 4-12 presents advantages and disadvantages when selecting either a single, multiple, retrospective or longitudinal case study methodology.

Table 4-12 Choice of Number and Type of Cases

Choice	Advantages	Disadvantages
Single Cases.	Greater Depth.	Limits on the generalisability of conclusions drawn. Biases such as misjudging the representativeness of a single event and exaggerating easily available data.
Multiple cases.	Augment external validity, help guard against observer bias.	More resource needed, less depth per case.
Retrospective Cases.	Allow collection of data from historical events.	May be difficult to determine cause and effect, participant may not recall important events.
Longitudinal Cases.	Overcome the problems of retrospective cases.	Have long elapsed time and thus may be difficult to do.

(Voss, et al., 2002)

Perry (1998a) states that a researcher can use one case study only if one or more of the three justifications in Yin (1994) apply, and the appropriateness of two or more theories can be tested with the case; Yin's (1994) justifications for a single case methodology are as follows:

1. The case represents a critical case in testing well formulated theory.
2. The case represents an extreme or unique case.
3. The case is a revelatory case where the researcher has an opportunity to observe and analyse a phenomenon previously inaccessible to scientific investigation.

In relation to this single case study approach framework, the researchers justification for a single case study methodology fits with two of Yin's (1994) criteria as follows:

1. The case study organisation CRM initiative represents a unique case study opportunity as CRM research within a New Zealand electricity lines company has not previously been undertaken.
2. The case is revelatory, as until this research was undertaken such access was not available; traditionally only engineering based research has been undertaken within this industry (Nicols, 2003).

It is important to note that single cases have limitations. These include the limits to the generalisability of the conclusions, models or theory developed from one case study as when only one case is used, there may also be other potential problems (Leonard-Barton, 1990). These include the risks of misjudging of a single event, and of exaggerating easily available data. Such risks exist in all case research, but are somewhat mitigated when events and data are compared across cases. Multiple cases may reduce the depth of study when resources are constrained, but both can augment external validity, and help guard against observer bias.

(Voss, et al., 2002). To address these limitations, the researcher used a quantitative CRM survey in the following way:

1. Four of the case study's executive team completed the survey (including the Customer Relations Manager).
2. The survey was also conducted within 16 other electricity lines companies.
3. The survey was also completed by over 1200 New Zealand businesses and organisations.

This provided the ability to compare the single case study against other organisations within its industry and then against New Zealand business as a whole. Also, multiple respondents of the survey within the case study organisation allowed for some level of comparison within the organisation.

Having sufficiently addressed the issue of using a single case study, the researcher will now address why a single informant was used for the purpose of an in-depth interview.

4.3.6 Single or Multiple Respondents and Viewpoints

Voss et al. (2002) states that a key question is "what should be the number of respondents within a single case study"? In answer to this Voss et al. (2002) provide two considerations relevant to this research as follows:

1. If a set of questions can be reliably answered by one "key informant", then the research process should focus on identifying these and validating that this person(s) is indeed one.
2. When there are questions for which no one person has all the required knowledge, or the events being studied may have different interpretations or viewpoints, how and why questions may be subject to different interpretations.

Another consideration when discussing the above two issues is the trade-off between efficiency and richness of data. By asking the same question to a number of people, the researcher may enhance the reliability of the data, and by going beyond formal interviews can collect much valuable data. The other side of this is that this process is very time consuming. In summary, Voss states that the researcher should be seeking multiple viewpoints particularly where there is likely to be subjectivity and bias, but be wary of committing too much time and resources (Voss, et al., 2002). In consideration of this the researcher decided on the following approach:

1. Single informant depth interview as only one individual was in a position to speak with depth and authority in the area of operational CRM.
2. Multiple respondents (i.e. the case study executive team) participated in the CRM quantitative survey to provide additional input and address the issue of single informant bias. The results of which are reported on in the next chapter.

According to Kumar, Stern, & Anderson (1993), the authors advocated the use of multiple informants to increase the reliability and validity of informant reports. However, inter-organisational research still tends to rely on single informants. Relying on key informant accounts is appropriate when the content of inquiry is such that complete or in-depth information cannot be expected from representative survey respondents proposals (Kohli, et al., 1993); this indeed was the situation with the case study organisation.

Like other research techniques, the key informant methodology has some significant drawbacks. Both informant bias and random error can taint informant reports (Kumar, et al., 1993). Several researchers have advocated querying multiple informants to increase the reliability and validity of reports (Bagozzi, Yi, & Phillips, 1991; Golden, 1992; Phillips, 1981; Schwenk, 1985; Seidler, 1974). Two problems using multiple informants exist:

1. **Selection problem:** the challenge of identifying two or more informants competent to report on a particular dyadic relationship. Response errors are likely to be higher for informants whose roles are not closely associated with the phenomena under study.
2. **The perceptual agreement problem:** the frequent dissimilarity of the reports of competent multiple informants.

To formally evaluate the competency of informants to report on inter-organisational relationships, the researcher used the length of an informant's tenure within the case study organisation and experience with the CRM initiative under investigation (L. W. Phillips, 1981); to this end, only a single informant was qualified to respond. In addition, although the Executives participated in the CRM survey, it was not possible to interview them in depth either in a group or individually owing to the busy nature of their work and time constraints.

With the issue of perceptual agreement of multiple informants in inter-organisational relationship research, reports have often failed to demonstrate high levels of perceptual agreement (J. C. Anderson & Narus, 1990; Molnar & Rogers, 1979). Perceptual agreement was tested through the National CRM survey questionnaire. In this instance disagreements arose

because of differences in both knowledge and perceptions (Golden, 1992; Hambrick, 1981; Schwenk, 1985) and some informants' inadequate knowledge about the issues under investigation. Also some knowledgeable informants disagreed because they held different organisational positions and thus different perspectives on the same organisational phenomena. To address this, the research included the CRM survey responses of the four informants using an aggregated approach (Chatterjee, Lubatkin, Schweiger, & Weber, 1992; Johnson, Sakano, & Onzo, 1990; Van de Ven & Walker, 1984) via a simple un-weighted average, and only pursued the qualitative depth interview with the single informant, the case study's Customer Relations Manager.

4.4 Data Collection

Yin (1994) states that evidence for case studies may come from six sources; (1) documents, (2) archival records, (3) interviews, (4) direct observations, (5) participant observation and (6) and physical artefacts. Yin (1994) also states that some overriding principles are important to any data collection efforts in doing case studies which include the use of the following:

- Multiple sources of evidence which converge on the same set of facts and findings.
- Case study database – a formal assembly of evidence distinct from the final case study report.
- A chain of evidence with explicit links between the questions asked, the data collected and the conclusions drawn.

In accordance with Yin (1994), the researcher collected multiple sources of data as presented in Table 4-13 below.

Table 4-13 Multiple Sources of Case Study Data

Documents.	<ol style="list-style-type: none"> 1. Statements of corporate intent. 2. Annual media clippings (2002-06). 3. ComCom gazettes (2002-06): explains how regulation and specifics on customer engagement acted as significant drivers in Unison’s CRM development. 4. Annual customer surveys. 5. Additional opinion surveys (undergrounding, rural and trust surveys, customer benchmarking). 6. Unison CRM strategic plan.
Archival records.	<ol style="list-style-type: none"> 7. Industry summary (electricity commission). 8. Annual reports (1920’s to 2006). 9. Annual AMPs. 10. Changes to company hierarchical structure over the past three years. 11. ComCom/Unison correspondence regarding breach of price threshold over the past three years leading up to declaration to control.
Interviews.	<ol style="list-style-type: none"> 12. CRM in depth interview with principle informant.
Direct observations.	<ol style="list-style-type: none"> 13. Personal notes and observations from meetings with decision makers.
Participant observation.	<ol style="list-style-type: none"> 14. Annual customer surveys and additional opinion surveys (the researcher actually carried these out for the case study organisation). 15. CRM strategies outline in the CRM strategic plan.

As presented in Table 4-13 above, the researcher collected multiple sources of evidence (McCutcheon & Meredith, 1993). All sources were catalogued and comprise the case study database a copy of which is held at the case study organisation, the chain of evidence and explicit links between the questions asked, the data collected and the conclusions drawn is presented in the Analysis of Data chapter of the thesis on page 144. Collecting multiple sources of data enabled the researcher to achieve the following:

1. Increase validity through the use of triangulation (D. T. Campbell & Fiske, 1959; T. D. Cook & Campbell, 1979; Jick, 1979; Perry, 1998a; Voss, et al., 2002).
2. Increase the reliability of findings (Boyer & McDermott, 1999).
3. Allowed a chain of evidence to be established (Partington, 2000) and,
4. Improved construct validity.

From the perspective of a longitudinal single case study methodology via participant observation, the issues of construct validity, external validity, reliability and participant observation as it applies to the data gathering, analysis and presentation in this thesis will now be discussed.

4.4.1 Construct Validity

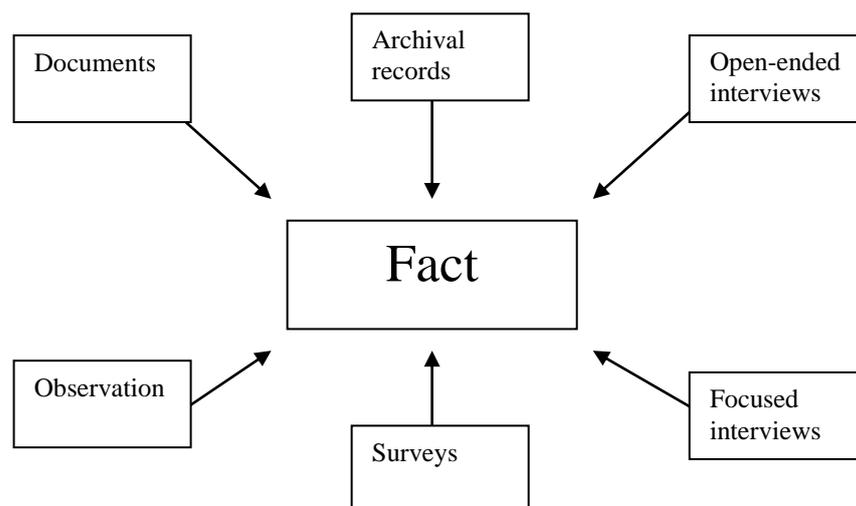
Construct validity is the extent to which the researcher establishes correct operational measures for the concepts being studied. If the construct as measured can be differentiated

from other constructs, it also possesses *discriminant validity* Leonard-Barton (1990). Construct validity can be tested by:

- **Observing** whether predictions made about relationships to other variables are confirmed;
- **Using** multiple sources of evidence, (similar results are evidence of convergent validity);
- **Seeing** if a construct as measured can be differentiated from another, (evidence of discriminant validity);
- **Seeking** triangulation that might strengthen construct validity. (Voss, et al., 2002).

Figure 4-3 presents graphically the nature of the convergence of multiple sources of evidence.

Figure 4-3 Convergence of Multiple Sources of Evidence



In consideration of this, the researcher used both multiple sources of evidence as presented in Table 4-13 and sought triangulation to strengthen construct validity.

4.4.2 Internal Validity

Internal validity is the extent to which one can establish a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships (Yin, 1994, p. 35). The researcher addressed the issue of internal validity through a detailed examination of the case study organisations archival record and presented how certain conditions are shown to lead to other conditions by tracing their progression chronologically in the case study documents.

4.4.3 External Validity

External validity is knowing whether a study's findings can be generalised beyond the immediate case study. Verschuren (2003) states that one of the characteristics of qualitative research that is most criticised especially by proponents of a quantitative approach in empirical social science research, is the lack of external validity or generalisability. Just as is the case in the critique regarding internal validity, this critique of low generalisability of the results of a case study is based on a reductionistic type of reasoning. Following Yin (1989), the results of a case study are in principle generalisable to theoretical propositions, not to populations or universes. Yin (1989) calls these “analytical” and “statistical” generalisations respectively. In his view any application of statistical generalisation to case studies would be misplaced. Mitchell, defending the external validity of case study results, seems to agree with this standpoint when he writes:

“The difficulty arises, I conjecture, out of the common assumption that the only valid basis of inference is that which has been developed in relation to statistical analysis” (Mitchell, 1983).

However, in light of these arguments against external validity, the researcher sought to provide a degree of external validity to the case study through the use of a National CRM survey instrument as discussed previously and detailed later in this chapter.

4.4.4 Reliability

Reliability is the extent to which a study's operations can be repeated, with the same results (Voss, et al., 2002; Yin, 1994). To address this, a number of data analysis tools available to the researcher which included pattern matching, explanation-building and time series analysis explained later this chapter on page 135.

4.4.5 Participant Observation

The use of participant observation (Gibson, 1986: 162-165; Hyer, Brown, & Zimmerman, 1999; Sayer, 1992: 43; Schein, 1987; Verschuren, 2003) provided the researcher with what Yin (1994) termed “unusual opportunities” and “some disadvantages” for collecting case study data as follows in Table 4-14:

Table 4-14 Advantages and Disadvantages of Participant Observation

Advantages	Disadvantages
Ability to gain access to events, groups otherwise inaccessible to scientific investigation.	Less ability to work as an external observer.
The ability to perceive reality from the view point of someone inside the case study rather than external to it.	Likelihood being susceptible to “group think” (Bartol & Martin, 1991).
The ability to manipulate key events i.e. hold meeting with case study participants.	The role may require too much attention, not allowing sufficient time for note taking.

(Yin, 1994)

The researcher was mindful of the advantages and disadvantages with participant observation and ensured external validity objectivity was kept by maintaining a professional distance from the case study organisation once any research was completed. This allowed the case study organisation to move forward with recommendations made in the research reports without undue influence from the researcher. This action also warded off the possible effect of group think (Kruglanski, 1986) as the case study organisation expected the researcher to present, where relevant, an objective point of view on the findings, free from any group manipulation.

4.5 Data Analysis

In determining an appropriate approach the researcher needed to decide whether theory or data should come first. Whereas Glaser (1967) proposes the benefits of grounded theory which uses a comparative method to develop theory it was decided that the researcher would start with a series of questions, about the nature of CRM within the case study organisation (based on the literature review) then seek data that would either verify or falsify that theory (Easterby-Smith, et al., 1991 p. 36).

In developing theory to be tested in this thesis, the researcher was cognisant that “the adequacy of a theory” cannot be dissociated from the process by which it was generated. In consideration of this, the researcher disagreed with Glasser & Strauss (1967) original claims that inductively developed, grounded theory is superior in terms of its usefulness to “logico-deductive” theory which is generated by logical deduction from prior assumptions. Furthermore Glasser & Strauss (1967) claim there is a probability of moulding the facts that appear to match a given theory (Maanen, 1983, p. 37). As a result the extreme position of grounded theory is one where there is “no theory under consideration and no hypothesis to test” (K. Eisenhardt, 1989).

The researcher was much more in favour of Strauss (1987) refined position which conceded that in practice it is difficult to ignore the theory accrued in the researchers mind before commencing the research process. The researcher agreed that common prior knowledge gained through the process of socialisation will inevitably influence the researcher's formulation of the hypothesis (Manicas, 1989). The researcher concluded that starting from scratch with an absolutely clean theoretical slate was neither practical nor preferred (Perry, 1998a p. 788). Therefore, for the purpose of this thesis, the researcher believed that it was unlikely that any researcher could genuinely separate the two processes of induction and deduction.

The researcher proceeded on the basis that both prior theory and theory emerging from the data would be involved, often simultaneously, and that "it was impossible to go theory-free into this study" (L. Richards, 1993). This more moderate pluralistic approach is apparently becoming preferred, even by earlier proponents of a grounded theory approach to case study research such as Eisenhardt (1991) when answering Dyer and Wilkins (1991).

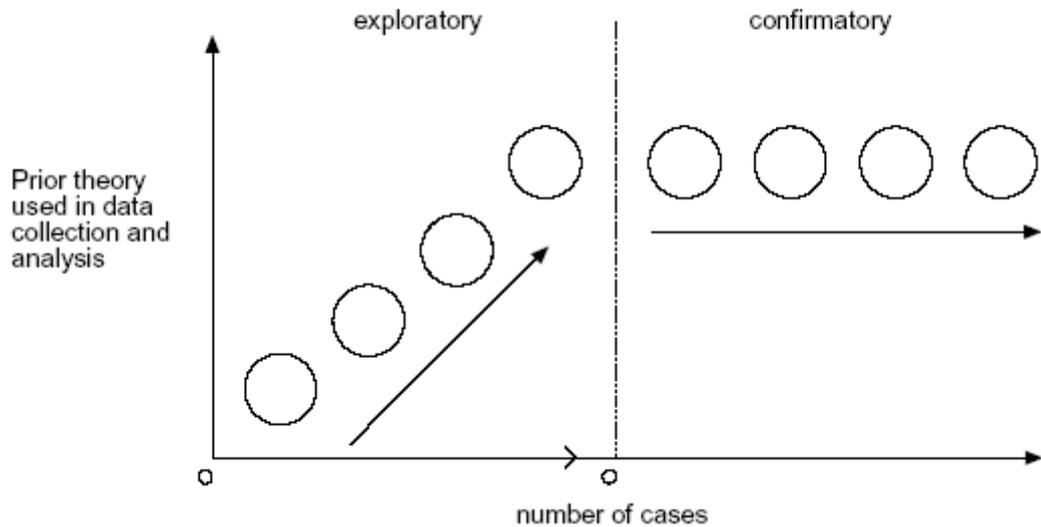
Parkhe (1993) argues that "both extremes are untenable and unnecessary" and that the process of ongoing theory advancement requires "continuous interplay" between the two. From the researcher's perspective in the development of the case study methodology, prior theory was viewed as some additional evidence that can be used to triangulate on the external reality of case study research's realism paradigm (Perry, 1998a p. 789). This is also described as an iterative parallel approach to research design.

In an iterative-parallel strategy the researcher carries out many different research activities in an unplanned, whimsical order, depending on what he or she finds. What is found in a later stage of the research is used to reshape earlier stages of the research project. For instance, during the stage of formulating the research questions, some interviewing is already carried out. Findings from the interviews further determine the research questions, which in their turn give shape to further observation. In short, an iterative-parallel way of proceeding, implies a continuous moving back and forth between the diverse stages of the research project (Verschuren, 2003).

Perry (1998a) in citing Patton (1990) presents the differences between induction and deduction in theory building case study research, between the "indigenous concepts" of the data and the "sensitising concepts" from prior theory which the analyst brings to the research

in Figure 4-4 below. Perry (1998a) notes that left hand side of Figure 4-4 below shows the more inductive or “exploratory” approach as outlined by Yin (1993 p. 5) to case study research.

Figure 4-4 A Comparison of Two Case Study Research Positions



(Perry, 1998a)

In following this line of reasoning Perry (1998a) states that the first case on the left hand side of the figure is almost pure grounded theory, however as research continues data collection and analysis of the next case on the left hand side is informed by preliminary concepts from the first case and from prior theory.

According to Perry (1998a) without this structured process, “researchers who set out to practice the precepts of grounded theory frequently went aground in uncharted analytical terrain” (K. B. Jensen & Jankowski, 1991 p. 68). Perry (1998a) goes onto state that the disadvantage of this left hand side, inductive approach is that all cases cannot be compared with each other (because there are different interview questions for each case) and the researcher runs the risk of “discovering” existing theory.

In a similar vein to (Miles & Huberman, 1994; Yin, 1993) Perry (1998a) argues a combination of left and right hand sides of Figure 4-4 above and refer to it as “confirmatory” case study research. In this context, some prior theory is obtained from pilot cases, as shown on the left hand side. This prior theory then informs the interview protocol used for data collection in all the main cases, as shown on the right hand side; prior theory informs all main data collection equally and theory is generated from all cases in one operation of cross-case data analysis across all the main cases.

In consideration of this inductive (exploratory) and deductive (confirmatory) approach, at the beginning of the thesis, the researcher scanned the available CRM literature in an effort to become familiar with the material and body of knowledge of the time. To gain an insight into CRM practice in a New Zealand context in 2002, the researcher carried out a series of pilot interviews with a random sample of local businesses and organisations. Each of the 10 organisations visited were given open ended interviews so the researcher could gain an insight into the current knowledge of CRM and existing practices. Over the course of the 10 interviews, the structure, detail and depth of the interview progressed and was refined in a similar fashion to that outlined on the left hand side of Figure 4-4 above.

Once a case study organisation was selected, a combination of exploratory (left side Figure 4-4) and confirmatory (right side Figure 4-4) occurred in parallel. Exploratory theory building continued to evolve as the researcher gained knowledge of the case study organisation over time and, while the depth of CRM knowledge grew, so did the subsequent theory building. Confirmatory theory building occurred in the sense that as the exploratory theory building progressed, it was possible to retrospectively assess various relevant data sources as they became recognised as contributing factors in the three year longitudinal single case study.

Having decided to incorporate aspects of a theory building iterative parallel approach, the researcher then needed to decide how the data would be analysed. Yin (1994) states that from the outset of case study research, the case researcher needs a general analytic strategy which may comprise of relying on theoretical propositions or developing a case description. According to Yin (1994) four dominant analytic techniques may be used for analysing case study evidence; pattern matching, explanation building, time series analysis and program logic models.

1. **Pattern matching**; compares an empirically based pattern with a predicted one. If the patterns coincide, the results can help the case study strengthen its internal validity.
2. **Explanation building**; the goal is to analyse the case study data by building an explanation about the case.
3. **Time series analysis**; analogous to time series analysis conducted in experiments.
4. **Program logic models**; a combination of pattern matching and time series analysis.

Because of the longitudinal nature of the case study research, the researcher employed time series analysis using what Yin (1994) describes as chronologies. A chronology is

the analysis of chronological events which focuses on the major strength of a longitudinal study; the ability to trace events over a period of time. Using this methodology permitted the researcher to determine the causal events over the three year time period of the case study. The goal of the data analysis was to compare with the chronology with a theory (Yin, 1994). In addition to this a degree of explanation building occurred as the researcher analysed the case study data by building an explanation about the case at the same time.

Miles & Huberman (1984) suggest the use of various analytic techniques be used in case study data analysis. Their suggestions and the researcher’s use of them are presented in as follows:

Table 4-15 Case Study Data Analysis Techniques and their Application

Technique	Application
1. Putting information into different arrays.	Historical antecedent’s data and CRM initiative details were presented chronologically.
2. Making a matrix of categories and placing the evidence within such categories.	Identification of CRM antecedents in historical documents.
3. Creating data displays, flowcharts and other devices for examining the data.	Presentation of SAIDI, SAIFI and CAIDI in relation to performance.
4. Tabulating the frequency of different events.	Examination of newspaper channel management as analysis occurs.
5. Examining the complexity of such tabulations and their relationships by calculating second – order numbers such as means and gaps.	Statistical analysis and comparison with annual surveys and stakeholder research.
6. Putting information into chronological order or using some other temporal scheme.	Discussion of antecedents, current CRM initiatives and presentation annual of data.

(Yin, 1994).

4.5.1 Qualitative Text Analysis Methods

Because multiple sources of data/evidence were used in this case study, a process of qualitative text analysis needed to be employed to scan, comprehend and analyse the available data. According to Gordon & Langmaid (1988) there are three schools of qualitative text analysis all of which were utilised in the case study design as follows:

1. **Holistic and interpretative:** involves the researcher reading the entire transcript and writing interpretive thoughts in the margin – annotating the script *en route*. This approach to analysis is closely associated with ‘Grounded Theory’ (Glasser & Strauss, 1967). Grounded Theory provides the researcher with an analysis approach where categories are created from interpretation of the data. An holistic and interpretative approach based upon Grounded Theory:
 - a. Allows the researcher to build rather than test theory.

- b. Provides researchers with analytic tools for handling masses of raw data.
 - c. Helps analysts consider alternative meanings of phenomena.
 - d. Allows the researcher to be systematic and creative simultaneously.
 - e. Identifies, develops and relates the concepts that are the building blocks of theory.
2. **Cut and paste:** involves breaking (cutting) the transcripts or tapes down into text segments and allocating these to codes or themes (pasting). In contrast to Grounded Theory, the cut and paste approach (Gordon, et al., 1988) involves the researcher starting with a framework of codes and then allocating segments of text to codes within the framework.
 3. **Computer Assisted Qualitative Data Analysis Software (CAQDAS)** was originally developed by academics in sociological and anthropological fields. CAQDAS is designed to help researchers with analysis operations that are usually performed manually (Dolan & Ayland, 2001).

The researcher employed all three methodologies in the course of this research as follows:

1. The researcher initially scanned and read through all CRM, methodology and case study data and made notes in the text as he progressed.
2. Once this had been completed the researcher cut and pasted relevant text into a master document then went about the process of editing the text and coding it so that common themes and relevant issues could be discussed.
3. To augment this process, SPSS text analysis was also used to review all common themes to ensure coding, sorting and writing up of findings were complete and that nothing had been overlooked.

This combination approach was used in response to the findings of Dolan & Ayland (2001) research where the authors compared all three approaches to find that different analysis approaches yielded similar outputs in all but one key respect. The holistic analysis identified additional important findings and contexts that would have been easily missed by both the cut and paste and CAQDAS methods (Dolan & Ayland, 2001). The benefit of the holistic approach was that each data source could be considered as a whole rather than as a set of discrete or disconnected data points. The researcher agreed with the Dolan & Ayland (2001) that CAQDAS aids coding and linking of codes but that this is no substitute for thoughtful coding and intelligent analysis. Based on this summary, the methodologies ideal use is presented in Table 4-16 on page 138.

Table 4-16 Conclusions from the Comparison of Three Different Analysis Approaches

Holistic and interpretative	Cut and paste	CAQDAS
Ideal role when:	Ideal role when:	Ideal role when:
<ul style="list-style-type: none"> • Understanding/characterising. • respondent types is important. • Identifying terminologies important. • Understanding/collecting attitudinal information is a high priority. • Individual respondents need to be tracked. • Customer behaviour, attitudes and needs studies Market understanding. 	<ul style="list-style-type: none"> • Dedicated small-scale analyst team not available. • Fast turnaround is necessary. • Guide is relatively heavily structured. • Budget pressured. • Individual respondents do not need to be tracked. • Do not need to analyse data by more than one respondent type. • Development of product attributes is required. 	<ul style="list-style-type: none"> • Study involves large volume of data. • <i>Note:</i> Volume is a function of interview length and to a lesser extent number of interviews. Qualitative data involve no fixed structure to the discussion, are dominated by open questions and include little prompting by the interviewer. • Revisiting data for additional analyses, unanticipated questions or to test theories developed from the original analysis is required.

(Dolan & Ayland, 2001)

Having discussed in detail the array of alternative methodologies and approaches available and justified the chosen approach to this study, the researcher will now present an overview of the methodologies used in the analysis of (1) archival records, (2) stakeholder surveys and (3) national CRM surveys. Owing to the fact that many of the specifics of the methodologies used in the stakeholder and national CRM surveys contain finding and outcome from the research, the methodology narrative for these two sections has been included in the next chapter; however a brief overview has been included in this chapter.

4.5.2 1. Analysis of Archival Documents

The purpose of analysing the archival Annual Reports was to present the CRM initiatives antecedents via a focus on the research questions outlined in the CRM literature review (summarised in the Appendix from page 304). To achieve this, the researcher reviewed and presented the material using the following process:

1. Selected relevant research questions identified in the CRM literature review that could be addressed through the use of the annual reports and archival material
2. The researcher reviewed the most recent Annual Report, then traced backwards events and reported activities that were relevant to the thesis. These events, and activities included the following:

A summary of Archival Records examined is presented in Table 4-17 below:

Table 4-17 Archival Records - Annual Reports Topics

1. Electricity Supply.	Issues affecting continuity and quality of supply of electricity to consumers.
2. Infrastructure and Generation.	Issues regarding reticulation and electricity generation.
3. Undergrounding.	Issues relating to the conversion of overhead power lines to underground cables
4. Tariffs.	Issues relating to influencers impacting on electricity and line charges.
5. Customer Relationship Management practices.	Issues relating to historical practices and policies in Customer Relationship Management practices.
6. Government intervention.	Issues relating to government intervention and manipulation of the electricity industry.
7. Press and publicity.	Issues relating to the usage of media channels for customer communication.
8. Asset Management Plans.	Issues specific to customer service, and level of service delivery based on segmentation.

These eight areas presented in Table 4-17 above were identified for the following reasons:

1. **Supply of electricity** – relevant in discussing the nature of the supplier/customer relationship.
2. **Infrastructure and power generation** – necessary to explain the services delivered to the customer by the company.
3. **Undergrounding** – relevant as a precursor to customer research undertaken by the researcher for the company.
4. **Tariffs** – relevant as it applied to the ability to maintain and grow distribution infrastructure to meet customer energy demands.
5. **Customer Relationship Management practices** – important as this traces the origins of CRM practices and highlights the degree to which the company pursued these initiatives.
6. **Government intervention** – critical as electricity reforms brought about the structure and nature of the company leading up to this longitudinal study.
7. **Press and publicity** – important to highlight as an examination of media channel management is presented via a longitudinal timeline in the data analysis chapter.
8. **Asset Management Plans** – important to highlight how the case study organisation segments its customers and determines service levels based on this segmentation.

4.5.3 2. Stakeholder Survey

The stakeholder research was carried out to probe into specific stakeholder opinions, satisfaction and feedback regarding services received from the case study organisation. Five stakeholder groups were identified as follows:

1. Electricians
2. Commercial customers 500-1000kVA
3. Developers
4. Local councils
5. Contractors.

The results of this research identified specific areas in which case study organisation could concentrate its resources and work to make improvements. This research evolved but differed from the annual mass market survey as it probed into specific areas of concern/importance of five specific customer groups; the mass market survey presented a generic customer survey across all groups with little or no probing involved.

As mentioned, five stakeholder groups were identified and targeted for this study. Contact lists were created for these groups and are presented in the table below:

Table 4-18 Research Sample

Group	Target	Achieved	Percentage	Notes
1. Electricians.	152	67	44.08%	Achieved sample represents a cross section of electricians who use case study organisation services.
2. Commercial.	88	24	27.27%	Achieved sample represents a cross section of commercial organisations that have contact with case study organisation services.
3. Developers.	42	16	38.10%	Achieved sample represents a cross section of developers who have recently used or are currently using case study organisation services.
4. Local Councils.	52	14	26.92%	Achieved sample represents a cross section of respondents from each of the five councils within case study organisations network area.
5. Contractors.	7	6	85.71%	Achieved sample represents a cross section of contractors who use case study organisation services.

Organisations that did not have direct contact with case study organisation were NOT interviewed.

Five different questionnaires were developed in consultation with willing participants within the Unison commercial team (these questions are included in the Analysis of Data

chapter from page 189). Interviews were conducted by telephone over a four week period in March 2006. Responses were recorded on paper, and then entered electronically, coded and analysed using SPSS and SPSS Text Analysis for Surveys by the researcher.

4.5.4 3. National CRM Survey

As previously discussed in the literature review chapter on page 82, in their work titled “The Customer Relationship Management Process: Its Measurement and Impact on Performance”, Reinartz et al (2004) states the following:

“An understanding of how to manage relationships with customers effectively has become an important topic for both academicians and practitioners in recent years. However, the existing academic literature and the practical applications of customer relationship management (CRM) strategies do not provide a clear indication of what specifically constitutes CRM processes” Reinartz et al (2004).

In their study, the authors set out to achieve the following:

1. Conceptualise a construct of the CRM process and its dimensions,
2. Operationalise and validate the construct, and
3. Empirically investigate the organisational performance consequences of implementing CRM processes.

Reinartz et al’s (2004) research questions were addressed in two cross-sectional studies across four different industries and three countries. The first key outcome was a theoretically sound CRM process measure that outlines three key stages: initiation, maintenance, and termination. The second key result was that the implementation of CRM processes has a moderately positive association with both perceptual and objective company performance (Reinartz, et al., 2004). A literature review of this research has been addressed in the previous chapter on page 82.

Using this research as a starting point, the researcher replicated the questionnaire developed by Reinartz et al (2004) to provide a measure of external validity for the case research (a copy of the survey is presented in the APPENDIX from page 306). This was achieved by the following methods:

1. Administering the CRM survey via open ended depth interview with the case study’s CRM manager to gain both a retrospective/historical account of CRM practices and

processes in 2002 in comparison to 2005 processes and practices within the case study organisation.

2. Administering the online CRM survey within the case study's executive team.
3. Administering the online CRM survey within other electricity Lines Companies.
4. Administering the online CRM survey to a cross section of over 1200 New Zealand organisations.

Using this CRM questionnaire, this approach provided the researcher the ability to measure CRM processes and practices from the following perspectives:

1. Temporally within the case study organisation to identify the cause and effect relationships that led to changes in CRM practices and processes from 2002 and 2005 using other data sources to provide convergent validity.
2. Measuring CRM practices and processes across executive team members within the case study organisation providing a degree of construct validity (Chatterjee, et al., 1992; Johnson, et al., 1990; Van de Ven & Walker, 1984).
3. Measuring CRM practices and processes across cases within other electricity Lines Companies providing a degree of external validity.
4. Measuring CRM practices and processes across cases within other electricity lines companies and other New Zealand organisations providing an additional degree of external validity by comparing the case study with others in the same industry then against 17 other sectors of businesses and organisations within New Zealand.

4.5.5 Limitations of approach

There are tradeoffs made in all research: every methodology has its strengths and weaknesses. In developing the methodology for this thesis, the researcher worked to minimise the potential limitations associated with choosing a single approach by employing a mix of methodologies. However, although considerable effort went into offsetting limitations inherent in research of this type, the researcher presents the following list of limitations associated with this research.

- 1 Elements of the research are qualitative: by their nature, qualitative studies often appear untidy because it is harder to control their pace, progress and end-points. Also many people, especially decision-makers, may give low credibility to studies based on a phenomenological approach. When compared with quantitative methodologies rigor is sacrificed for the sake of attacking questions which formal methods cannot easily pursue.

- 2 The research is a single case study: This can place limits on the effective generalisability of the research outcomes and conclusions drawn.
- 3 Qualitative case study data was collected via participant observation: this collection method has the potential to lessen the ability to work as an external observer.
- 4 A portion of the research used a National CRM survey: by its quantitative nature, surveys are not effective in understanding processes or the significance that people attach to actions nature. Because a survey focuses on what is, or what has been recently, it can be hard to infer what changes and actions should take place in the future. Although this research collected over 1200 respondent questionnaires, this represented only 12% of the total sample indicating a high non response rate and potential errors inherent with this.

4.6 Chapter 4 Summary

In this chapter, the researcher explained the methodology used in this thesis. The researcher discussed the nature of PhD research then debated positivism and phenomenology. The subjects of management and business research were discussed and arguments in support of a mixed methodology approach were presented. A discussion of alternative methodologies was presented and justification for the chosen approach argued.

The researcher defined the specifics of the chosen case study methodology then explained and justified why a three year longitudinal single case study via participant observation was used. The researcher also explained the use of positivist survey methodologies to overcome inherent weaknesses of the single case study methodology.

Data collection and data analysis methods employed in both qualitative field work and quantitative surveys were also presented in this chapter.

Having discussed and justified the methodology employed to collect, analyse and present the case study, the researcher will now present the analysis of data in the next chapter. Chapter 4 addresses the three central CRM assumptions and subsequent hypotheses and presents the case study's CRM initiative by answering through the research the 48 general CRM questions raised in the literature review. Bringing these two themes together presents *The Anatomy of a CRM Initiative*. The researcher will sum up the research in the findings and implications chapter.

5 Chapter 5. Analysis of Data

5.1 Chapter 5 – Researcher’s Overview

Chapter five presents the analysis of data from all research undertaken. This chapter took the most time for the researcher to develop and craft into a single coherent, yet multifaceted piece of research. It is one thing to develop an hypothesis and approach to a research question, its altogether another beast undertaking the work then writing it up. As was the case with the methodology chapter, initial versions of this chapter ran into excess of 140,000 words, however much of the content has been distilled down for the purpose of this presentation.

Although great learning gains were realised through the development of chapters 2, 3 and 4, the real work, graft and learning in relation to the research subject occurred when collecting the material for developing chapter 5. Thomas Alva Edison said genius is 1% inspiration and 99% perspiration; this was very much the researcher’s experience in completing chapter 5. It was long, hard, arduous work; but ultimately a rewarding undertaking at the completion of the chapter.

For the purpose of clarity, the researcher split this chapter into three distinct sections. Section 1 examines and presents the case study organisations CRM practices via an examination of some of the 48 CRM questions identified in the CRM literature review which assisted the researcher in tracing the origins of Unison’s CRM initiatives.

Section 2 presents the analysis and findings of the case study stakeholder survey. The section examines the 2003, 2004 and 2005 Annual Customer Surveys (including the 2005 rural survey), 2004 Post Distribution Survey, 2004 Overhead to Underground Survey, 2004 CRM Strategic Plan and 2005 Stakeholder Survey.

Finally, Section 3 details the analysis and findings of the National CRM Survey. It highlights the findings of the 2005 National CRM survey and compares the case study organisation with other electricity lines companies and a cross section of the other 18 New Zealand industries and sectors.

5.1.1 Chapter 5 – Introduction

This chapter presents an analysis of data the researcher collected over the three years of the longitudinal case study via participant. Data was collected from multiple sources of evidence, some of which overlaps, and has been categorised into five principle sources presented below:

1. **Documents** – Media Policies, post breach documents, media clippings.
2. **Archival records** – Annual Company Reports, Statements of Corporate Intent Asset Management Plans.
3. **Structured interviews and surveys** – National CRM Survey, depth interview.
4. **Direct observations** – Annual Customer Surveys, National CRM Survey, Underground to Overhead Survey, Stakeholder Survey, Rural Customer Survey and CRM strategic plans.
5. **Participant observation** – Annual Customer Surveys, National CRM Survey, Underground to Overhead Survey, Stakeholder Survey, Rural Customer Survey and CRM strategic plans.

Through multiple sources of evidence, the chapter addresses the 48 CRM questions identified in the literature review and addresses the three central CRM assumptions and subsequent hypotheses. These multiple sources of evidence are presented in three main sections of this chapter as outlined in Table 5-1 below:

Table 5-1 Chapter 5 Sub Sections

Section	Explanation	Source of evidence
1. Examines and presents the case study organisations CRM practices.	This section answers the general CRM related questions raised from the literature review as presented in chapter 3.	Documents and Archival records, participant observation, direct observations and surveys.
2. Analysis and findings of the case study stakeholder survey.	This section addresses the CRM assumptions and subsequent hypotheses that customers want a relationship with suppliers of products or services and that good service increases the level of emotional bond between customer and supplier .	Participant observation, direct observations and surveys.
3. Analysis and findings of the National CRM Survey.	This section addresses the CRM assumption and subsequent hypothesis that CRM is a process or practice that all organisations to some degree either engage in or should engage in .	Structured interviews and surveys.

The structure of the three sections presented in Table 5-1 above is outlined in Table 5-2 below

Table 5-2 Structure of Chapter 5

Section	Contents
1. Examines and presents the case study organisations CRM practices.	<ul style="list-style-type: none"> This section traces the origins of Unison CRM initiatives and categorises them into eight sections and addresses many of the 48 CRM questions arising from the literature review.
2. Analysis and findings of the case study stakeholder survey.	<ul style="list-style-type: none"> Addresses the methodology used and presents an analysis of findings. Presents the 2003, 2004 and 2005 Annual Customer Surveys (including the 2005 rural survey), 2004 Post Distribution Survey, 2004 Overhead to Underground Survey, 2004 CRM Strategic Plan and 2005 Stakeholder Survey.
3. Analysis and findings of the National CRM Survey.	<ul style="list-style-type: none"> Addresses the methodology used and presents an analysis of findings. Presents the findings of the 2005 National CRM survey and compares the case study organisation with other electricity lines companies and a cross section of other New Zealand industries.

5.2 Section 1 Tracing the Origins of Unison's CRM Initiative

To fully appreciate the context in which Unison embarked on its CRM initiative starting in 2002, it is important to present and discuss the initiatives antecedents. To achieve this, an examination of archival records and documents was carried out. Based on research questions outlined in the literature review chapter, a summary of the organisations annual reports from 1950 through to 2006, AMPs from 2000 to 2006, Statements of Corporate Intent, media policies and press archives were critically analysed and will now be presented. The documents were reviewed and eight distinct CRM topics relevant to this thesis emerged as presented in Table 5-3 below:

Table 5-3 Archival Records - CRM Topics for Discussion

1. Electricity Supply.	Issues affecting continuity and quality of supply of electricity to consumer/customers.
2. Infrastructure and Generation.	Issues regarding, infrastructure reticulation and electricity generation.
3. Undergrounding.	Issues relating to the conversion of overhead power lines to underground cables.
4. Tariffs.	Issues relating to influencers impacting on electricity and line charges.
5. Customer Relationship Management practices.	Issues relating to historical practices and policies in Customer Relationship Management practices.
6. Government intervention.	Issues relating to government intervention and manipulation of the electricity industry.
7. Press and publicity.	Issues relating to the usage of media channels for customer communication.
8. Asset Management Plans.	Issues specific to customer service and levels of service delivery arising from research undertaken by the researcher.

From this review of company literature, eight CRM topics and the issues they address will be examined.

In addition to the topics above, an examination of the evolving nature of the company structure provided insights into the evolution of Unison's CRM initiative. The researcher introduced the case study organisation in chapter 2 from page 13. Details of the company structure were presented from page 21. Understanding the nature of the company structure is an important issue as it addresses the first two questions arising from the CRM literature review as follows:

- **CRM Question 1:** *What level of buy-in did Unison's CRM have?*
- **CRM Question 18:** *How and to what degree are various business units – IT, sales, marketing, PR staff, top and middle management involved in CRM at Unison?*

In summary, the level of CRM buy-in grew over the three years of the CRM initiative and was an important contributor to the success of the initiative. Buy-in started at the coal face through the CRM manager; from there it progresses to the GM, CEO, Board and Trust. Top level buy-in was a critical factor as this allowed the customer surveys and CRM strategic plan to permeate operational documents such as the annual Asset Management Plan (AMP). Inclusion in the AMP resulted in the need for active participation from other areas of the lines business.

5.2.1 1. Electricity Supply Summary

The researcher initially addresses the following questions from the CRM literature in relation to electricity supply:

- **CRM Question 48:** *What processes have been implemented to foster customer satisfaction?*
- **CRM Question 26:** *What steps did Unison take to enhance customer service and improve satisfaction?*
- **CRM Question 37:** *What was Unison's working philosophy with its customers?*

Unison is in the business of supplying electricity to domestic and commercial consumers. Continuity and quality of supply impact directly on satisfaction levels. Leading up to the introduction of Unison's CRM initiatives the company's operating philosophy was mostly an engineering one. This philosophy was "fix what's broken when it gets broken" whereas Unison's policy today is to "prevent the problem from occurring in the first place" through proactive vegetation management, undergrounding and long term network upgrades. This

represented a quantum shift from an engineering-production philosophy to a customer-centric focus.

Proactive vegetation management improves supply by reducing interruptions of electricity which in turn fostered customer satisfaction. Unison's key service deliverable is the delivery of electricity, thereby reducing interruptions in supply effectively enhances the service. A change from production/engineering to a customer-centric focus presents both the current state of and change in Unison's working philosophy with its customers.

5.2.2 2. Infrastructure and Generation

The topic of infrastructure and generation addresses another three questions raised in the CRM literature review as follows:

- **CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*
- **CRM Question 25:** *Does lifetime value impact on profitability at Unison?*
- **CRM Question 12:** *How was the voice of the customer used to deliver value?*

Years of low cost electricity and supply policy resulted in Unison's need to invest significantly in an aging network to ensure network infrastructure was sufficient to "keep the lights on". During this period commercial, residential and rural customers were compared with each other and for the first time the voice of the customer was measured empirically through a variety of customer surveys (previously the voice of the customer was anecdotal at best).

Growing consumer demand required the company to invest in infrastructure and shaped long term business strategy in the form of investments amounting to 50% of network capital expenditure in customer driven projects.

The use of customer research identified satisfaction levels, opinions and willingness to pay which enabled Unison for the first time to test internally held concepts and beliefs empirically. This empirical customer relationship data was translated into long term business strategy through the introduction of long term capital expenditure initiatives such as network upgrades.

Lifetime value of customers, measured in terms of tariffs or line charges are Unison's primary sources of income and fund all expenditure and capital works. Measuring mass market

and customer segments enabled Unison to hear the voice of the customer and through this channel various capital works and customer focussed initiatives deliver value to the customer.

5.2.3 3. Undergrounding

The issue of undergrounding addresses more fully two research questions arising from the CRM literature review as follows:

- **CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*
- **CRM Question 12:** *How was the voice of the customer used to deliver value?*

In the specific area of undergrounding, the direct impact of the voice of the customer was used to deliver value through the commissioning of a long term, \$56 million dollar overhead to underground conversion project. The initiative reflected the translation of this aspect of the customer relationship into a long term business strategy.

5.2.4 4. Tariffs

The subject of tariffs addressed eight questions identified in the CRM literature review as follows:

- **CRM Question 11:** *How was data mining utilised at Unison?*
- **CRM Question 14:** *How did Unison increase customer value?*
- **CRM Question 22:** *How are high value relationships determined?*
- **CRM Question 25:** *Does lifetime value impact on profitability at Unison?*
- **CRM Question 28:** *How did Unison CRM work to build profitability through better understanding of customers?*
- **CRM Question 38:** *Is sustaining relationships more important than customer acquisition to Unison and electricity lines companies?*
- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*

From 1950 to 2000, the case study organisation undertook increasingly sophisticated data mining and analysis exercises to determine customer connection type and usage patterns enabling it to effectively and efficiently segment customers according to economic value and connection type. This better understanding of its customers allowed Unison to build its profitability within established guidelines. High value customers are determined by connection type and loading, customer value is increased by tariff changes and the assessment of required

network assets based on lifetime value of the customer, although the actual value of lifetime customers is strictly regulated by government.

Over its history, the case study organisation has worked to remove pricing differentials originally based on social rather than economic value. For a considerable portion of its operational history, commercial customers subsidised residential and rural customers and these groups originally formed the organisation's initial customer segments. After some adjustment of its tariff policy of 2003 and 2004 and subsequent price path breach Unison used this methodology to determine the value of its customer relationships. From this perspective, whereas acquiring new customers on the network is a priority, sustaining existing relationships is of principle importance.

5.2.5 5. Customer Relationship Management Practices

Six research questions arising from the literature review that relate to the customer, rural and post distribution surveys undertaken by the researcher are as follows:

- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 23:** *How are specific service attributes measured?*
- **CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- **CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*
- **CRM Question 44:** *How are the organisation's CRM efforts perceived and interpreted?*
- **CRM Question 45:** *Whose interests do they appear to serve – the organisation's or the customer's?*

In addition to the six questions above, the researcher critically discussed the statement ***"measuring relationships through customer research"*** presented in the CRM definition.

This section refers to industry specific performance measures, a definition of these acronyms is presented below:

1. **SAIDI** – System Average Interruption Duration Index: this represents the number of minutes the average consumer was without power during the reporting period.
2. **SAIFI** – System Average Interruption Frequency Index: This represents the number of interruptions experienced by the average consumer.

3. **CAIDI** – Customer Average Interruption Duration Index: This represents the number of minutes elapsed per outage for the average consumer affected by an outage.
4. **Faults per kilometre** (Ministry of Economic Development Measure).

Although some CRM initiatives were reported on and put into action during the 1990s, only since 2000 has the focus of developing relationships with the customer been a customer-centric focal point for Unison. The establishment of a CRM action plan set out the foundations for actively building relationships with customers. A customer-centric philosophy from 2000 onwards brought about the introduction of proactive initiation of customer opinion and satisfaction research, targeted sponsorship programs and increased dividend payouts to consumer/customers available as a result of successful management of the network. The Road share program was introduced to reduce consumer/customer inconvenience and disruptions and intelligent infrastructure management such as the emergency backup generators at the Hawke's Bay District Health Board was implemented.

In addition to this, performance measures such as SAIDI, SAIFI and CAIDI provided a degree of transparency of network performance from both a regulatory and customer impact perspective.

Unison's working philosophy moved from viewing complaints as "absurdly trivial" to a proactive practice of better understanding customers by identifying opinions and perceptions of its stakeholders to identify issues before they arise. This represented a quantum shift in operating philosophy which placed the customer at the top of Unison operational focus. Unison actively works to create strong partnerships with major community organisations, key industrial customers and kindred customer service organisations through ongoing sponsorship programs. Although customer retention is not a major operational issue for the organisation working in a natural monopoly, the company actively works improve and develop its relationships with key stakeholder and customer groups through a variety of initiatives.

5.2.6 6. Government Intervention

A considerable amount of space and detail was assigned to the area of Government Intervention. The CRM definition offered by the researcher essentially addresses CRM in relation to the case study organisation. The definition put forward is presented with the qualifying addition of drivers and a set of constraints as they apply to the electricity lines company being researched. From the CRM definition, the researcher will now summarise the

meaning of... ***“Driving and tempering CRM strategy is a combination of internal and external forces and constraints”.***

Although a successful outcome was achieved, during the course of the Commerce Commission investigation, considerable resources both financial and human were expended to address the breach and work towards a successful resolution. The toll paid during this process was the diverting of resources and subsequent slowing down of progress on other important initiatives which included CRM efforts.

As a public utility operating within government regulatory controls in a natural monopoly, the company’s performance is both driven and tempered by these external and subsequent internal constraints. External constraints consist of pricing and operational regulations which lead to internal constraints of less than required revenues to fund long term customer energy requirements and the diverting of resources to allow the company to maintain basic services.

Lifetime value of the customer, as set by the regulator, has a significant impact on customer relationships and business management. A successful non regulated commercial entity is expected to produce good profits from the delivery of a good service with a reasonable return on assets and investments. Unison’s ability to deliver good profits (which are passed onto the consumer/customer) is limited by regulation and although the nature of the customer relationship is based on lifetime value, the company is constrained in its ability to deliver greater levels of service and quality. Unison has a limited ability to increase customer value within the constraints of this regime even though any benefits in the form of increased profits are channelled back to the consumer/customer by way of dividends brought about by efficiencies arising from good asset management.

5.2.7 7. Press and Publicity

Customer communication is an important aspect of CRM as Unison operates on an interposed billing system, which means it is separated from the consumer by the retailer. Therefore general outward communication with mass market is addressed through the managed use of press and publicity. Two research questions from the CRM literature review were addressed in this section as follows:

- ***CRM Question 20: How is customer communication managed?***
- ***CRM Question 21: How did Unison interact with mass market customers?***

In addition to the two questions above, the researcher discusses from the CRM definition “...**communication channel management**”

Unison’s customer communication was managed by means of a media policy which in most instances channelled all communication with media through “Corporate Communications”. Although omni-directional, this method of communication with media and mass market allowed the company to present a single unified voice or opinion on matters of stakeholder interest, concern or benefit. Other forms of interaction include use of media and online website to report various aspects of Unison business. These communication channels were all managed in accordance with Unison’s media communications policy.

5.2.8 8. Asset Management Plans

Six questions arising from the CRM literature review are addressed in the Asset Management Plan (AMP) section as follows:

- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*
- **CRM Question 17:** *How are customer relationships managed by Unison?*
- **CRM Question 18:** *How and to what degree are various business units – IT, sales, marketing, PR staff, top and middle management involved in CRM at Unison?*
- **CRM Question 8:** *What efforts did Unison make to treat different customers differently?*
- **CRM Question 48:** *What processes have been implemented to foster customer satisfaction?*
- **CRM Question 9:** *What were the varying levels of interaction with customers?*

AMPs outline the company asset management programs, processes and practices currently in place as well as initiatives that are going to be established. Within the AMP, Unison segments its customers into 11 stakeholder groups. Specific electricity lines company customers are segmented by type (industrial, mass market, residential, rural etc.) relationships and communications are managed based on these customer types.

Key relationships with major industrial customers are managed by the development of negotiated end user agreements and in some instances direct contractual relationships based on agreed service performance targets. Industry measures of SAIDI, SAIFI and CAIDI along with regular mass market and stakeholder research are used to monitor service delivery levels and

satisfaction of the end use customer. As a result, different customer segments based on economic value are treated differently. Service processes are implemented and monitored to foster satisfaction based on varying levels of desired interaction with each customer. Unison CRM strategy highlighted in the company's AMP, segments customers based on their economic value.

Unison made adjustments in service delivery and marketing based on the results of the annual surveys, Commerce Commission compliance and the needs of specific segments. Specific work in the areas of quality and continuity of supply are undertaken to address the needs of specific segments and as a result specific business units within the company are involved in addressing these performance issues as they pertain to their department (operations, IT, engineering etc). Also, a variety of processes to varying degrees have been developed based on customer type (mass market, industrial etc) and geographic location (rural, urban etc).

5.3 Section 2 - Analysis and Findings of the Case Study Stakeholder Survey

Section two of this chapter presents the findings of the various participant observation research exercises and company document developments the researcher undertook for the case study organisation during the three-year longitudinal research. As mentioned in chapter 4, owing to the fact that a considerable amount of the findings of this research are embedded within the review of the research methodology, details of the research approach for each of the following two sections are presented alongside the findings. Sources of evidence in this section are presented in Table 5-4 below:

Table 5-4 Presentation of Empirical Research

Section	Subject
Section 2.	<ul style="list-style-type: none"> • Quantitative data analysis. • 2003, 2004 and 2005 Annual Customer Surveys (including the 2005 rural survey). • 2004 Post Distribution Survey. • 2004 Overhead to Underground Survey. • 2004 CRM Strategic Plan. • 2005 Stakeholder Survey.
Section 3.	<ul style="list-style-type: none"> • Quantitative data analysis. • 2005 National CRM Survey.

As outlined in Table 5-4 above, section two will provide an overview of the annual, rural, post distribution, overhead to underground surveys and the CRM action plan. These

surveys and company document developments are important to add here as they address the research question:

Table 5-5 Research Question: Primary and Secondary nature of enquiry

Primary Enquiry	
Part 1:	Do customers want a relationship with suppliers of products or services?
Part 2:	Is CRM is a process or practice that all organisations to some degree either engage in or should engage in?
Part 3:	Within the context of an electricity lines company does good service increase the level of emotional bond between customer and supplier?
Secondary Enquiry	
48 CRM Questions:	Furthermore, based on the 48 CRM questions arising from the literature review, how do the findings from the case study research relate to the 48 CRM questions?

It is these research projects that resulted in the evolution and development of the customer stakeholder research that is then presented in detail; in this section the stakeholder research addresses the hypothesis from an electricity lines company perspective that ***customers want a relationship with suppliers of products or services.***

In addition to the research question and hypothesis presented above, an understanding of this quantitative and qualitative work enabled the researcher to continue to present answers to the comprehensive series of research questions identified in the CRM literature review.

The researcher will now provide a comprehensive review of the methodology used to undertake the market research studies that form a significant part of this thesis. Owing to the fact that the methodology section contains a large volume of data analysis, it has been placed here as a precursor to presenting the main findings from each of the market surveys completed.

5.3.1 Quantitative Data Analysis

As mentioned previously in chapter 4 (page 118), a mixed method approach within the case study methodology was adopted. To this end, the following quantitative methodologies were used

1. a quantitative CRM survey was used to provide a degree of external validity to the case research

2. three annual quantitative surveys were administered for the case study organisation via participant observation
3. additional project specific research this included OHUG, 2004 post distribution research, rural satisfaction survey and stakeholder benchmarking survey was undertaken again via participant observation.

These were incorporated into the case study as they provided additional chronological cause and effect data and sources of evidence within the study of the CRM initiative. A brief summary of the methodologies used to undertake the above quantitative research studies will now be presented.

The researcher will detail the methodologies used in the following eight quantitative surveys undertaken throughout the three year longitudinal case study:

1. Annual customer surveys (2003, 2004 and 2005)
2. 2005 Rural Survey
3. 2004 Post distribution survey
4. 2004 Overhead to underground conversion (OHUG)
5. 2005 Stakeholder survey

Methodologies employed for the 2005 National CRM Survey and Analysis of Archival Documents will then be discussed separately.

To assist the reader with recall of the methodologies outline here, a brief summary of the methodology employed in each survey will be presented at the beginning of each piece of research presented in the Analysis of Data chapter. This will save the reader from the need to flip back and forth through the thesis.

5.3.2 Surveys

This section outlines the research methodology used in the annual customer surveys, 2004 post distribution survey, 2005 rural survey, 2004 OHUG and stakeholder surveys. All customer research was implemented using Malhotra's (1996) six step research process as follows:

1. Problem definition
2. Development of an approach to the problem
3. Research design formulation
4. Field work/data collection

5. Data preparation and analysis
6. Report preparation and presentation (Malhotra, 1996).

Customer research undertaken during the course of the three year longitudinal study was used for a number of purpose and subsequently was presented in a number of formats. For the purpose of the company report, general overviews of all six methodology's areas were presented. However for the purpose of inclusion in this thesis and owing to interest expressed in the research methodology by the Commerce Commission, detailed explanation with academic citation is presented here.

The researcher will now discuss each of the six steps above and describe the usage of each as it applies to each piece of research presented in this thesis.

5.3.3 Problem Definition

The primary purpose of the customer research undertaken was to conduct a study to gauge satisfaction levels and perceptions of Unison's customers over a three year period via a number of studies. Zikmund (2003) states that problem definition is the indication of a specific business decision area that will be clarified by answering some research questions. In the problem definition stage of the research studies several discussions with key decision makers at Unison (Bill Hewitt, Jon Nichols and Ken Sutherland) took place resulting in the creation of a draft research questionnaire which was then circulated among the management team for review. Management then met and reported back on the documents. In addition to management consultation, a review of past research studies conducted for similar purposes by other electricity Lines Companies (Woollett, 2002) was reviewed along with an examination of the customer relationship provisions contained within Unison's Asset Management Plan (Sutherland, 2003).

As a result of this consultation and review the following issues were identified and included in the following research studies:

5.3.4 Annual Surveys 2003-2005

The annual customer surveys conducted from 2003-2005 and the 2005 rural postal survey were undertaken to address the following customer and stakeholder questions

1. *Do customers know who Unison is?*
2. *How satisfied are customers with Unison services?*

3. *How is Unison perceived?*
4. *What is the most important Unison service deliverable?*
5. *How does each Unison service deliverable rate?*
6. *Is Unison's service perceived to have improved or declined?*
7. *Who do customers contact in the event of a fault?*
8. *How many power cuts do customers recall?*
9. *How satisfied are customers with this level of outages?*
10. *Do customers recall how long they are without power?*
11. *How satisfied are customer with the time taken to restore power?*
12. *Are customers willing to pay for an improved response time?*
13. *Are there differences in ratings, opinions and perceptions over the three geographic regions Unison operates in?*
14. *Are there differences in ratings, opinions and perceptions among residential and commercial customers and rural and urban customers?*

These areas were selected to enable Unison to measure their relative performance in each area. Over the three year period of the research, some measures were added, some deleted.

5.3.5 2004 Post Distribution Survey

The Post Distribution Survey conducted in 2004 was undertaken to address the following customer and stakeholder questions

1. *Identify the degree of HBPCT name recall after the 2004 distribution.*
2. *Measure the overall consumer satisfaction levels and reasons for these levels.*
3. *Measure the impact of the 2004 distribution i.e., do consumers recall the letter, who sent it and what it was about.*
4. *Gain feedback on issues relating to future distributions i.e. timing and method.*
5. *Capture additional comments, if any, regarding HBPCT or Unison.*
6. *Measure consumer's knowledge of the level of lines charges in their power bill.*

5.3.6 2004 Underground Research

The Underground to Overhead conversion research in 2004 was undertaken to address the following customer and stakeholder questions. Firstly issues in favour of Overhead line to Underground cable conversion were examined and included the following:

1. *Improved reliability of transmission.*
2. *Reduction in power pole related traffic accidents.*
3. *Reduction in risk of public and lines staff electrocution.*
4. *Less power disruption from storm damage.*
5. *Aesthetic values and improved and property values.*

Then issues against Overhead line to Underground cable conversion were examined, these included the following:

1. *Traffic disruptions during construction.*
2. *Environmental disruption in the event of faults.*
3. *Increased time to repair underground faults.*
4. *Possibility of increased time without power in the event of faults.*
5. *Increased lines charges to pay for Overhead line to Underground cable conversion.*

In addition to the above, overall willingness to pay for overhead to underground conversion was also measured.

5.3.7 2005 Stakeholder Research

This research was carried out to probe into specific stakeholder opinions, satisfaction and feedback regarding services received from Unison. Five stakeholder groups were identified: electricians, commercial customer's 500-1000kVA, developers, local councils and contractors. Specific issues for each stakeholder group were identified and researched as follows:

5.3.8 Electricians

1. *What specific services/contact have electricians had with Unison recently?*
2. *What happened during their last encounter with Unison?*
3. *How satisfied are electricians with the working relationship they have with Unison?
Why?*
4. *How satisfied were electricians with the speed with which Unison responded to their needs? Why?*
5. *How satisfied were electricians with the new connection services they receive from Unison? Why?*
6. *What are electrician's performance expectations of Unison as a lines company?*

7. *How can Unison assist in helping electricians do business more effectively/efficiently?*
8. *What information would electricians like from Unison?*
9. *Overall, how satisfied are electricians with the services they receive from Unison Networks?*
10. *What other comments if any would electricians like to make about the services they receive from Unison Networks Ltd?*

5.3.9 Commercial Customers 500-100kVA

1. *What do commercial customers expect from Unison as a power lines company?*
2. *What, in commercial customer opinion, is an acceptable level of outages?*
3. *Do commercial customers determine the cost of an outage to their business? If so, how do they calculate it?*
4. *How can Unison respond better to commercial customers needs?*
5. *Would commercial customers like an account manager from Unison to visit them? How frequently?*
6. *Do commercial customers understand "line charges"?*
7. *What are commercial customer's performance expectations of Unison?*
8. *Do commercial customers want access to the control room?*
9. *Are commercial customers interested in developing a negotiated agreement?*
10. *Do commercial customers understand the difference between an outage and poor power quality?*
11. *What information would commercial customers like from Unison?*
12. *How would commercial customers like to be notified of outages and planned shutdowns?*
13. *How satisfied have commercial customers been with the lead time regarding outages?*
14. *In commercial customers opinion, how has Unison performed as a lines company to date?*
15. *Do "brown-outs" have an impact on commercial customers business? If yes, in what way?*
16. *Overall, how satisfied are commercial customers with the services they receive from Unison Networks?*
17. *Other comments, if any, commercial customers would like to make about the services they receive from Unison Networks Ltd.*

5.3.10 Developers

- 1. When was the last time each developer used Unison services?*
- 2. How satisfied were developers with the service they received at that time and why?*
- 3. What happened during the developer's last service encounter with Unison?*
- 4. What are developer's opinions of the cost of Unison's services? How did they come to that conclusion, compared with what?*
- 5. How "user friendly" were the services developers received from Unison and why?*
- 6. What information would developers like from Unison?*
- 7. How important to developers is a "quick query turnaround time"?*
- 8. How quickly were developers queries or service needs met?*
- 9. How satisfied are developers with Unison sub contractor services?*
- 10. What are developer's performance expectations of Unison?*
- 11. Other comments, if any, developers would like to make about the services they receive from Unison Networks Ltd.*

5.3.11 Local Councils

- 1. When was the last time local councils used Unison services?*
- 2. What happened during their last service encounter with Unison?*
- 3. How satisfied were local councils with the service they received at that time and why?*
- 4. Would local councils like a closer working relationship with Unison?*
- 5. What would local council's ideal relationship with Unison be?*
- 6. Do local councils believe Unison is a positive working partner?*
- 7. How satisfied are local councils with their existing point of contact with Unison and why?*
- 8. In their opinion, how can Unison better assist with local councils' planning and development needs?*
- 9. Would local councils like Unison to assist in the driving of contractor planning and development meetings?*
- 10. What information would local councils' like from Unison?*
- 11. What are local councils' performance expectations of Unison?*
- 12. How would local councils' like to be notified of outages and planned shutdowns?*
- 13. How satisfied have local councils been with the lead time regarding outages?*
- 14. Do brown-outs have an impact on local council's organisations? If yes, in what way?*
- 15. Other comments, if any, local councils would like to make about the services they receive from Unison Networks Ltd.*

5.3.12 Contractors

1. *When was the last time contractors used Unison services?*
2. *What happened during the contractor's last working encounter with Unison?*
3. *What specific contact had contractors received from Unison recently?*
4. *How satisfied are contractors with the working relationship they have with Unison?*
5. *What information would contractors like from Unison?*
6. *What are contractor's performance expectations as a contract provider?*
7. *How can Unison better help contractors business perform?*
8. *How prescriptive do contractors find the work packages provided by Unison and why?*
9. *Other comments, if any, contractors would like to make about the services you receive from Unison Networks Ltd.*

As the reader can see, the nature of the research question/problem varied considerably within each piece of customer research. The questions were influenced by the nature of the research being undertaken however all questions related to the case study organisations CRM initiative over the three years of the longitudinal study.

5.3.13 Development of an Approach to the Problem

For the purpose of the research problems/questions outlined above it was decided that quantitative survey based research studies (Partington, 2002) which produced basic descriptive statistics be pursued. Conclusions for each piece of research in relation to the case study questions outlined in the literature review chapter are presented and discussed in the Analysis of Data chapter.

5.3.14 Research Design Formulation

The research design involved the formulation of a framework for conducting the research project. During this period of the research project the specific details of the procedures necessary for obtaining the required information to structure the customer/market research were addressed (Malhotra, 1996).

A quantitative research approach was decided upon as its primary objective is to provide insights and gain an understanding of the issues being researched (Sekaran, 1992). Using this approach offered the opportunity to identify alternative courses of future action, isolate key variables and relationships for future examination and establish priorities for further research (Malhotra, 1996). Although an exploratory research approach was adopted, it

still followed the rigors of conclusive research in its sampling methods, data collection and basic data analysis.

The survey instrument used in each survey was a structured questionnaire. The following types of research questions were used in this instrument:

- **Scaling questions (Likert)** (Zikmund, 2003) – questions that asked respondents to evaluate performance of specific deliverables and services delivered.
- **Dichotomous questions** (Malhotra, 1996) – questions with only two response alternatives such as Unison’s image attributes and willingness to pay more for improved quality.
- **Unstructured questions** (Malhotra, 1996) – open ended questions that respondents answer in their own words such as the name of their electricity lines company and who customers would call in the event of an electricity fault, other comments and opinions on various issues.
- **Structured questions** (Malhotra, 1996) – questions that pre-specify the set of response alternatives and the response format such as preferred communication and classification questions which gain gender, demographic and income (residential) details.
- **Filter questions** (Malhotra, 1996) – questions that ascertained respondent’s qualification to answer the questionnaire or specific parts of it.

These questions were then ordered within the questionnaire using a funnel approach. A funnel approach is a strategy for ordering questions in a questionnaire in which the sequence starts with the general questions which are followed by progressively specific questions in order to prevent specific questions from biasing general questions (Malhotra, 1996).

5.3.15 Sampling Design and Procedures

The next step in the process was to establish the sampling design and processes to determine who was to be interviewed and why.

As the purpose of the research was to measure Unison’s customer satisfaction, expectations, opinions and perceptions it was important to consider that when determining the characteristics of a population, it is often advantageous to examine a part of the

population (sample) rather than the whole (census) (Malhotra, 1996). The sampling design process is presented in Table 5-6 below.

Table 5-6 The Sampling Design Process

1. Define the population.
2. Determine the sampling frame.
3. Select sampling technique.
4. Determine the sample size.
5. Execute the sampling process.

(Malhotra, 1996)

Each of the steps outlined in Table 5-6 will now be explained.

5.3.16 Defining the Target Population

The first step of the sampling process was to determine the population to be researched. A population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran, 1992). The population to be researched included urban mass market, rural customers, residential and commercial customers/stakeholders by geographic location. The next decision to be made was whether a census or sample approach was to be employed.

A census is a complete enumeration of the elements of a population or study objects; whereas a sample is a subgroup of the elements of the population selected for participation in the study (Malhotra, 1996).

Owing to the practicalities and constraints of undertaking research (financial, time, resources scope etc) and that it is not always necessary to contact everyone in a population in order to know what they think (Easterby-Smith, et al., 1991), it was decided that a sample approach be taken to the annual, post distribution and OHUG surveys. In the instance of the rural and stakeholder research, all stakeholders within these groups were invited to take part either by post or by telephone interview.

Having identified the population, the next step was determining the target population. The target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made (Malhotra, 1996).

The target populations connected to Unison's Network to be researched were as follows:

1. **Annual Surveys:** Residential and commercial customers

2. **Rural Survey:** Rural customers
3. **Post Distribution Survey:** Hawke's Bay only residential customers
4. **OHUG Survey:** Residential and commercial customers
5. **Stakeholder Survey:** electricians, commercial customers 500-1000kVA, developers, local councils and Unison's contractors.

The elements and sampling units were then identified as follows:

- **Elements** – Objects that possess the information sought by the researcher and about which inferences are to be made (Malhotra, 1996);
 - **Residential/Rural Customer Elements:** the person or persons within the household responsible or partly responsible for paying the power account
 - **Commercial/Stakeholder Customer Elements:** manager, general manager within the business who was available to take part in the study. This elements general parameters were purposely relaxed in consideration of the politics of management research (Easterby-Smith, et al., 1991).

A sampling unit is the basic unit containing the elements of the population to be sampled (Malhotra, 1996). Therefore, in this instance residential/rural customer sampling unit are households/rural properties and commercial/stakeholder customer sampling unit was commercial businesses connected to Unison network.

In addition to the elements and sampling unit (Malhotra, 1996), the extent to which the sampling would be conducted was determined. The extent of the research included customers connected to Unison lines network within Napier, Hastings, Taupo and Rotorua (excluding Central Lines managed network).

It is important to note that although basic demographic information relating to residential respondents was collected, this information had little bearing on the analysis of the data. The only distinction made in the sampling units and elements of relevance in these research studies are listed above; this rationale is explained further in the section on probability sampling on page 167. Demographic data was collected in the event a query was made by the management team as to who had been interviewed and to ensure the sample was generally representative of the population and not just 65+ retired female widows.

5.3.17 Determining the Sampling Frame

Once the target population had been established, a sampling frame needed to be identified. A sampling frame is a representation of the target population. It consists of a list or set of directions for identifying the target population (Malhotra, 1996). Four sampling frames were identified as follows:

1. Hawke's Bay, Rotorua & Taupo residential sample was randomly drawn from telephone directories.
2. Hawke's Bay commercial customer sample was selected from Unison's primary customer database.
3. Rotorua & Taupo commercial customer sample came from a secondary Unison database in cooperation with Unison's retailer partners in Taupo and Rotorua.
4. Rural customers came from New Zealand Post targeted rural delivery areas, distribution was managed by Deltarg (Deltarg, 2007).

Several possible sampling frame errors were identified and addressed as follows:

1. Hawke's Bay, Rotorua and Taupo residential sample would only represent Unison customers who had a telephone connection and were available at the time the researcher called.
2. Postal surveys could only be completed by those who had a postal address, could read and write and were available to complete the survey at the time.
3. The commercial sample from Hawke's Bay, Rotorua & Taupo was selected from two separate databases. Sample respondents reflected those organisations for which it was possible to obtain a valid telephone number from either the Unison primary database (Hawke's Bay) or Unison secondary partner retailer databases (Rotorua & Taupo). Where only partial data was available, an online search was used to source missing names, addresses, phone numbers and postal addresses etc via the following cross referencing sources:
 - a. Telecoms white and yellow pages (www.whitepages.co.nz and www.yellowpages.co.nz).
 - b. New Zealand Companies Office (www.companies.govt.nz/cms).
 - c. UBD insight (www.ubd.co.nz/insight_new/otherbr/default.asp).
 - d. Wises directory (www.wises.co.nz).

5.3.18 Selection of a Sampling Technique

Several sampling techniques were available to the researcher; some of these techniques included the following:

1. Bayesian or traditional sampling.
2. Sampling with or without replacement.
3. Non probability and probability sampling (Malhotra, 1996).

From the above options the following were selected for mass market telephone research:

1. **Traditional sampling:** the entire sample was selected before the data collection began.
2. **Sampling without replacement:** once an element (phone number) is selected for inclusion in the sample it is removed from the sampling frame, as a result it cannot be selected again (Malhotra, 1996).
3. **Probability Sampling:** sampling that utilises random selection (Trochim, 2001).

Postal and stakeholder survey research used a census approach in which the entire population was invited to take part. Stakeholder research invited all identified customers in each stakeholder group. A maximum of three attempts to contact each customer were made to reduce the effect of non response rates to the survey.

In the instance of the mass market customer research, the most important issue to be considered regarding the sampling technique was whether to use non probability and probability sampling techniques. Non probability sampling is a sampling technique which does not use chance selection procedures; rather it relies on the personal judgement of the researcher (Malhotra, 1996). A probability sampling method is any method of sampling that utilises some form of random selection. The difference between non probability and probability sampling is that non-probability sampling does not involve random selection and probability sampling does (Trochim, 2001)

Because the sampling unit (households) were different from the element (residential customers: power bill payer, commercial customers: manager/business owner) it was necessary to specify precisely how the sampling unit would be selected (Malhotra, 1996). To achieve this, several probability sampling techniques were available for selection as follows:

1. Element versus cluster sampling

2. Equal unit probability versus unequal probabilities
3. Un stratified versus stratified selection
4. Random versus systematic selection
5. Single stage versus multi stage techniques (Saunders, Lewis, & Thornhill, 2000).

All possible combinations of these five aspects result in 32 different probability sampling techniques (Malhotra, 1996). For the purpose of the mass market studies proportionate stratified random sampling techniques (Cavana, Sekaran, & Delahaye, 2001) were used to create the sample. This method of random sampling was used as opposed to robust sampling (Keeter, Miller, Kohut, Groves, & Presser, 2000) as the purpose of the research was to measure opinion, perceptions and satisfaction levels, demographic considerations were secondary. In further support of this decision, in their research Keeter et al (2000) found that most of the statistically significant differences were among demographic items with very few significant differences were found in the areas being researched, including even those toward surveys.

The use of stratified sampling methodologies will now be described for each of the telephone based mass market studies undertaken during the three years of this longitudinal case study. These studies include the annual customer surveys, post distribution survey and the OHUG study. After these methodologies have been presented, an overview of the rural postal survey and the stakeholder research will be presented.

5.3.19 Stratified Sampling

Stratified sampling is a probability sampling procedure in which sub samples are drawn from random sample within different strata that are more or less equal on some characteristic (Zikmund, 2003). In the annual, post distribution and OHUG surveys, sample was stratified based on the level at which Unison customers drew power from the lines network as follows:

1. **0-15kVA:** typically residential customers
2. **16-200kVA:** typically commercial customers small business (dairy farms)
3. **201-1000kVA:** typically commercial customers medium businesses (council properties)
4. **1000+kVA:** typically large commercial customers (manufacturing).

Since proportional stratified random sampling techniques (Cavana, et al., 2001) were used, the size of the sample drawn from each stratum was proportionate to the relative size of that stratum in the total population (Malhotra, 1996). Proportional stratified random sampling

outcomes for Unison’s residential 0-15kVA customers in the annual surveys are presented in Table 5-7 below.

Table 5-7 Residential 0-15kVA Customers Sample 2003 and 2004

Region.	Residential Connections.	Estimated Home Businesses.	Total residential less home businesses.	Percentage of total Sample.	Sample size from each region.
Hawke's Bay.	54293	2000	52293	59.93%	180
Rotorua.	25304	932	24372	27.93%	84
Taupo.	<u>10998</u>	<u>405</u>	<u>10593</u>	12.14%	<u>36</u>
	90595	3337	87258		300

As presented in Table 5-7 above the following regions 2003 and 2004 residential consumers draw between 0-15kVA:

1. Hawke’s Bay there are 54,293 residential connections
2. Rotorua 25,304 residential connections
3. Taupo there are 10,998 residential connections.

The three regions present a combined 90,595, 0-15kVA residential connections. An internal study conducted by Unison (Hewitt, 2003) drew the conclusion that approximately 2000 of the 54,293 Hawke’s Bay connections were in use by small home businesses. This represents approximately 3.7% of the 0-15kVA connections in Hawke’s Bay. The management team believed it prudent that the same formula be applied to the Rotorua and Taupo 0-15kVA connections. As a result the following conclusions were drawn and are presented in table 5.2.

1. 2000 of the 54,293 0-15kVA residential connections in Hawke’s Bay are in use by small home businesses
2. 932 of the 25,304 0-15kVA residential connections in Rotorua are in use by small home businesses
3. 405 of the 10,998 0-15kVA residential connections in Taupo are in use by small home businesses.

When the estimated 3.7% small home businesses connections are subtracted from the total 0-15kVA connections in each region, the following figures are derived:

1. Hawke’s Bay there are 52,293 residential connections
2. Rotorua 24,372 residential connections
3. Taupo there are 10,593 residential connections.

The three regions less the estimated 3.7% represent a combined 87,258 0-15kVA connections.

To determine the number of respondents required in each region, the percentage of the total 0-15kVA user's representative of each region was calculated. The results, illustrated in table 1.1, are presented as follows:

1. **Hawke's Bay's 52,293** 0-15kVA connections represent 59.93% of the total combined regions residential customers requiring 180 of the 300 respondents to be interviewed in the satisfaction survey
2. **Rotorua's 24,372** 0-15kVA connections represent 27.93% of the total combined regions residential connections requiring 84 of the 300 respondents to be interviewed in the satisfaction survey
3. **Taupo's 10,593** 0-15kVA connections represent 12.14% of the total combined regions residential connections requiring 36 of the 300 respondents to be interviewed in the satisfaction survey.

The combined respondent sample for all three regions equals 300. This residential sampling methodology was repeated in 2004 and slightly modified in 2005 owing to minor changes in residential statistics as per the New Zealand census as presented in Table 5-8 below.

Table 5-8 Residential 0-15kVA Customers Sample 2005

Region.	Residential Connections.	Estimated Home businesses.	Total residential less home businesses.	Percentage of total sample.	Sample size from each region.
Hawke's Bay.	55307	2000	53307	58.54%	176
Rotorua.	26581	961	25620	28.13%	84
Taupo.	12589	455	12134	13.32%	40
	94477	3416	91061		300

For the purpose of the 2004 post distribution survey, the research study surveyed the opinions and feedback of Napier and Hastings residential electricity consumers. A random sample of 400 residential customers was interviewed for this study.

Proportional stratified random sampling outcomes for Unison's commercial customers are presented in Table 5-9 below.

Table 5-9 Unison Stratified Commercial Customers 2003

Stratified Sample	HB	HB%	n	Rotorua	Rot%	n	Taupo	Taupo %	n
16-200kVA	1694	28.26%	28	3497	58.33%	58	323	5.39%	5
201-1000kVA	291	4.85%	5	132	2.20%	2	30	0.50%	1
1001+ kVA	19	0.32%	1	6	0.10%	0	3	0.05%	0
	2004		34	3635		60	356		6

Based on the above strata the following commercial customer's groups were identified across Unison's three geographical regions. These figures are presented in Table 5-9 above and are described as follows:

1. Hawke's Bay: **1,694** 10-200kVA consumers, **291** 201-1000kVA users and **19** 1001+kVA users.
2. Rotorua: **3497** 10-200kVA consumers, **132** 201-1000kVA users and **2** 1001+kVA users.
3. Taupo: **323** 10-200kVA consumers, **30** 201-1000kVA users and **3** 1001+kVA users.

As per the residential sampling methodology, to determine the number of respondents required in each region, a percentage of all the commercial users representative of each region was calculated. The results, illustrated in Table 5-9 above are presented as follows:

1. Hawke's Bay:
 - a. **28.26%** 10-200kVA commercial users requiring **28** respondents.
 - b. **4.85%** 201-1000kVA commercial users requiring **5** respondents.
 - c. **19** 1001+kVA commercial users requiring **1** respondent.
2. Rotorua:
 - a. **58.33%** 10-200kVA commercial users requiring **58** respondents.
 - b. **2.2%** 201-1000kVA commercial users requiring **2** respondents.
 - c. **0.1%** 1001+kVA commercial users requiring **2** respondents.
3. Taupo:
 - a. **5.39%** 10-200kVA commercial users requiring **5** respondents.
 - b. **0.5%** 201-1000kVA commercial users requiring **1** respondent.
 - c. **0.05%** 1001+kVA commercial users requiring **0** respondents.

The combined commercial respondent sample across all strata and three regions equal 100. Based on minor increases in the number of businesses operating in the three regions ("Statistics New Zealand website," 2005) and the Customer Relationship Managers teams

desire to simplify sampling of commercial customers, sampling levels were modified in 2004 and 2005 and is presented in Table 5-10 below.

Table 5-10 Unison Stratified Commercial Customers 2004 and 2005

Sample	HB	HB%	n	Rotorua	Rot%	n	Taupo	Taupo%	n
Number of Business customers 2004.	2004	33.43%	34	3635	60.63%	60	356	5.94%	6
Number of Business customers 2005.	2116	33.15%	33	3672	57.53%	58	595	9.32%	9

To maintain consistency, probability sampling techniques were maintained at the element level in the following manner:

- **Residential:** In the event that more than one person was responsible for paying the bill was available, the interviewer asks to speak to the person who is most responsible
- **Commercial:** In the event that there may have been more than one senior manager person available to speak with, the person most available was selected.

5.3.20 Rural Survey

In the instance of the rural postal survey, a total of 8238 questionnaires were distributed with 662 being returned for analysis (8.04%). Rural sample breakdown is presented in Table 5-11 below:

Table 5-11 Rural Sample Breakdown

	Napier	Hastings	Rotorua	Taupo	Unidentified	Total
Rural distribution.	1158	2732	2951	1397		8238
Percentage of sample.	14.06%	33.16%	35.82%	16.96%		100.00%
Number Returned.	103	213	264	77	5	662
Percentage of total received.	15.56%	32.18%	39.88%	11.63%	0.76%	100%
Area response rate.	8.89%	7.80%	8.95%	5.51%		8.04%

As presented in Table 5-11 above, an average of 8.04% total response rate was achieved from the complete rural postal mail out.

5.3.21 Stakeholder Survey

As mentioned, five stakeholder groups were identified and targeted for this study. Contact lists were created for these groups and are presented in the table below:

Table 5-12 Research Sample

Group	Target	Achieved	Percentage	Notes
1. Electricians.	152	67	44.08%	Achieved sample represents a cross section of electricians who use Unison's services
2. Commercial.	88	24	27.27%	Achieved sample represents a cross section of commercial organisations who have contact with Unison's services
3. Developers.	42	16	38.10%	Achieved sample represents a cross section of developers who have recently used or are currently using Unison's services
4. Local Councils.	52	14	26.92%	Achieved sample represents a cross section of respondents from each of the five councils within Unison network area
5. Contractors.	7	6	85.71%	Achieved sample represents a cross section of contractors who use Unison's services

Organisations that did not have direct contact with Unison were NOT interviewed.

5.3.22 Overhead to Underground Survey

Summary tables of the sampling process and outcomes are presented below in Table 5-13 below as follows:

Table 5-13 Overhead to Underground Sample**Sampling Outcomes.**

	Connections	Sample gained.
Hawke's Bay Residential.	36540	380
Hawke's Bay Commercial.	5800	361
Rotorua & Taupo Residential.	46500	300
Rotorua & Taupo Commercial.	4400	100

Random probability sampling was used to select respondents; this ensured that each potential respondent selected had an equal chance of being interviewed.

5.3.23 Determining the Sample Size

The next issue to be addressed was the size of the sample to be collected. In consideration of this the following issues were considered:

- **The importance of the decision and the nature of the research** – more important decisions require larger sample sizes. The purpose of this initial exploratory research was to gain a broad understanding of customer satisfaction levels and perceptions so insights into possible areas of improvement and focus could be determined. Although the research was a quantitative study, the research was of an exploratory nature (Malhotra, 1996).

- **the number of variables and nature of the analysis** – although several variables were being examined, it was understood and agreed to that only an overview of percentages and descriptive statistics would be performed on the total sample with minimal analysis of sub group samples (Malhotra, 1996).
- **sample sizes in similar studies** – sample sizes in similar studies were also around the 400 respondent size, therefore as this study was similar to others conducted with similar purpose within the same industry, the management team agreed to the sample size (Cooper & Schindler, 2001).
- **incidence rates and completion rates** – based on similar studies, the incidence rate was high.
- **Resource constraints** – the purpose of this study was to conduct exploratory research into Unison’s customer satisfaction levels and perceptions based on this a sample size of 400 was decided upon.

5.3.24 Execution of the Sampling Process

Using the above process, sample was generated in preparation for the data collection stage of the research.

5.3.25 Field Work/Data Collection

Annual customer survey, OHUG and Post distribution research respondents were interviewed by telephone by the researcher with the assistance of a team of telephone interviewers.

The rural survey was distributed by post with Freepost return address respondents could post the survey back to by the specified deadline. Stakeholder research consisted of five different questionnaires. Interviews were conducted by telephone over a four week period in March 2006.

Fieldwork took a variety of forms during the course of the eight mass market research studies. The researcher will now discuss the data collection methods employed for the three annual customer surveys, OHUG and post distribution study and will then go onto describe the mixed approach taken for the rural postal survey and stakeholder research.

5.3.26 Data Preparation and Analysis

The following course of action was employed in the data preparation process as presented in Table 5-14 below:

Table 5-14 Data Preparation Process

1. Preliminary plan of data analysis.
2. Questionnaire checking.
3. Editing.
4. Coding.
5. Transcribing.
6. Data cleaning.
7. Statistically adjusting the data.
8. Selecting a data analysis strategy.

(Malhotra, 1996)

A summary of each of the areas outlined in Table 5-14 will now be addressed.

5.3.27 Preliminary Plan of Data Analysis

This process is explained in *Selecting a Data Analysis Strategy* on page 178. No alteration to this initial plan occurred in the final analysis of the research data.

5.3.28 Questionnaire Checking

All questionnaires were checked for completeness, answering patterns, response gaps and qualification of respondent. All areas were completed to a satisfactory standard.

5.3.29 Editing

Owing to the fact that a large proportion of the questionnaires were interviewed by the PhD Researcher, editing of questionnaires took place from the beginning of the survey. Only minor changes to the wording of the questions to improve clarity occurred.

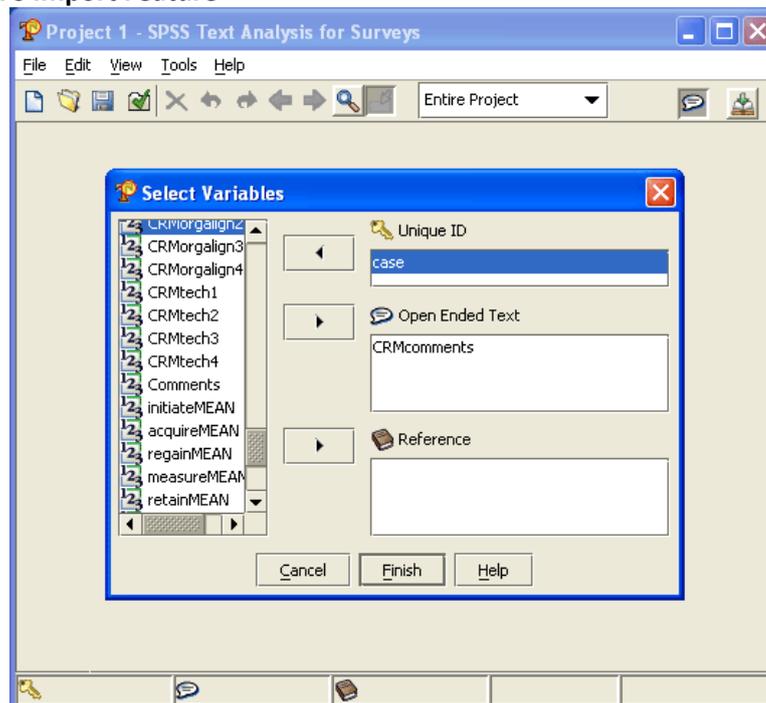
Limited editing of questionnaires was required. In a few instances the additional researchers would leave blank a response to a question, when queried regarding this, it was concluded that the field was left blank because the respondent did not answer the question. In these instances it was decided that values would not be assigned to the missing data. Originally it was proposed by the PhD Researcher that the series mean would be used and inserted to replace the missing value, however after discussion with Dr Nigel Grigg of COER, it was decided that the data would be left blank as its impact on the final descriptive analysis would be minimal. Where data values were missing, the degree to which they affect the outcome of the findings is presented in the main report.

5.3.30 Coding

All data types should, with few exceptions be recorded using numerical codes to enable data to be entered quickly and with fewer errors (Saunders, et al., 2000). Coding is the assignment of a code to represent a specific response to a specific question along with the data record and column position that code will occupy (Malhotra, 1996)

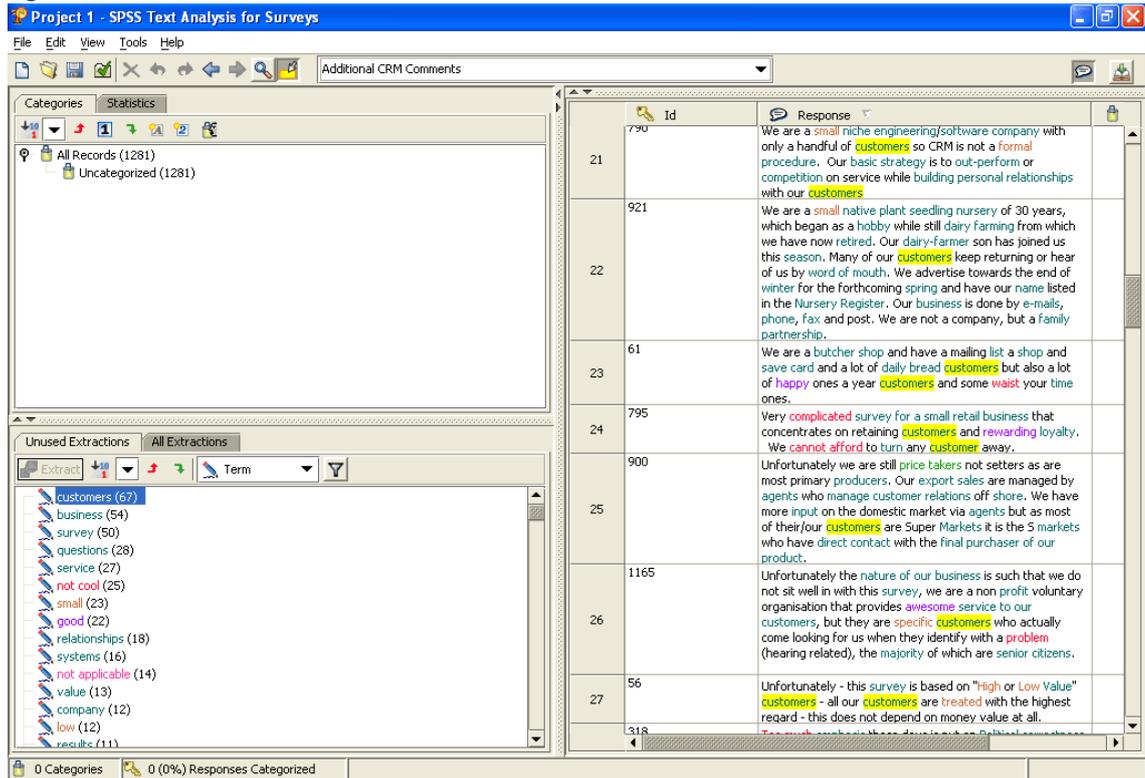
Over the course of completing all surveys for Unison, several questions within each survey consisted of open ended questions in which the respondent was given the opportunity to explain in their own words, their views and opinions regarding a variety of customer relationship and service issues with Unison. Although it was possible to code these open ended responses by hand, new technology was sourced which assisted in the coding of large amounts of open ended data more easily. To this end, SPSS Text Analysis for Surveys (STAFS) was used. Open ended text data was imported from the original SPSS data files into STAFS illustrated in Figure 5-1 below.

Figure 5-1 STAFS Import Feature



An initial pattern matching algorithm was used to find and obvious matches in the open ended comments data as illustrated in Figure 5-2 below.

Figure 5-2 STAFS Extraction Feature



This allowed the researcher to begin to identify initial categories and codes in which to place the open ended data. After this automated process was completed, the researcher went through each open ended comment and assigned the data to one or more categories. Where no category could be found for the data on the initial pass, the response was assigned to an “other” category. After all responses had been assigned to various categories, the “other” category was then re-examined to see if additional categories could be introduced.

Once coding had been completed, data was then exported from STAFS to a new SPSS Base file, then merged with the original SPSS Base data file and analysed using descriptive statistics.

5.3.31 Transcribing

Data was transcribed from questionnaires into SPSS by keyboard by the PhD Researcher.

5.3.32 Data Cleaning

Once the data had been transcribed into SPSS, it was thoroughly cleaned. A printout of inputted data was created and then checked against the data collected on the original

questionnaire form. This process was repeated twice by two separate people. Any data processing errors were corrected (Zikmund, 2003).

5.3.33 Statistically Adjusting the Data

As stated previously, in the rare event of missing data, it was decided that values would not be assigned and that the missing value would be presented in the report. Pair-wise deletion was used in these instances. A pair-wise deletion is a method of handling missing values in which all cases or respondents with any missing values are NOT automatically discarded; rather, for each calculation, only the cases of respondents with complete responses are considered (Malhotra, 1996).

Weighting, variable re-specification, dummy variables, scale transformation and standardisation (Malhotra, 1996) statistical adjustments were not used to adjust the data.

5.3.34 Selecting a Data Analysis Strategy

Descriptive statistics, frequencies, cross tabulations and means analysis were used to analyse the quantitative data. The tools were used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data (Trochim, 2000). Frequency distributions, means and cross tabulation statistical analysis methods were selected to analyse the data.

Frequency distribution is a mathematical distribution whose objective is to obtain a count of the number of responses associated with different values of one variable and to express these counts in percentage terms (Malhotra, 1996). Means are the average: that value obtained by summing all elements in a set and dividing by the number of elements (Malhotra, 1996). Cross tabulation organise data by group, categories, or classes, to facilitate comparisons (Zikmund, 2003).

To maintain consistency, where possible findings were presented both graphically (Kervin, 1992) and in tabular form. For overall findings the *descriptive statistics* function within SPSS Base was used to create tables and charts. Customer segments findings (all regions) commercial cases were selected using the *select cases* function in SPSS Base, *descriptive statistics* function within SPSS Base was used to create tables and charts, means were

generated where necessary using the *statistics options* within the *analyse frequencies* function in SPSS Base.

For the purpose of visual variation, tables were exported from SPSS Base into Microsoft Excel so more attractive charts could be created means were generated where necessary using the *statistics options* within the *analyse frequencies* function in SPSS Base.

Additional descriptive analysis options were considered which included Mode, Median, Range, Gaps and Standard deviation (Trochim, 2000). However after reflection and discussion with Dr Nigel Grigg it was decided that, as interesting as the findings may have been, they did not add to the meaning of the data or assist further in its interpretation.

5.3.35 Report Preparation and Presentation

Owing to the variation of the audiences of the final survey reports (Executive team, Unison Board of Directors, Hawke's Bay Power Consumers Trust and Commerce Commission a deductive report structure (Emerson, 1995) was used in the final written presentation; using this report style allows busy people the opportunity to get to the heart of the report on the very first page. Data and analysis was then rewritten and formatted using Perry (1994) recommendations for thesis presentation structure.

Having provided a comprehensive review of the research methodology used to undertake the market research studies during the longitudinal case study by participant observation, the researcher will now present the findings of the surveys using the following format:

1. Presentation of literature review questions.
2. Introductory comments in relation to the sub section.
3. Summary of answers to literature review questions and main issues addressed.

5.4 Annual Customer Surveys 2003-2005 (including 2005 Rural Survey)

Six research questions that relate to the three annual customer, rural and post distribution surveys undertaken by the researcher are as follows:

- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 23:** *How are specific service attributes measured?*

- **CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- **CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*
- **CRM Question 44:** *How are the organisations CRM efforts perceived and interpreted?*
- **CRM Question 45:** *Whose interests do they appear to serve – the organisation’s or the customers’?*

In addition to the six questions above, the researcher critically discusses the statement “**measuring relationships through customer research**” presented in the CRM definition.

5.4.1 Introduction to Annual Customer Surveys

From 2003 to 2005 the researcher undertook annual quantitative research to identify mass market and commercial customers overall attitudes and opinions of Unison’s services. The use of customer research enabled Unison to measure customer satisfaction by segment and measure the company’s specific service attributes. Information from these surveys assisted the organisation to better understand its customers and allowed this understanding to permeate the company’s AMPs enabling it to improve profitability by channelling resources where they were needed and most beneficial.

Research also uncovered the level of emotional bond that exists between Unison and its customers while at the same time enabling the company to see how its CRM initiatives were perceived and interpreted by its customers. For economy of space only charts displaying “all” and “rural” customers are presented.

5.4.2 Overview of Methodology

A summary of the methodology employed in the surveys were presented from page 156. By way of review a summary of the research methods used is presented here.

In each of the annual surveys, the research sampled respondents from the three geographical areas Unison operates in: Hawke’s Bay, Taupo and Rotorua. A random sample of 300 residential customers and 100 commercial customers was selected. The sample was selected by region and stratified by customer group (commercial and residential) to ensure a representative geographical and connection type measure of Unison customers. In 2005, 8238 questionnaires were posted to rural customers within Unison’s rural network of which 662

were returned. In 2004 the researcher undertook a post distribution telephone survey of 400 Hawke's Bay customers.

5.4.3 Research Analysis

The annual research measured a variety of attributes and service deliverables along with perceptual issues. An overview of the annually measured issues is presented below:

1. **Un-prompted Name Recall** – the degree to which consumers could recall the name of their electricity lines company.
2. **Prompted name recall** – of those consumers who did not identify Unison as their lines company, the percentage of those consumer who had heard of Unison.
3. **Overall satisfaction** – measured the level of perceived service satisfaction.
4. **Image attributes** – measures the perceptions customers have of Unison as a company and the CRM initiative it delivers specifically the level of Unison's helpful and friendly service, the company's progressive nature, the degree to which it is perceived that Unison cares about its customers, the payment of discounts and dividends (HB only), the degree to which the company is perceived as a highly professional organisation, how well the company keeps the public informed and satisfaction with the company's faults service and how much it is perceived as caring about the community.

In addition to the annually tested issues, during each annual survey, an additional set of topical question of interest to Unison was addressed. In 2003 the company measured preferred communication, in 2004 price quality trade-off and sponsorships were measured and in 2005 outage issues and willingness to pay for improved service was measured. A summary of the main points is presented below.

5.4.4 Summary of Conclusions from Annual, Rural and Post Distribution Research

5.4.5 2003-2005 Annual Questions (and rural results)

Un-prompted Name Recall: Over the 2003-2005 periods, Unison's un-prompted name recall increased, and in many instances doubled, across customer groups and regions. However, approximately 85% of customers still do not distinguish between retailer and electricity lines company. Rural customers recall of Unison as their lines company was double that of urban customers.

Prompted name recall: From 2003 to 2005, an increase in prompted name awareness for the "Unison" brand grew in all regions with the greatest increase being recorded with

residential customers. Approximately 80% of Hawke's Bay consumers have heard of Unison with just over 50% of Taupo and Rotorua consumers having heard the name.

Overall satisfaction: Overall satisfaction fell during the 2004-2005 period. As stated in the 2003/4 report, it is important to note that respondents do not differentiate between retailer and electricity lines company; therefore, it is reasonable to assume that in most instances (85%) respondents were referring to their retailer when answering this question. Analysis of the overall satisfaction levels of respondents stating that Unison was their electricity lines company recorded improved satisfaction level results above those derived from all respondents. Rural customers are less satisfied than urban customers.

Image attributes: Hawke's Bay respondents recorded the highest increases across all image attributes, conversely Taupo and Rotorua showed the greatest decreases in image attributes. It is important to note that the fact that customers do not distinguish between electricity lines company and retailer means that not all decreases in these areas may be ascribed to Unison alone. This being said changes to the "Satisfactory Faults Service" attribute, which is unique to an electricity lines company, recorded a lower rating in the Taupo and Rotorua regions but increased in the Hawke's Bay region. A change in discount and dividends, which were paid over Christmas 2004, was reflected in the Hawke's Bay results with response numbers closer to the 2003-payout records.

Unison deliverables: Reliability remains the most important attribute among all respondents. Taupo respondents 17.86% increase in the "Reliable/No power cuts" deliverable and 10.20% increase in the "Quick response/fix cuts quickly" deliverable is significant.

Rating deliverables: With the exception of minor fluctuations, overall Unison has continued to achieve a satisfactory level of performance in all key deliverables across all customer groups and regions.

Fault information: Although an increase in name recall for Unison as a fault organisation was recorded, customers still typically make contact with their electricity retailer in the event of an electricity fault. Most customers DO NOT contact Unison in the event of an electricity fault.

Number of power cuts: Overall, less outages were recalled over the previous 12 months. Rural customers experience more frequent and longer outages than urban customers

Outage satisfaction level: Most customers are more satisfied with the number of outages experienced throughout 2005 than in the previous year. Positive changes in satisfaction levels are in line with decreased outages recalled by customer groups and regions. Significant differences exist between satisfaction levels of rural and urban customers.

Time without power: Time without power reduced within commercial, residential, Hawke's Bay and Rotorua, Taupo experienced an increase in the duration of time without power. Rural respondents are typically without power longer than urban customers.

Willingness to pay for improved response time: Service delivery is already perceived as good, there is little frame of reference from which respondent can make a willingness to pay judgement call. Although rural outages are more frequent and last longer, the majority of rural customers are not willing to pay more for an improved service.

5.4.6 2003 Specific Questions Conclusions

Most preferred communication methods: Although customers prefer traditional letters and newsletters, electronic mail is emerging as a viable alternative for communicating with customers, particularly with commercial customers.

Ranking of communication method: Most customers recalled and rated letters over and above other forms of communication.

Willingness to pay: Owing to the high levels of satisfaction with the number of power outages, most customers DO NOT WANT to pay more for a service with which they are satisfied. Only customers in the Taupo region, which experienced more outages and greater dissatisfaction, were marginally prepared to pay more for improved services.

5.4.7 2004 Specific Questions Conclusions

2004 Unprompted Sponsorship Recall: Most respondents do not associate Unison with any sponsorship.

2004 Prompted Sponsorship Recall When prompted, a higher percentage of respondents recalled Unison associated sponsorship specific to their region.

5.4.8 2005 Specific Questions Conclusions

Better/worse perceptions: Most respondents perceive only a minor improvement in their power quality over the previous 12 months. This is an important indicator to maintain should current quality levels change in future years. Little difference exists between rural and urban, better/worse perceptions.

Restoration time satisfaction: Most respondents are satisfied with the time taken to restore power. Rural customers are less satisfied with the restoration response time than urban customers.

5.4.9 2004 Post Distribution Survey

In addition to the annual surveys and rural research, in mid December 2004, the HBPCCT distributed funds to every electricity user connected to Unison's Hawke's Bay Network as their share of a \$3 million dollar dividend the Trust received from Unison. A summary of this research is presented here.

5.4.10 Annual Surveys Summary

Customer satisfaction is measured by segment through market research. Segments comprise of residential, commercial/industrial, rural customers and regional subgroups. Further segmentation research occurs in specific stakeholder research presented later on page 189. Satisfaction is measured in terms of overall service, specific deliverables, image attributes, outage and restoration time satisfaction.

In relation to the Hypothesis "**Good service increases the level of emotional bond between customer and supplier; the level of emotional bond between Unison and its customers varies by customer segment.**" Residential/domestic customers appear to have little emotional bond with Unison and are almost oblivious to the company's existence. The only time these customers have any need to engage with Unison is in the event of an outage and even this is limited to Hawke's Bay residential/domestic customers as faults are managed by the retailer in Taupo and Rotorua.

Rural and commercial/industrial customers have a greater emotional bond with Unison for similar reasons. Rural customers are almost twice as aware of who their lines company is owing to the frequent supply interruptions; commercial/industrial whose operations are dependent on a reliable consistent quality of supply have a vested interest in Unison and are acutely aware of the service and quality of electricity the company provides. The irony here is that the emotional bonds are driven by poor quality rather than good quality. The better the service provided by Unison, the lower the customer's emotional bond with the company... which is the antithesis of traditional market loyalty practices.

Customer awareness of Unison has steadily grown over the three years of the annual surveys. This is as a result of Unison's communication channel management and the marketing of its brand and services it offers. In saying this, although these CRM initiatives have positively impacted on name awareness and most customers are satisfied with Unison's delivery of its services, almost 85% of urban customers in all three regions still do not differentiate between retailer and electricity lines company. Therefore, although effective, CRM initiatives can still be improved.

As a "wires and poles" business, only Unison's customer-centric philosophy and engagement with the customer has brought about success with its CRM initiatives. This has been driven from the inside out with the assistance of some regulatory requirements acting as key drivers. Unison CRM initiatives have been designed to allow the company to measure, improve and communicate with its customers to better the company's awareness and relationships at varying levels across all customer segments. From this it is reasonable to state that the company's CRM initiative serves both the organisation and the customers' interests.

From the perspective of the CRM definition, this is what is meant by "measuring relationships through customer research".

5.5 2004 Undergrounding Research Survey

A major CRM initiative introduced previously by the researcher was in relation to the \$56 million, 17 year long term strategy of undergrounding all urban overhead electricity lines in the Napier & Hastings region. In relation to this, two questions arising from the CRM literature review are as follows:

- **CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*

- **CRM Question 12:** *How was the voice of the customer used to deliver value?*

A summary of the main findings are as follows:

5.5.1 2004 Overhead to Underground Conversion Survey Summary

In 2005, Unison embarked on a long term strategy to convert all urban overhead power lines in Napier & Hastings to underground cable. Prior to the 2004 OHUG research being undertaken, it is understood that no empirical research in this area had been undertaken by an electricity lines company in New Zealand (Hewitt, 2003).

Owing to the monopolistic nature of the electricity lines industry in New Zealand, customers connected to Unison's network are life time customers. Disadvantages of undergrounding overhead cables included traffic disruptions during construction, environmental disruption in the event of faults, increased time to repair underground faults, possibility of increased time without power in the event of faults and increased lines charges to pay for Overhead line to underground cable conversion. Disadvantages in relation to undergrounding overhead cables were regarded as acceptable by most customers

Benefits arising from undergrounding overhead cables include improved reliability of transmission; reduction in power pole related traffic accidents, reduction in risk of public and lines staff electrocution, less power disruption from storm damage and improved aesthetic values and property values. Most customers were in favour of these benefits; a level of willingness to pay for the benefits was recorded in this research.

In light of the above research and the lifetime nature of the customer relationship, relationships were translated into long term strategy by the decision to convert all Napier and Hastings urban overhead lines into underground cables within a 17 year period. The voice of the customer arising from this research was used to deliver value in terms of improved reliability, reduction in power pole related traffic accidents, reduced risk of electrocution, less power disruption from storm damage and improved aesthetic values.

5.6 CRM Strategic Action Plan

The researcher will now present Unison CRM strategic plan. Although many of the CRM questions arising from the literature review have been partially addressed in previous research, the CRM strategy presents some of the specific action steps taken by the case study organisation to answer the questions below:

- **CRM Question 2:** *As a result of CRM, how did Unison go about becoming more customer-centric?*
- **CRM Question 3:** *What active steps has Unison taken to actively build relationships with customers?*
- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*
- **CRM Question 8:** *What efforts did Unison make to treat different customers differently?*
- **CRM Question 9:** *What were the varying levels of interaction with customers?*
- **CRM Question 13:** *How is customer behaviour predicted and actions taken to meet requirements?*
- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 17:** *How are customer relationships managed by Unison?*
- **CRM Question 19:** *How does Unison manage customers by profitability, how is profitability determined?*
- **CRM Question 22:** *How are high value relationships determined?*
- **CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- **CRM Question 28:** *How did Unison CRM work to build profitability through better understanding of customers?*

A summary of the main findings are as follows:

5.6.1 CRM Strategic Action Plan Summary

Unison CRM strategic plan provided the building blocks upon which the company embarked on its CRM initiative. Implementing the steps outlined in this section saw the company move from an engineering/production focus to a customer-centric focus by actively seeking to proactively engage in relationship building as highlighted in the Fonterra, McCains and Ravensdown case studies. These active steps to build relationships resulted in better asset management, increased revenues and capital expenditure savings.

Implementing these initiatives resulted in some changes in service delivery with adjustments being made in the way AMP planning eventually rolled out. Adjustments varied based on the value and nature of the customer relationship being managed. A closer well-managed relationship with key customers provided the necessary field intelligence to enable

Unison to predict behaviour and need, then take necessary remedial action to ensure sufficient supply and quality requirement were met.

Partnering with customers occurred when opportunities for cogeneration exists. Knowledge of surplus on-site generation at Ravensdown enabled Unison to partner and retain this relationship providing revenue generating opportunities to both parties. These examples provide real cases which demonstrate how direct customer relationships are managed. The employment of a CRM account manager assisted with the company's ability to build stronger and closer relationships with its customers.

Relationships with varying customers are determined by customer type and profitability of that customer. High value of the customer is determined in turn by the organisation energy consumption requirement from Unison.

As presented in the case studies, Unison's better understanding of its customers provided opportunities to improve profitability through better asset management planning and improved capital expenditure decisions. This is essentially how Unison worked to build profitability through a better understanding of customer needs.

5.6.2 Evolution and Development of Customer Stakeholder Research

As a result of the surveys outlined thus far, it was decided that research into the opinions, satisfaction and needs of specific stakeholder segments be developed. Although beneficial to this point, the annual customer surveys provided only a broad overview of commercial and mass market segments. Unison various stakeholders had different needs and form of interaction with the company, therefore it was decided that a specific set of stakeholder surveys be developed based on the nature of the stakeholders' relationship with the company. This stakeholder research will now be discussed in detail in section two of this chapter.

5.7 2005 Stakeholder Research Survey

Having addressed research questions relating to mass market CRM, the researcher will now address specific CRM questions as they relate to specific stakeholders with whom Unison actively worked to build relationships. Owing to the interposed relationship with all customers, the company actively pursues closer relationships with specific stakeholders based on their segment and type of relationship with the company. Eight CRM literature review questions addressed in this section are as follows:

- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*
- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 23:** *How are specific service attributes measured?*
- **CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*
- **CRM Question 42:** *What are customers trying to accomplish through their interactions with the organisation?*
- **CRM Question 43:** *What types of relationships do customers want to have with the organisation?*
- **CRM Question 44:** *How are the organisation's CRM efforts perceived and interpreted?*
- **CRM Question 45:** *Whose interests do they appear to serve – the organisation's or the customer's?*

The researcher will first explain the purpose of the research, who was interviewed, an overview of the methodology employed; then present common findings among all five stakeholder groups and present the results of each stakeholder's group's research. In addition to the CRM questions, this section further addresses two of the three central CRM assumptions and subsequent hypotheses that **Customers want a relationship with suppliers of products or services** and that **good service increases the level of emotional bond between customer and supplier**. The researcher will then conclude with a summary of points raised and questions addressed.

5.7.1 2005 Stakeholder Research Survey Introduction

In 2005, the researcher undertook a stakeholder benchmarking survey for the case study organisation. This research was carried out to probe into specific stakeholder opinions, satisfaction and feedback regarding services received from Unison. Five stakeholder groups

were identified: electricians, commercial customer's (500-1000kVA), developers, local councils and contractors.

The results of this research identify specific areas in which Unison may concentrate its resources and work to make improvements. Five different questionnaires were developed in consultation with willing participants within the Unison commercial team. Interviews were conducted by telephone over a four week period in March 2006.

For the purpose of brevity, the open-ended comments provided by respondents have been excluded from this thesis.

The stakeholder research differs from Unison's annual mass-market survey as it probes into specific areas of concern/importance of five specific customer groups; the mass market survey presented a generic customer survey across all groups with little or no probing involved.

5.7.2 Who was Interviewed

As mentioned, five stakeholder groups were identified and targeted for this study. Contact lists were created for these groups and are presented in the table below:

Table 5-15 Stakeholder Research Sample

Group	Target	Achieved	Percentage	Notes
1. Electricians.	152	67	44.08%	Achieved sample represents a cross section of electricians who use Unison's services.
2. Commercial.	88	24	27.27%	Achieved sample represents a cross section of commercial organisations who have contact with Unison's services.
3. Developers.	42	16	38.10%	Achieved sample represents a cross section of developers who have recently used or are currently using Unison's services.
4. Local Councils.	52	14	26.92%	Achieved sample represents a cross section of respondents from each of the five councils within Unison network area.
5. Contractors.	7	6	85.71%	Achieved sample represents a cross section of contractors who use Unison's services.

Organisations that did not have direct contact with Unison were NOT interviewed.

5.7.3 How the Research was Carried Out

Five different questionnaires were developed in consultation with willing participants within the Unison commercial team. Interviews were conducted by telephone over a four week

period in March 2006. Responses were recorded on paper and then entered electronically, coded and analysed using SPSS and SPSS Text Analysis for Surveys by the researcher.

5.8 Common Findings

The researcher will now present the findings of questions common to all groups as follows:

1. *How satisfied are you with the services you receive from Unison Networks?*
2. *Do you want a local representative in your area? (Taupo and Rotorua only)*
3. *Reasons for wanting a local representative in Taupo & Rotorua.*
4. *Preferred method of communication.*

On a scale of 1-5 where 1=very dissatisfied, 2=dissatisfied, 3=neutral, 4=satisfied, 5=very satisfied satisfaction varied among groups with an average of 3.78 achieved. Contractors were most satisfied at 4.67 followed by local councils, developers and commercial customers with electricians least satisfied at 3.61.

Of 49 the respondents answering the “...want a local representative?” question, 63% were in favour stating that it would be easier to resolve issues, the desire to take the representative onsite, draw on local knowledge and a preference for a face to face relationship. Email is the preferred method of communication followed by telephone. Post, fax and face to face each rated similarly.

5.8.1 Electricians

An overview of findings from electricians will now be presented. The questions asked of this stakeholder group are as follows:

1. *What specific services/contact have you had with Unison recently?*
2. *What happened during your last encounter with Unison?*
3. *How satisfied are you with the working relationship you have with Unison? Why?*
4. *How satisfied were you with the speed with which Unison responded to your needs? Why?*
5. *How satisfied were you with the new connection services you receive from Unison? Why?*
6. *What are your performance expectations of Unison as a lines company?*
7. *How can Unison assist in helping you do business more effectively/efficiently?*
8. *What information would you like from Unison?*

9. *Overall, how satisfied are you with the services you receive from Unison Networks?*
10. *What other comments if any would you like to make about the services you receive from Unison Networks Ltd?*

5.8.2 Electricians Findings

72.7% of electrician contact with Unison is associated with connection work. At the most recent service encounter with Unison, electricians addressed problems they were experiencing with a job, were requesting information or had a query and were following up on delays. A large proportion reported a negative outcome as a result of their contact with Unison. Satisfaction with their working relationship with Unison was spread over all five possible options. On a scale of 1-5 where 1=very dissatisfied, 2=dissatisfied, 3=neutral, 4=satisfied, 5=very satisfied, electricians rated their working relationship at 3.33, (just above neutral). Reasons for this level were varied, often specific to distinct events.

Electrician Satisfaction with Unison's response time was rated at 3.31. Satisfaction with new connection services using the same 1-5 scale, rated Unison at 3.27, just above neutral. Again, reasons for this level were varied, often specific to distinct events. Performance expectations of Unison as a lines company showed that the vast majority of electricians want an improvement specifically in the areas of faster service and keeping to agreed times and better communication from Unison.

To assist electricians do business more effectively and efficiently better communication, speeding up of service and simplification of systems are predominant issues Unison could focus on. Information regarding job protocols, changes and pricing information would be of use to electricians. Overall satisfaction with Unison services using the 1-5 scale rated 3.55, about half way between neutral and satisfied. Other comments included mention of the need for improvement in services, a proportion of satisfied comments and that some electricians perceive Unison's pricing as too expensive. Other specific comments were also offered.

5.8.3 Commercial 500-100kVA

An overview of findings from commercial customers will now be presented. The questions asked of this stakeholder group are as follows:

1. *What do you expect from Unison as a power lines company?*
2. *What in your opinion is an acceptable level of outages?*

3. *Do you determine the cost of an outage to your business? If so, how do you calculate it?*
4. *How can Unison respond better to your needs?*
5. *Would you like an account manager from Unison to visit you? How frequently?*
6. *Do you understand "line charges"? Please explain...*
7. *What are your performance expectations of Unison?*
8. *Do you want access to the control room?*
9. *Are you interested in developing a negotiated agreement?*
10. *Do you understand the difference between an outage and poor power quality? Explain...*
11. *What information would you like from Unison?*
12. *How would you like to be notified of outages and planned shutdowns?*
13. *How satisfied have you need with the lead time regarding outages?*
14. *In your opinion, how has Unison performed as a lines company today?*
15. *Do "brown-outs" have an impact on your business? If yes, please explain in what way?*
16. *Overall, how satisfied are you with the services you receive from Unison Networks Ltd?*
17. *What other comments if any would you like to make about the services you receive from Unison Networks Ltd?*

5.8.4 Commercial Findings

Most businesses expect continuity of supply at reasonable prices with services when needed from Unison. 58.3% stated that NO outages were acceptable, with 16.7 saying that one a year was acceptable. 41.7% of organisations determine the cost of outages, measurement varied among companies but most were because of down time.

No single significant way Unison should better respond to commercial organisations needs was identified, however individual and specific issues were offered. 70.8% of commercial organisations would NOT like an account manager to visit. Of those that did, frequency of visit varied. Almost 80% of organisations stated they understood line charges, explanations varied but were close to the mark.

Performance expectations of Unison included "reliable supply", "reasonable costs" and "keeping outages to a minimum" with "fast service". Some "Other" specific issues were also offered. 73.9% of commercial organisations do NOT want access to the control room. 65.2% of

commercial organisations are interested in developing a negotiated agreement where Unison guarantees a specific level of power quality in return for a change in line charges.

72.7% of commercial organisations reported they understood the difference between an outage and poor power quality; explanations were varied and mostly incomplete. Information commercial customers wanted from Unison varied with no single item standing out. The majority of commercial customers want to be informed of planned outages by email followed by post and phone, then face to face.

Satisfaction with lead time regarding outages was 3.33 on the 1-5 scale, just over neutral. Satisfaction with Unison's performance to date was rated at 3.41, just over the neutral mark. 77.3% of organisations stated that brown-out impact on their business mostly because of machinery issues.

Overall satisfaction with Unison services using the 1-5 scale rated 3.68 just over half way between neutral and satisfied. Other comments included mention of the need for improvement in services, a proportion of satisfied comments and that some commercial organisations regard Unison's pricing as too expensive. Other specific comments were also offered.

5.8.5 Developers

An overview of findings from developers will now be presented. The questions are as follows:

1. *When was the last time you used Unison services?*
2. *How satisfied were you with the service you received at that time? Why is that?*
3. *What happened during your last service encounter with Unison?*
4. *What is your opinion of the cost of Unison services?*
5. *Why's that, how did you come to that conclusion, compared with what?*
6. *How "user friendly" were the services you received from Unison? Why is that?*
7. *What information would you like from Unison?*
8. *How important to you is quick query turnaround time?*
9. *How quickly were your queries or service need met?*
10. *How satisfied are you with Unison sub contractor services?*
11. *What are your performance expectations of Unison?*

12. *What other comments if any would you like to make about the services you receive from Unison Networks Ltd?*

5.8.6 Developer Findings

50% of developers responding to the survey have used Unison services in the past four weeks with 43.8% using Unison in the past 4-12 months and 6.3% within the past 12-24 months. Developers were mostly satisfied with a rating of 4.05 on the 1-5 scale. Reasons varied. Most developers believe that Unison's pricing is expensive, reasons given were varied. User friendliness of Unison's services was rated at 3.88, between neutral and user friendly, reasons varied.

Quick turnaround time is very important rating of 4.6 on a 1-5 scale and Unison was rated at 3.75 in the speed in which queries or services needs were met. A gap between expectation and delivery in this area exists. There are variations in Unison's response rates. Satisfaction with Unison's subcontractor services was rated at 3.58, just over half way between neutral and satisfied on the 1-5 scale. Performance expectations of Unison varied, most focused on speedy response, and quality of work. Other comments were varied, most were positive.

5.8.7 Local Councils

An overview of findings from local councils will now be presented. The questions are as follows:

1. *When was the last time you used Unison services?*
2. *What happened during your last service encounter with Unison?*
3. *How satisfied were you with the service you received at that time? Whys that?*
4. *Would you like a closer working relationship with Unison?*
5. *What would be your ideal relationship with Unison?*
6. *Do you believe Unison is a positive working partner?*
7. *How satisfied are you with your existing point of contact with Unison? Why do you say that?*
8. *In your opinion, how can Unison better assist with your planning and development needs?*
9. *Would you like Unison to assist in the driving of contractor planning and development meetings?*
10. *What information would you like from Unison?*

11. *What are your performance expectations of Unison?*
12. *How would you like to be notified of outages and planned shutdowns?*
13. *How satisfied have you been with the lead time regarding outages?*
14. *Do brown-outs have an impact on your organisation? If yes, please explain in what way?*
15. *What other comments if any would you like to make about the services you receive from Unison Networks Ltd?*

5.8.8 Local Council Findings

78.6% Local Council respondents had used Unison's services within the past four weeks, the remaining within the past 4-12 months. Contact was for a variety of reasons. Satisfaction with this most recent service encounter was rated at 3.85, between neutral and satisfied. Reasons varied and were specific to the query at the time. Just over half (53.8%) wanted a closer working relationship with Unison. The ideal working relationship varied. 92.3% believe Unison is a positive working partner. Most are satisfied with their existing point of contact with Unison rating 4.23 on the 1-5 scale. Reasons varied.

The way in which Unison can better assist local councils with planning and development needs varied. Just over half (57.1%) said they would like Unison to assist in the driving of contractor planning and development meetings. Information local councils want from Unison varied as did performance expectations. Email is the predominate method of communications councils want used when being notified of outages and planned shutdowns. Most local councils are satisfied with the lead time given for outages rating 4 on the 1-4 scale. 66.7% said brown-outs have an impact on their organisation, computers are affected, and other reasons varied. Other comments varied, mostly positive with a few tips i.e. a local office in Taupo/Rotorua areas.

5.8.9 Contractors

An overview of findings from contractors will now be presented. The questions are as follows:

1. *When was the last time you used Unison services?*
2. *What happened during your last working encounter with Unison?*
3. *What specific contact have you received from Unison recently?*
4. *How satisfied are you with the working relationship you have with Unison?*
5. *What information would you like from Unison?*

6. *What are your performance expectations as a contract provider?*
7. *How can Unison better help your business perform? Forecast of work 12 months summary would help our work resources.*
8. *How prescriptive do you find the work packages provided by Unison? Why is that?*
9. *What other comments if any would you like to make about the services you receive from Unison Networks Ltd?*

5.8.10 Contractor Findings

All contractors responding to the survey had used Unison services in the past four weeks. The most recent encounter was work related as was the specific contact with Unison. Satisfaction with Unison was rated 4.83 on the 1-5 scale. Information wanted from Unison varied as were performance expectations. Feedback is invited from Unison regarding work undertaken by contractors. Contractors believe that work packages are fine as they are, but could be a little more prescriptive. Other comments offered were positive.

5.8.11 2005 Stakeholder Research Survey Summary

As outlined in its AMP, Unison segments its customers based on connection type and economic value. Based on this value, varying levels of service are provided. The stakeholder research presented above highlights the varying types of relationship that exists between stakeholder groups and Unison.

Satisfaction is measured by segment using Likert scales. Although this scale is consistent across all stakeholder groups, its meaning and significance in relation to the stakeholder groups in question varies depending on the nature of that group. The research indicated that satisfaction varied depending on the group in question.

As each stakeholder group is different, specific service attributes measured in the survey varied among the groups. Again, as with overall satisfaction, Likert scales were used to measure opinions and perceptions of each service attribute, in addition open ended questions which were coded for statistical analysis were also used.

The issue of emotional bond between customer and Unison was first discussed in the annual customer surveys. As with these mass market studies emotional bonds are driven by poor quality rather than good quality. The better the service provided by Unison, the lower the customer's emotional bond with the company... which is the antithesis of traditional market

loyalty practices. A similar scenario exists among various stakeholder groups, with the exception of contractors whose relationship varies considerably from developers, electricians, local councils and commercial customers. Contractors are paid by Unison for their services; therefore there is a stronger emotional bond from these stakeholders based on the nature of their relationship with Unison.

Customers interact with Unison for a variety of reasons. Electricians interact mostly in relation to connection work, commercial customers reasons vary, developers want power on their new sites local council's reasons vary and contractors interact with Unison for work related issues. In summary reasons for customers interacting with Unison vary as do their opinions in relation to these interactions.

The nature of the stakeholder group influences the type of relationship desired by that stakeholder group. As discussed in the literature review, a central assumption and subsequent hypothesis of CRM is that **customers want a relationship with their supplier of products and services**, however, according the Dowling (2002) there is considerable anecdotal evidence to suggest that many customers do not want a relationship with most of the products and services (and thus the companies) that they buy. People simply do not have the time, interest, or the emotional energy to form relationships with a wide variety of products and services (G. Dowling, 2002).

Findings from customer research suggests that in many instances, customers DO NOT WANT an enhanced relationship with Unison as these relationship ties are driven by poor quality rather than good quality. The better the service provided by Unison, the lower the customer's emotional bond with the company. However in saying this, relationship requirements varied among groups and were usually expressed in terms for desired service levels and deliverables i.e. quick turn around time, presence of a local representative to resolve local issues, better communication, consistent supply and some assistance with local planning.

In the stakeholder survey, the researcher measured a variety of CRM efforts and then related them to each stakeholder groups as follows:

1. **Electricians:** satisfaction with working relationship, connection services and relationship performance expectations.

2. **Commercial Customers:** performance expectations, interest in negotiated agreement, notification of planned shutdowns.
3. **Developers:** service encounter satisfaction, user friendliness of service, turn around time and performance expectations.
4. **Local councils:** service encounter satisfaction, nature of ideal relationship, whether Unison is a positive working partner, satisfaction with point of contact, how Unison can better assist, expectations.
5. **Contractors:** Satisfaction with working relationship, performance expectations.

These CRM efforts were perceived and interpreted differently again based on customer type and the nature of the relationship. As highlighted in the annual customer surveys Unison's CRM initiatives have been designed to allow the company to measure, improve and communicate with its customers to better the company's awareness and relationships at varying levels across all customer segments. From this it is reasonable to state that the company's CRM initiative serves both the organisation and the customers interests.

This concludes an analysis and discussion of the customer/stakeholder survey research undertaken by the researcher for the purpose of addressing the case study organisations CRM related issues. The next piece of research presents the National CRM survey which provided a needed level of external validity for the longitudinal case study research.

5.9 Section 3: 2005 CRM Survey

Section 3 presents the final piece of research which enabled the researcher to balance the case study methodology by using a quantitative survey of National CRM practises as they existed in New Zealand in 2005.

Although many CRM questions arising from the literature review along with two of the three central CRM assumptions and subsequent hypotheses have been addressed thus far, in this piece of research, specific CRM process and practices as identified by Reinartz et al (2004) will be tested in relation to the case study organisation, other electricity lines companies and over 1200 New Zealand organisations. Through this research, the following questions will be addresses:

- **CRM Question 5:** *Does an understanding of CRM vary across departments at Unison?*
- **CRM Question 6:** *How does Unison's CRM practices compare with other in the same industry, and with other business sectors in New Zealand?*
- **CRM Question 20:** *How is customer communication managed?*
- **CRM Question 26:** *What steps did Unison take to enhance customer service and improve satisfaction?*
- **CRM Question 30:** *Was there a performance link with CRM implementation?*
- **CRM Question 31:** *What differences existed across various departments within Unison?*
- **CRM Question 32:** *How did Unison compare with peer lines organisations?*
- **CRM Question 33:** *How did Unison compare with other industries?*
- **CRM Question 34:** *Which industries was Unison closest to?*
- **CRM Question 35:** *How were each of the 12 areas rated and implemented?*
- **CRM Question 40:** *How did Unison interact with customers?*
- **CRM Question 39:** *How did Unison capture and analyse data?*

In addition to the above questions, within this quantitative study, the researcher sought to validate or falsify the following hypothesis "all organisations utilise use CRM to the same degree", "Unison's CRM does NOT differ from other lines companies", and "lines companies do not differ from other organisations using CRM"; at the same time theory developed by Reinartz et al (2004) was verified.

It is through this research that the researcher will address the third and final central CRM assumption and subsequent hypothesis that **CRM is a process or practice that all organisations to some degree either engage in or should engage in.**

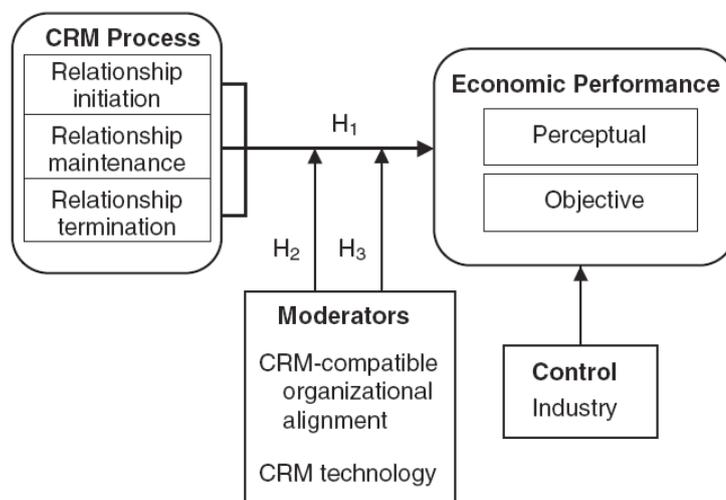
To present this study, the researcher will first introduce the CRM survey, describe the national study, summarise the methodology employed then present the findings of the data from a national, electricity lines company and case study organisation context. The national study is then summarised before the conclusions and implications of this thesis are presented in chapter 5.

5.9.1 2005 CRM Survey Introduction

As discussed in the literature review, an understanding of how to manage relationships with customers effectively has become an important topic for both academics and practitioners in recent years. However, the existing academic literature and the practical applications of CRM strategies do not provide a clear indication of what specifically constitutes CRM processes (Reinartz, et al., 2004)

Based on the work of Reinartz et al.(2004)“The Customer Relationship Management Process: Its Measurement and Impact on Performance”, the researcher conducted an online national CRM survey using a theoretically sound CRM process measure which outlined three key CRM stages: (1) Initiation, (2) Maintenance, and (3) Termination presented in Figure 5-3 below.

Figure 5-3 Key CRM Stages



(Reinartz, et al., 2004)

The research was designed to measure the level of CRM processes and practices within Unison, among participating members of the Electricity Network Association (ENA), and over 1200 private, public and not-for-profit sector organisations in New Zealand. The researcher was able to quantitatively investigate CRM practices within and across the case study organisation, then contrast and compare the findings internally then compare them against other lines companies and New Zealand businesses and organisations.

5.9.2 National CRM Survey

The researcher replicated the survey instrument used by Reinartz et al (2004) to provide a measure of external validity for the PhD case study research. This was achieved by the following methods:

1. Administering the CRM survey via open ended depth interview with the case study's CRM manager to gain both a retrospective/historical account of CRM practices and processes in 2002 in comparison to 2005 processes and practices within the case study organisation at the time of the research.
2. Administering the online CRM survey within the case study's executive team.
3. Administering the online CRM survey within other electricity Lines Companies.
4. Administering the online CRM survey to a cross section of over 1200 New Zealand organisations.

This approach provided the researcher the ability to measure CRM processes and practices from the following perspectives:

1. Temporally within the case study organisation to identify the cause and effect relationships that led to changes in CRM practices and processes from 2002 and 2005 using other data sources to provide convergent validity.
2. Measuring CRM practices and processes across executive team members within the case study organisation providing a degree of construct validity.
3. Measuring CRM practices and processes across cases within other electricity lines companies providing a degree of external validity.
4. Measuring CRM practices and processes across cases within other electricity lines companies and other New Zealand organisations providing an additional degree of external validity by comparing the case study with others in the same industry then against 17 other sectors of businesses and organisations within New Zealand.

5.9.3 Quantitative Data Collection

The decision to use an online survey form was owing to the constraints of time, people and finances as mentioned previously. The least expensive data collection method for this survey was by way of online survey form. A search of the current literature revealed an appropriate methodology highlighted by Faught et al (2004) who proposed that timing is an important factor affecting response rates to Internet surveys.

Faught et al (2004) suggest that rather than sending surveys throughout the week at various times, that there was a "best time" to send Internet surveys that would increase response rate. Faught et al (2004) empirically tested their hypothesis using a randomised field experiment with a sample of 4,994 e-mail addresses. Response rate for the exploratory sample, randomly assigned into 14 groups (one group for each morning and afternoon of every day of the week), was 2.66%. The "best time" determined from the exploratory sample was determined to be Wednesday morning. The entire applied sample was sent at this time, resulting in a response rate of 4.10%. This 54% increase was significant ($p=.0118$). These data provide empirical evidence to support their hypothesis that timing does matter (Faught, et al., 2004).

As a side research issue, the researcher utilised this methodology to test whether there was indeed a best time to send survey invitations, initial responses suggested that Wednesday was a best day to send the survey invitations. However, when organisations not responding to the initial electronic mail-out were sent three additional reminders at one week intervals, as a result of these reminder invitations, statistical results for a "best day" were inconclusive.

Using publicly available data, an initial sample of 5000 potential organisations was randomly generated for this research study. For the purpose of sampling, Australian and New Zealand Standard Industry Classification (ANZSIC) (L. Cook, 2004) categories and Full Time Employee (FTE) ("Enterprise and employment size groups," 2005) percentages as they apply to New Zealand organisations were sourced from Statistics New Zealand ("Enterprise and employment size groups," 2005) and are presented in Table 3 below:

Table 5-16 CRM Sample Survey

ANZSIC	1 to 5	6 to 9	10 to 19	20 to 49	50 to 99	100+	Total organisations	Percentage of sample	Sample size
A Agriculture, Forestry and Fishing	2219	460	436	267	72	31	3485	3.04%	152
B Mining	81	26	27	26	5	5	170	0.15%	7
C Manufacturing	6130	1953	1973	1292	432	353	12133	10.59%	530
D Electricity, Gas and Water Supply	20	5	7	13	5	18	68	0.06%	3
E Construction	10767	1629	1121	532	104	54	14207	12.41%	620
F Wholesale Trade	4905	1358	1134	661	174	121	8353	7.29%	365
G Retail Trade	13198	3255	2239	834	227	218	19971	17.44%	872
H Accommodation, Cafes and Restaurants	3334	1503	1593	833	159	72	7494	6.54%	327
I Transport and Storage	2944	613	506	369	108	99	4639	4.05%	203
J Communication Services	565	52	58	28	11	16	730	0.64%	32
K Finance and Insurance	1589	261	146	92	34	52	2174	1.90%	95
L Property and Business Services	13475	2284	1663	899	271	233	18825	16.44%	822
M Government Administration and Defence	8	6	11	23	35	97	180	0.16%	8
N Education	1457	990	1108	1037	268	166	5026	4.39%	219
O Health and Community Services	4012	1127	919	590	209	166	7023	6.13%	307
P Cultural and Recreational Services	2352	446	406	238	77	40	3559	3.11%	155
Q Personal and Other Services	4764	895	538	205	49	33	6484	5.66%	283
FTE Totals	71820	16863	13885	7939	2240	1774	114521	100%	5000
FTE Percentages	62.71%	14.72%	12.12%	6.93%	1.96%	1.55%	100%		
FTE Sample	3136	736	606	347	98	77	5000		

As presented in the above table there are 17 ANZSIC and six FTE categories. The initial 5000 sample was generated based on the sample percentages presented above. The FTE sample can be seen in the bottom row of Table 3, and the ANZSIC sample size is shown in the last right hand column of Table 3

The 5000 sample presented in Table 3 was invited to take part in the online survey via a targeted electronic mail out; the invitation contained recipient name, position and company name. In addition to this sample an additional 5000 blind email sample (addressed to an unspecified email recipient) was generated to supplement the targeted sample. In total, over 10,000 targeted and blind online survey invitations were sent. Invitations were sent out over a four week period commencing 1 August 2005 as follows:

- Monday 1st August, initial invitations sent.
- Monday 8th August reminder sent.
- Monday 15th August final reminder sent.
- Monday 22nd August, post deadline one week extension email.

Completed, refused and dead emails were excluded from the master email list before each emailing. In total over 40,000 emails (approximately 10,000 in each emailing) were sent over the one month period of data collection.

Perseus Survey Solutions software was used to create the online document and collect the data via online survey form. Completed questionnaires were automatically emailed to the researchers email and uploaded into the Perseus software. Data was then exported into both Excel spreadsheet and SPSS format for cleaning, analysis and presentation.

Statistical measures used in the CRM survey analysis included, cross tabulations, means analysis and descriptive statistics. Data was analysed using SPSS and SPSS Text Analysis for Surveys.

5.9.4 Questionnaire

The survey consisted of 51 questions which were grouped into 12 CRM sections. These sections, and the number of questions within each, are presented in Table 5-17 below:

Table 5-17 CRM Measurement Areas

Abbreviation	CRM Areas	Number of questions
Initiate	Measurement at Initiating Stage	7
Acquire	Activities to Acquire Customers	4
Regain	Activities to Regain Customers	4
Measure	CRM Measurement while maintaining	4
Retain	Activities to Retain Customers	7
Up-sell	Activities to Manage Up-Selling and Cross-Selling	5
Manage	Activities to Manage Customer Referrals	4
Terminate	CRM Termination	1
De-market	Activities to De-market Customers Actively	3
Perception	Perceptual Performance	4
CRMorganalign	CRM-Compatible Organisational Alignment	4
CRM Technology	CRM Technology	4
	Total	51

(Troy, 2006)

As presented in Table 5-17 above, the researcher used the abbreviations (initiate, acquire, regain etc.) and formative seven point Likert scale constructs developed by Reinartz et al., (2004, p.303) in the development of the survey instrument, analysis of the survey data and subsequent presentation of results in chapter 4.

5.9.5 Data Analysis Process

Upon receiving the completed questionnaires, the researcher then proceeded to clean, recode, manage multiple response sites, calculate the 12 CRM sections means and computed the degree of organisational alignment. This process is outlined below.

5.9.6 Cleaning

Duplicate entries were identified by respondent name, company name. Using this approach, where it was obvious that the same data was entered by the same person for the same organisation, the duplicate entry was deleted.

5.9.7 Recoding

Originally based on the researcher's primary supervisor's recommendation, the 1-7 scale of strongly disagree and strongly agree respectively, was changed to provide an N/A (not applicable) response option. This was not a response option in the original research by Reinartz et al (2004). An initial public report was presented based on analysis of these findings reflecting the additional not applicable option. Where a respondent had stated the question was not applicable or did not answer the question, no value was entered for that question. Based on the nature of the question and in discussion with the researchers second supervisor, it was decided that a N/A or no response was the same as a strongly disagree response, therefore all N/A or non response questions were recoded with 1=strongly disagree. The data presented in this thesis differs from that in the public report in this respect; however the overall trends remain the same.

5.9.8 Multiple Response sites

Several organisations provided multiple respondents to complete the survey. Where multiple respondents had completed the survey, a mean was calculated for each question rating and rounded to the closest response alternative on the 1-7 Likert scale. Once the mean responses had been calculated, the individual responses were removed from the sample.

5.9.9 Calculating the 12 CRM Section Means

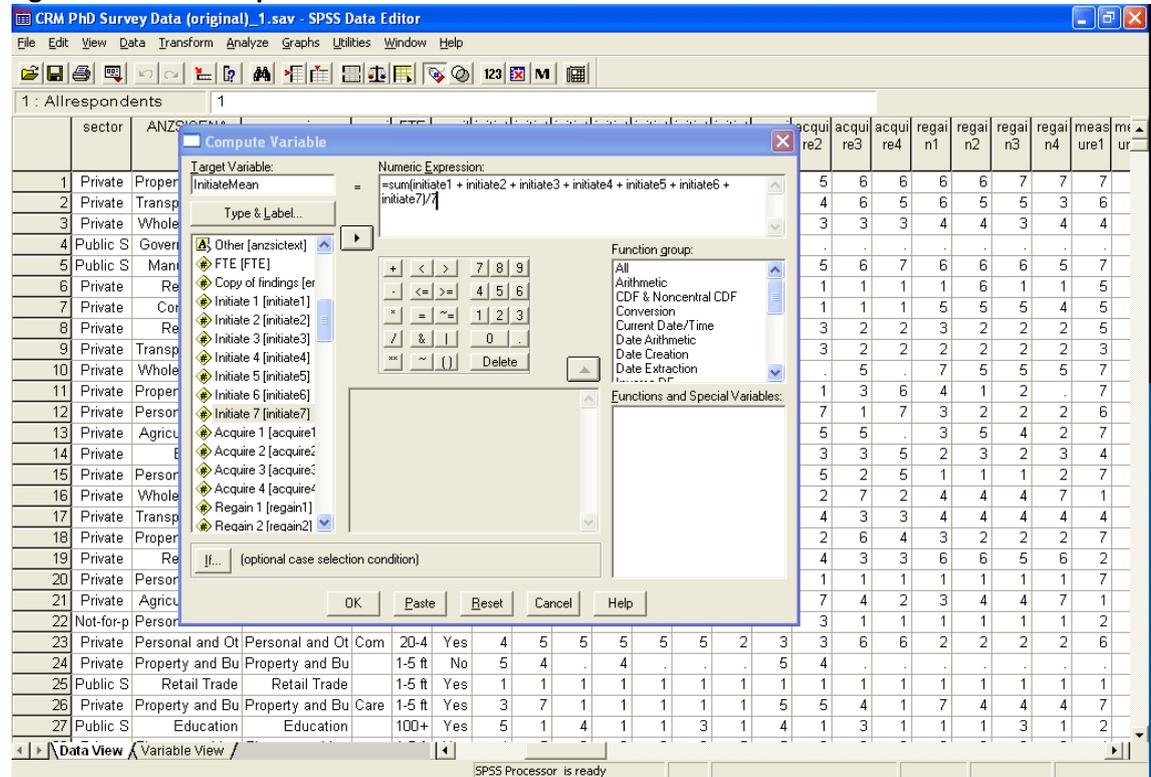
The means for each organisations response to questions in each of the 12 CRM sections were calculated. This was achieved using SPSS by adding the sections rating for each question and dividing by the number of questions in that section thereby preparing the data for further analysis means analysis. Therefore, section one which has seven questions would have its mean calculated as follows in Table 5-18 below:

Table 5-18 Section One Questions

Section questions	Respondent rating
Initiate 1	3
Initiate 2	4
Initiate 3	6
Initiate 4	4
Initiate 5	3
Initiate 6	2
Initiate 7	1
Total	23
Number of questions	7
Mean rating	3.29

This method was applied to all sections using SPSS as presented in Figure 5-4 below:

Figure 5-4 SPSS Compute Function for CRM Initiate Section



Once these computations were completed, the researcher used SPSS descriptive statistics and means analysis to analyse then describe the findings within the data.

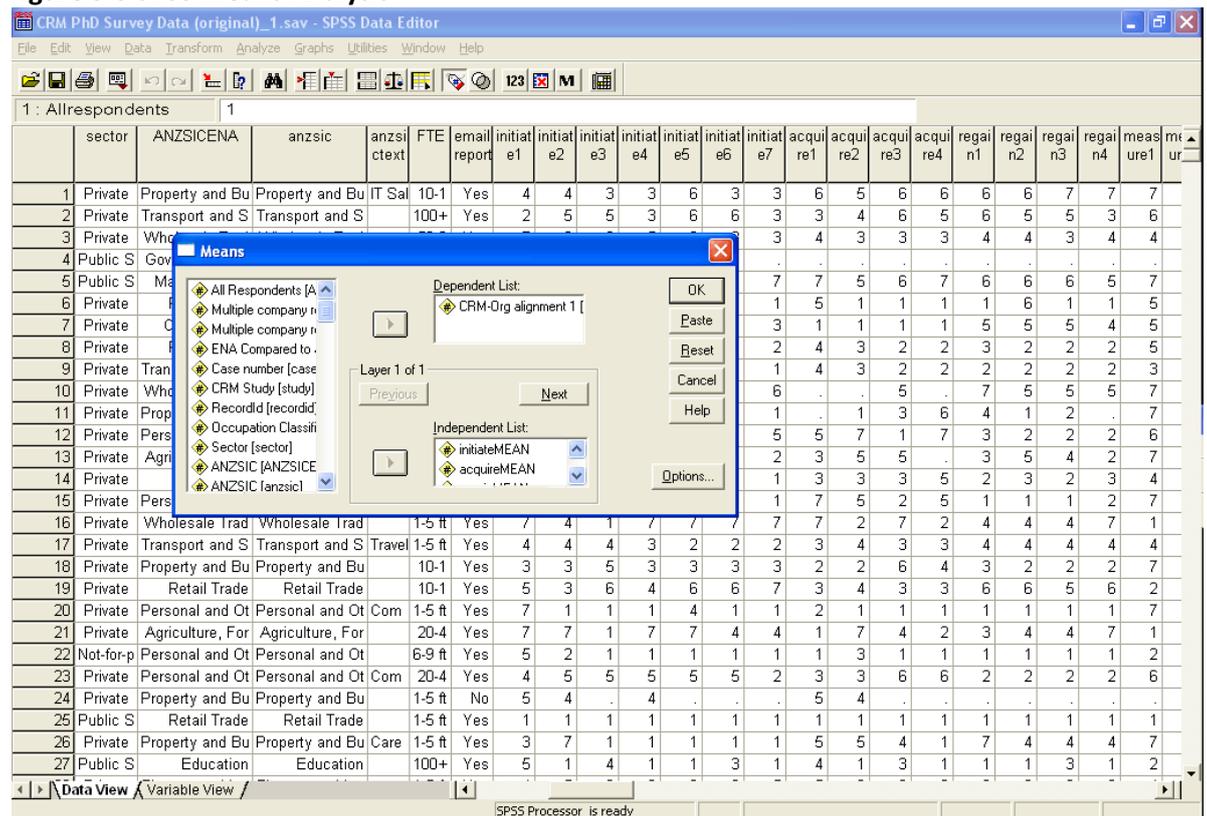
5.9.10 Organisational Alignment

In the original study conducted by Reinartz et al (2004) a key hypothesis of the authors research was the existence of a relationship between CRM organisational alignment, perceived performance and sophistication of CRM processes and practices. Four questions relating to CRM organisational alignment researched in this survey are as follows:

1. We have systematic training procedures for helping employees deal differently with high-and low-value customers.
2. We reward employees for building and deepening relationships with high-value customers.
3. Our Strategic Business Unit is organized in a way to optimally respond to customer groups with different profitability.
4. Organising people (i.e., changing organisational structure) to deliver differentiated treatment and products to different customer segments presents a strength for our Strategic Business Unit.

To demonstrate this relationship a means analysis was used to measure the level of organisational alignment against the mean rating provided for each CRM section. SPSS compare means was used to achieve this and is demonstrated in Figure 5-5 below:

Figure 5-5 SPSS Means Analysis



The resulting output data rows and columns were then transposed to present the data in Table 5-19 below and discussed in detail from page 221.

Table 5-19 CRM-Org Alignment Transposed Data

		CRM-Org Alignment 1							
		1	2	3	4	5	6	7	Total
1.	Initiate MEAN	2.50	2.94	3.28	3.60	4.25	4.27	4.85	3.12
2.	Acquire MEAN	2.56	3.26	3.51	3.80	4.12	4.32	4.38	3.21
3.	Regain MEAN	2.50	3.01	3.17	3.66	4.39	4.05	5.04	3.13
4.	Measure MEAN	3.07	3.75	4.07	4.55	4.94	4.95	5.59	3.81
5.	Retain MEAN	4.35	4.62	4.96	5.39	5.75	5.51	6.07	4.83
6.	Up-sell MEAN	2.57	3.40	3.99	4.13	5.00	4.56	4.87	3.43
7.	Manage MEAN	2.61	3.09	3.52	3.66	3.97	4.54	4.95	3.23
8.	Terminate MEAN	2.46	3.22	3.48	4.19	4.31	4.27	4.70	3.23
9.	DeMarket MEAN	2.26	2.93	3.23	3.23	3.67	3.40	3.29	2.79
10.	Perception MEAN	5.07	5.06	5.08	5.39	5.75	5.66	5.70	5.23
11.	Technology MEAN	3.02	3.56	3.77	4.16	4.41	4.80	5.15	3.62

5.9.11 CRM Depth Interview

Using the CRM survey as an interview tool, in addition to the executive team, other lines companies and New Zealand organisations, the researcher conducted a depth interview on each of the 51 CRM questions in the survey with the case study's Customer Relations Manager. This was the single informant discussed previously on page 126 this chapter.

The survey interview responses were recorded electronically on the researcher's Pocket PC during a face to face depth interview at the case study organisations premises. Once the interview was completed, it was transcribed, then relevant, summarised excerpts were included in the analysis of the overall CRM survey.

In the CRM Survey section of the Analysis of Data chapter, Data is presented in the following format:

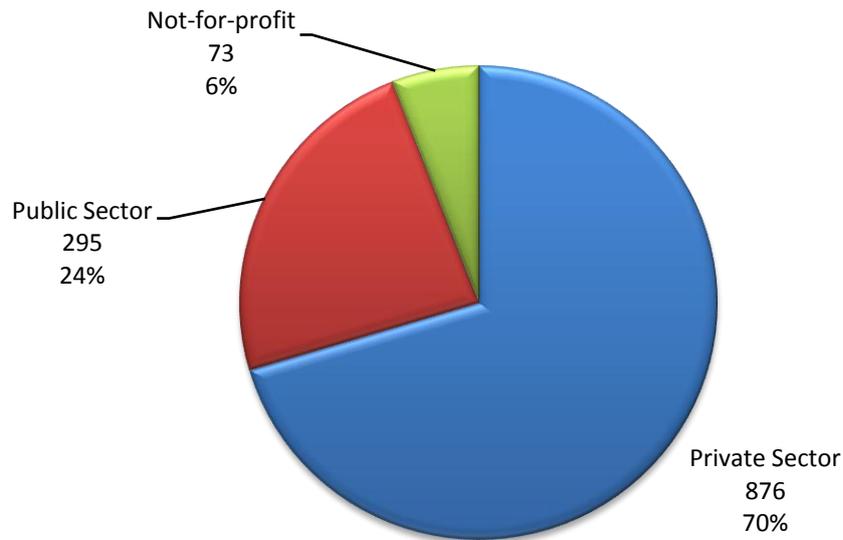
1. Section Overview.
2. National Conclusions.
3. Unison, other lines companies and New Zealand organisations.
4. Executive Gaps.
5. 2002 to 2005 Chronological changes in practices.
6. 2002 to 2005 changes and summary of depth interview.

5.9.12 Who Took Part in the Survey

In total, 1281 completed questionnaires were returned from 1244 organisations over the four week survey period. Questionnaires from organisations were reviewed and where multiple returns that represented different divisions or branches from the same organisation

were identified, they were treated as separate questionnaires. Those questionnaires that represented the same division or branch within an organisation were aggregated and a rounded mean score was computed and added to the analysis thereby only representing a single organisation for the purpose of the research as discussed previously in this chapter (Single or Multiple Respondents and Viewpoints page 126). In consideration of this, questionnaire return response rates by sector are presented in Chart 5-1 below.

Chart 5-1 Questionnaire Return Response Rates by Sector



(Troy, 2006)

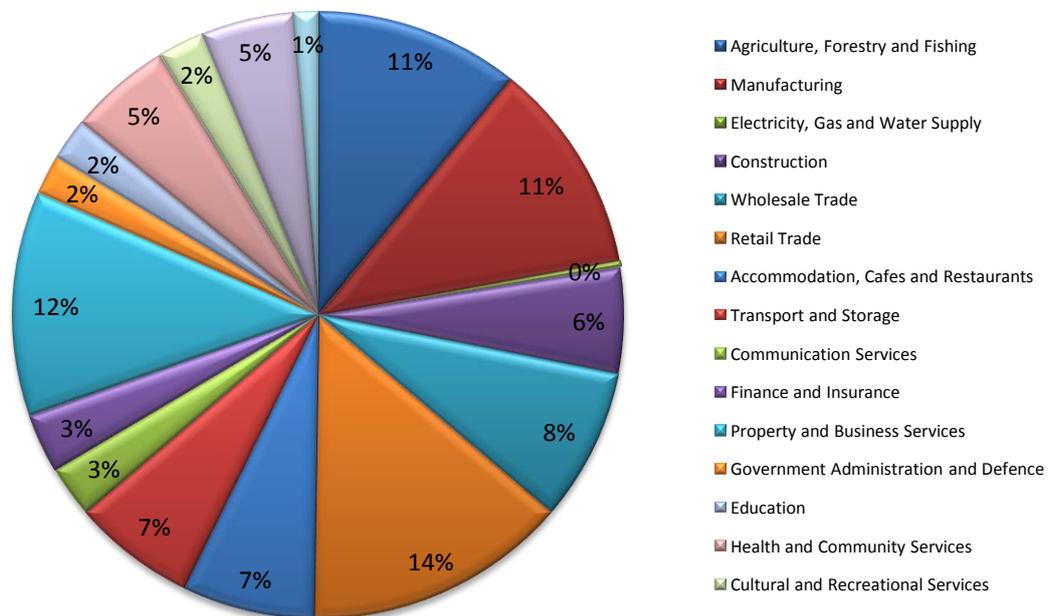
As presented Chart 5-1 above, of the 1244 representative surveys, 70.4% came from the private sector, 23.7% public sector and 5.9 from not for profit organisations. As mentioned previously, organisations were coded using the ANZSIC (L. Cook, 2004) classification system; response by ANZSIC is presented in Table 5-20 and Chart 5-2 below.

Table 5-20 CRM Survey ANZSIC Category Response Percentages

Industry	Frequency	Percent
Agriculture, Forestry and Fishing	135	10.9
Manufacturing	141	11.3
Electricity, Gas and Water Supply	4	0.3
Construction	70	5.6
Wholesale Trade	101	8.1
Retail Trade	174	14
Accommodation, Cafes and Restaurants	87	7
Transport and Storage	81	6.5
Communication Services	34	2.7
Finance and Insurance	39	3.1
Property and Business Services	149	12
Government Administration and Defence	26	2.1
Education	28	2.3
Health and Community Services	67	5.4
Cultural and Recreational Services	31	2.5
Personal and Other Services	61	4.9
Lines Companies	16	1.3
Total	1244	100

(Troy, 2006)

Chart 5-2 CRM Survey ANZSIC Response Rates



(Troy, 2006)

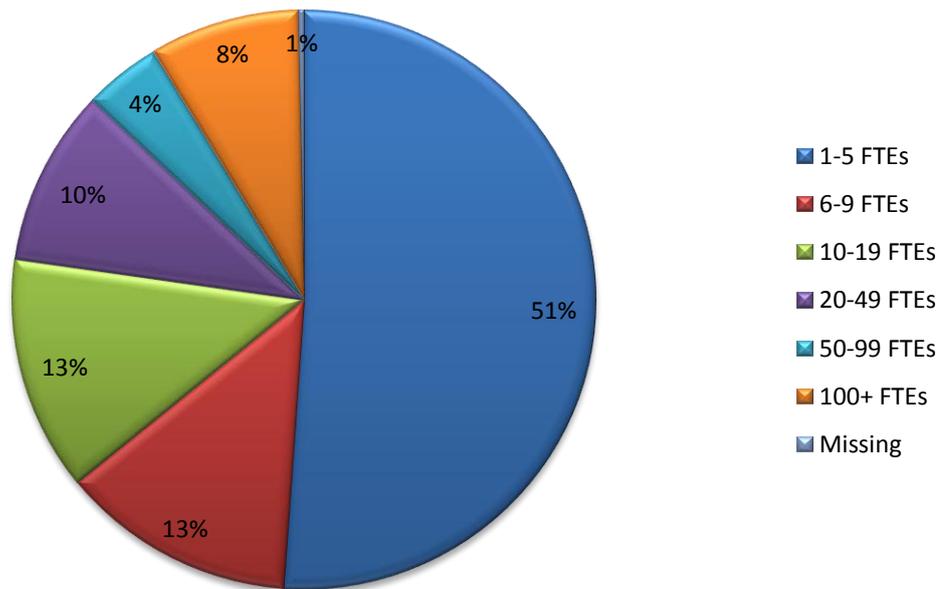
As presented in Table 5-20 and Chart 5-2 above, four ANZSIC categorises, (1) Retail trade, (2) Property and Business services, (3) Manufacturing and (4) Agriculture, Forestry and Fishing, accounted for almost half the returned surveys (48.2%).

For the purpose of analysis, organisations were coded using the Statistics New Zealand FTE (*Enterprise and Employment Size Groups, 2005*) employment size group categories: response rates by FTE are presented in Table 5-21 and Chart 5-3 below.

Table 5-21 CRM Survey FTE Response Rates

	Frequency	Percent
1-5 FTEs	636	51.1
6-9 FTEs	162	13
10-19 FTEs	163	13.1
20-49 FTEs	123	9.9
50-99 FTEs	53	4.3
100+ FTEs	103	8.3
Missing	4	0.3
Total	1240	99.7

Chart 5-3 CRM Survey FTE Response Rates



(Troy, 2006)

As presented Table 5-21 and Chart 5-3 above, just over 50% of respondents came from 1-5 FTE organisations. Response rates varied among ANZSIC groups. In most instances the overall sample was reflective of the actual population. Where the return rate was below the desired sample size, the shortfall was in most instances less than 5% of the target sample size. Responses from ANZSIC groups are presented in Table 5-22 below:

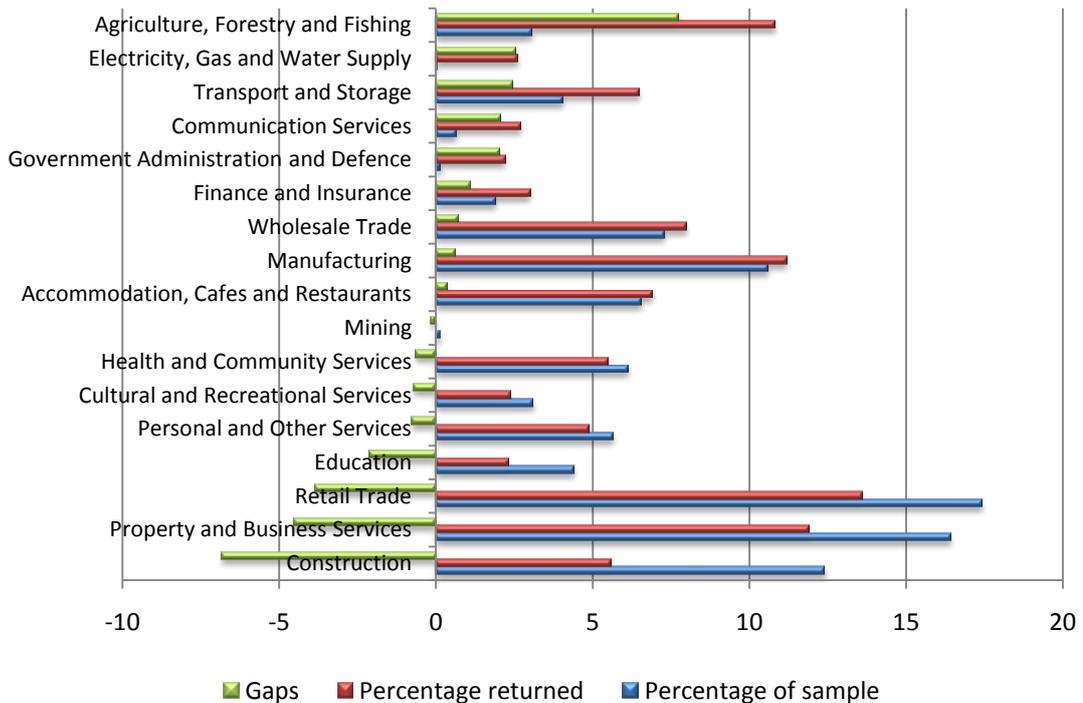
Table 5-22 Sample Results and Gaps Against New Zealand ANZSIC Statistics

ANZSIC	Percentage of sample	Percentage returned	Gaps
Construction	12.41	5.6	-6.81
Property and Business Services	16.44	11.9	-4.54
Retail Trade	17.44	13.6	-3.84
Education	4.39	2.3	-2.09
Personal and Other Services	5.66	4.9	-0.76
Cultural and Recreational Services	3.11	2.4	-0.71
Health and Community Services	6.13	5.5	-0.63
Mining	0.15		-0.15
Accommodation, Cafes and Restaurants	6.54	6.9	0.36
Manufacturing	10.59	11.2	0.61
Wholesale Trade	7.29	8	0.71
Finance and Insurance	1.9	3	1.1
Government Administration and Defence	0.16	2.2	2.04
Communication Services	0.64	2.7	2.06
Transport and Storage	4.05	6.5	2.45
Electricity, Gas and Water Supply	0.06	2.6	2.54
Agriculture, Forestry and Fishing	3.04	10.8	7.76

(Troy, 2006)

As presented in Table 5-22 above the 'ANZSIC' column represents the industry surveyed, 'percentage of sample' represents the percentage of survey invitations sent, 'percentage returned' represents the response rate in terms of overall surveys received and 'gaps' represents the difference between the percentage of sample and the percentage returned. Results from Table 5-22 above are presented graphically in Chart 5-4 below.

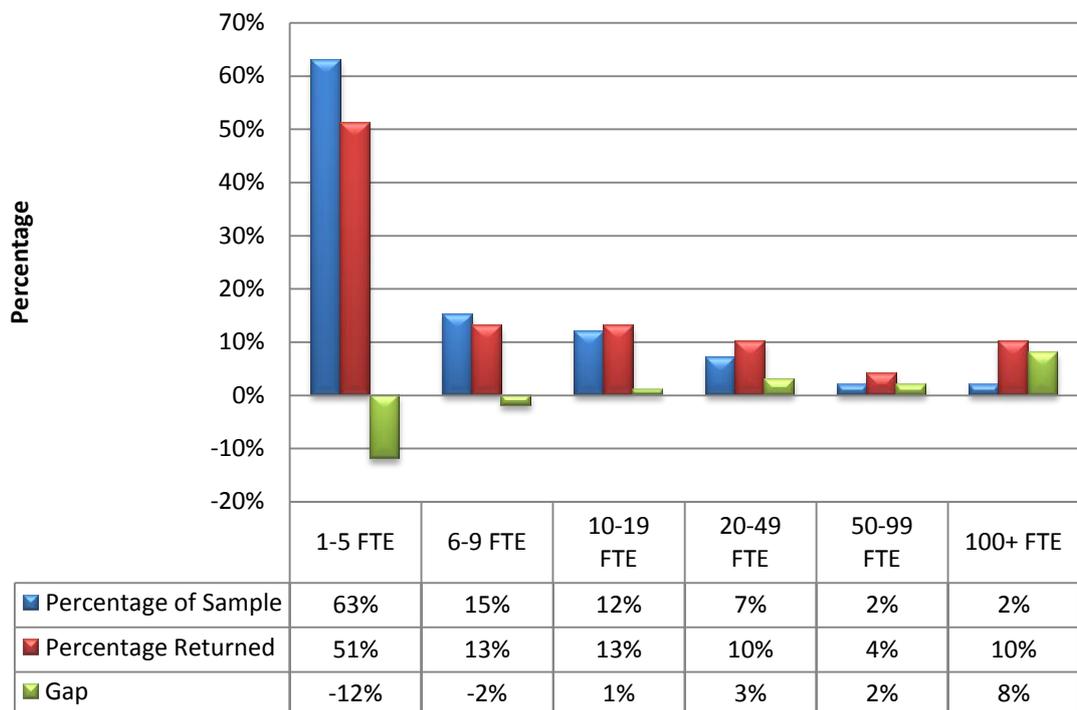
Chart 5-4 Sample Results and Gaps Against New Zealand ANZSIC Statistics



(Troy, 2006)

Response rates varied among FTE groups. In most instances the overall sample was in similar proportions to the actual population. Where the return rate was below the desired sample size, the shortfall was in just over 2% for 6-9 FTE and 12.21% for 1-5 FTEs. It is important to note that although the 12.21% 1-5 FTE shortfall seems large, the fact that this figure account for 645 completed questionnaires or 50.5% of the overall sample means that the impact on overall findings is minimised. Data was not weighted or statistically adjusted prior to data analysis. The FTE chart and table is presented in Chart 5-5 below.

Chart 5-5 Sample Results and Gaps Against New Zealand FTE Statistics



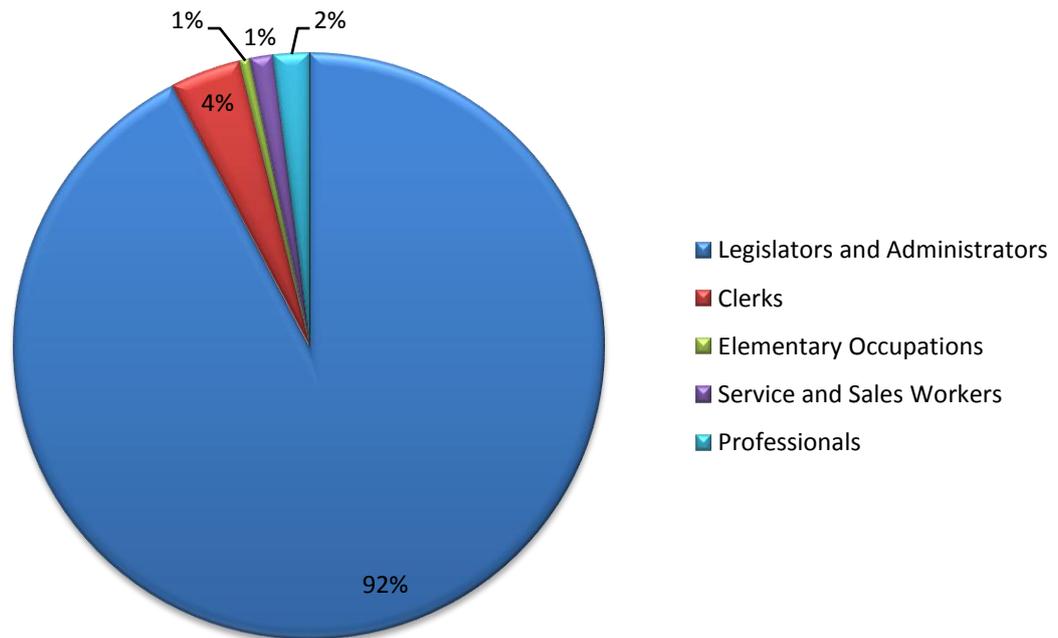
(Troy, 2006)

Respondents taking part in the survey were asked to provide their employment position title, once collected the responses were then recoded using the New Zealand Standard Classification of Occupations (NZSCO) (Pink, 1999) classification categories response rates are presented in Table 5-23 and Chart 5-6 below.

Table 5-23 NZSCO – Response Rate

	Frequency	Percent
Legislators and Administrators	1149	92.4
Clerks	48	3.9
Elementary Occupations	7	.6
Service and Sales Workers	16	1.3
Professionals	24	1.9
Total	1244	100.0

Chart 5-6 New Zealand Standard Classification of Occupations – Response Rate



(Troy, 2006)

As presented in Table 5-23 and Chart 5-6 above 92.4% of responses came from Legislators and administrators (senior managers, CEO's managing directors, directors and partners) within each organisation.

5.9.13 Unison and Participating Lines Companies

As part of the National CRM survey all ENA members (electricity lines companies) were invited to participate. Of the 24 lines companies (ENA, 2006), 16 companies (including Unison) participated reflecting a 66.6% response rate. The number of responses by company is presented in Table 5-24 below:

Table 5-24 Responses by Lines Company

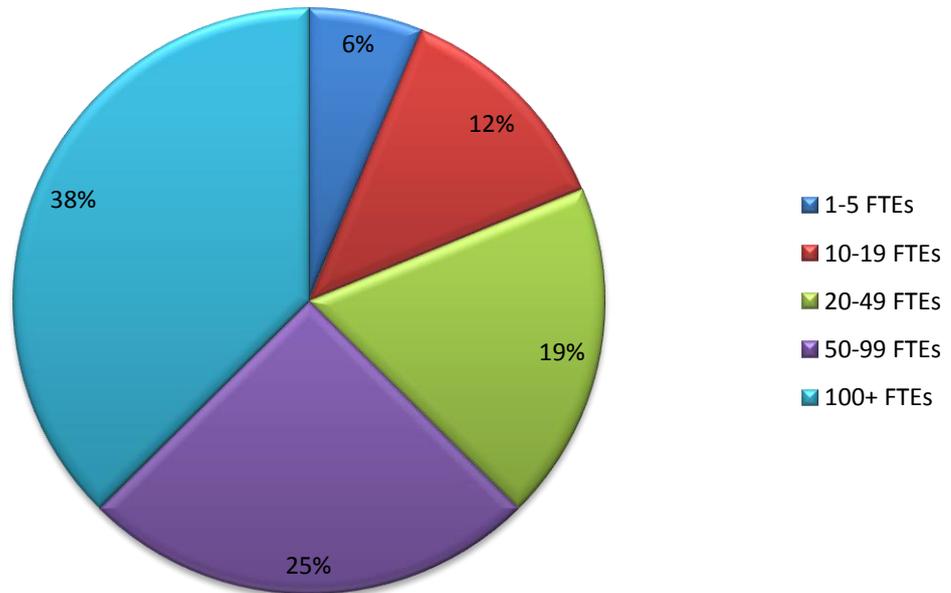
ENA Lines Company	Frequency
Unison Networks Ltd	4
Counties Power Ltd	3
Centralines Ltd	2
Horizon Energy Distribution Ltd	2
MainPower NZ Ltd	2
Northpower Ltd	2
PowerCo Ltd	2
Vector Ltd	2
WEL Ltd	2
Buller Electricity	1
Electra Ltd	1
Nelson Electricity	1
PowerNet Ltd	1
Scanpower Ltd	1
The Lines Company Ltd	1
Westpower Ltd	1
Total	28

Of the 66.6% of all electricity lines companies that took part, all aggregated responses in this report represent the opinions of senior decision makers. Using the Statistics New Zealand FTE ("Enterprise and employment size groups," 2005) employment size group categories: response rates were as presented in descending order in Table 5-24 and Chart 5-7 below:

Table 5-25 ENA Participant FTEs

	Frequency	Percent
Legislators and Administrators	1149	92.4
Clerks	48	3.9
Elementary Occupations	7	0.6
Service and Sales Workers	16	1.3
Professionals	24	1.9
Total	1244	100

Chart 5-7 ENA Participant FTEs



Results from Table 5-24 and Chart 5-7 above presents the FTE enterprise and employment sizes of the participating lines companies; whereas the 1-5 FTE category accounts for approximately 50% of national responses (Chart 5-5, page 214 above) with reducing number of companies consisting of each of the larger FTE categories, the opposite was case for participating lines companies.

Having explained how the research data was identified, sampled and collected, the researcher will now explain the data analysis process.

5.10 Detailed Findings of National Study Comparisons

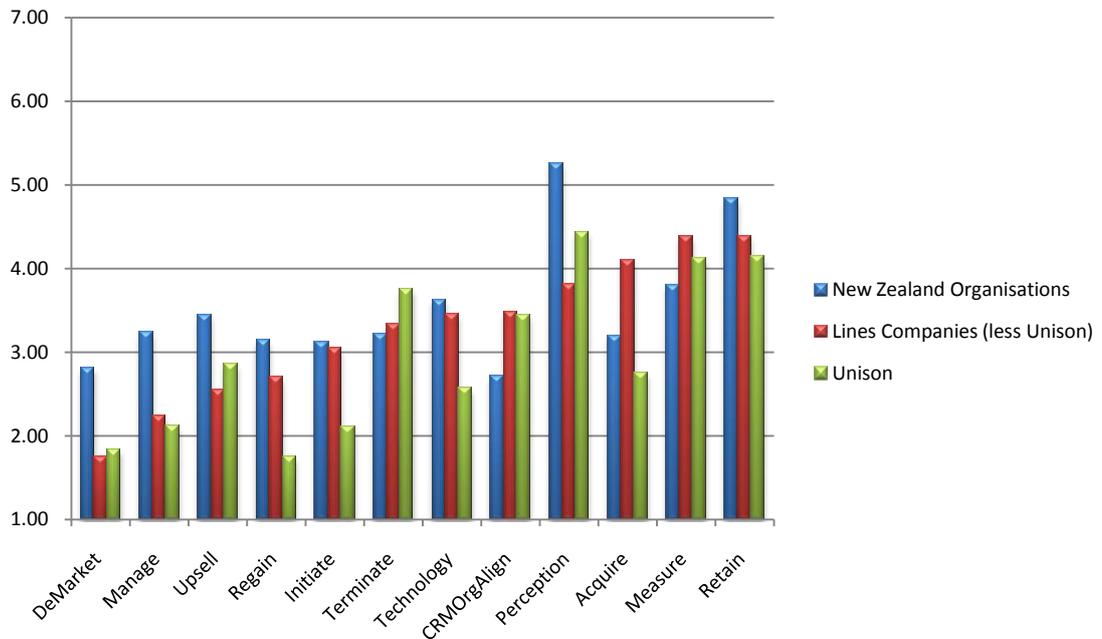
The findings of this research study will now be presented in detail. First an overview of the mean results from the 12 CRM sections will be given followed by a detailed breakdown of all 12 CRM sections and their associated questions. Comparisons with responses provided by Unison, its gap against other lines companies and the New Zealand average is also provided.

National conclusions are based on the assumption that each CRM section and its associated questions are to varying degrees relevant to all organisations and that the goal of these organisations is to work to provide a good level of service or achieve a best practice, best in field level of performance in CRM practices.

5.10.1 CRM Section Mean Analysis

To gain an overall indication of the 12 CRM sections researched, means were computed for each of the 12 CRM sections from the 1244 organisations as presented in Chart 5-8 below.

Chart 5-8 Means for CRM Areas



As presented in Chart 5-8 above, nationally, CRM organisational alignment, de-marketing and initiating processes are areas where fewer organisations have specific CRM policies. Retention, measurement and up-selling are areas where a higher level of CRM processes exist. Unison’s lowest ratings were in the regain, de-market and initiating sections whereas line companies lowest ratings were in the de-marketing, managing referrals and up-selling processes and practices. Unison’s highest ratings were in the perceptions of its performance against other lines companies, retention practices and measurement processes whereas lines companies highest scores were in the retention, measurement and acquiring areas of CRM process and practice. Results for Unison against other lines companies and the New Zealand average are highlighted in Chart 5-8 above.

5.10.2 ANZSIC and CRM Section Mean Analysis

Table 5-26 below presents the National CRM survey means result by ANZSIC. This table is of value as it allows the organisation to compare its performance against other in the same industry as well as other industry categories. Results for Unison, other lines companies and the

New Zealand average are highlighted in bold in the last and third to last row of Table 5-26 below.

Table 5-26 CRM Construct Means Analysis by ANZSIC

ANZSIC

	Initiate	Acquire	Regain	Measure	Retain	Up-Sell	Manage	Terminate	DeMarket	Perception	CRM-Org Alignment	Technology
Agriculture, Forestry and Fishing	3.11	3.17	3.26	3.96	4.98	3.48	2.93	3.59	2.91	5.30	2.83	3.87
Manufacturing	3.40	3.50	3.49	4.40	5.17	3.86	3.21	3.83	2.99	5.06	2.90	3.56
Electricity, Gas and Water Supply	2.86	3.06	2.31	5.50	4.14	3.25	1.13	4.00	1.33	4.56	3.13	3.75
Construction	2.43	2.49	2.52	3.18	4.45	2.84	2.74	2.69	3.00	5.00	2.59	3.08
Wholesale Trade	3.57	3.44	3.82	4.49	5.11	4.08	3.29	3.87	3.34	5.08	3.07	3.70
Retail Trade	2.80	3.22	2.87	3.43	4.58	3.76	3.27	3.06	2.82	5.26	2.51	3.23
Accommodation, Cafes and Restaurants	2.99	3.39	2.86	3.44	4.72	3.00	3.29	2.59	2.55	5.43	2.37	3.29
Transport and Storage	3.82	3.55	3.72	4.18	5.28	3.98	3.67	3.54	2.70	5.53	3.19	3.92
Communication Services	4.10	4.39	4.27	4.80	5.53	5.01	4.38	3.79	3.14	5.28	3.71	4.54
Finance and Insurance	3.42	3.69	3.31	4.64	5.35	4.03	4.30	4.33	3.56	5.50	3.22	4.61
Property and Business Services	3.14	3.12	3.24	3.93	4.80	3.27	3.39	3.46	2.95	5.23	2.79	3.90
Government Administration and Defence	2.44	2.26	2.03	2.85	3.86	1.69	1.99	2.27	1.73	4.50	2.13	3.17
Education	2.71	2.61	3.10	3.10	4.58	2.26	3.02	2.04	1.80	5.43	2.38	3.63
Health and Community Services	2.87	2.41	2.60	3.34	4.63	2.62	3.05	2.13	2.30	5.51	2.09	3.46
Cultural and Recreational Services	2.82	3.32	2.71	2.81	4.35	2.55	3.02	2.10	2.05	5.11	2.14	2.49
Personal and Other Services	2.86	2.95	2.32	3.05	4.43	2.79	3.14	2.59	2.46	5.32	2.42	4.03
Lines Companies	3.05	4.10	2.70	4.38	4.39	2.55	2.23	3.33	1.76	3.82	3.48	3.45
Unison	2.11	2.75	1.75	4.13	4.14	2.85	2.13	3.75	1.83	4.44	3.44	2.56
Total	3.12	3.21	3.13	3.81	4.83	3.43	3.23	3.23	2.79	5.23	2.73	3.62

Unison's ranking and ratings with other industry categories will be presented and discussed in detail in the individual CRM sections shortly.

5.10.3 FTE Means Analysis – Means Analysis

Mean results based on FTE are presented in Table 5-27 below. Results for Unison are highlighted in bold grey shade and are presented in the right hand column.

Table 5-27 CRM Construct FTE Means Analysis

	1-5 FTEs	6-9 FTEs	10-19 FTEs	20-49 FTEs	50-99 FTEs	100+ FTEs	Lines Companies	Unison	Total
Initiate	2.92	3.04	3.33	3.51	3.88	3.33	3.05	2.11	3.12
Acquire	3.05	3.12	3.28	3.55	3.70	3.57	4.10	2.75	3.21
Regain	2.98	3.09	3.20	3.58	3.72	3.18	2.70	1.75	3.13
Measure	3.51	3.78	4.03	4.48	4.42	4.32	4.38	4.13	3.81
Retain	4.67	4.93	4.82	5.20	5.04	5.09	4.39	4.14	4.83
Up-Sell	3.18	3.57	3.57	3.93	3.79	3.70	2.55	2.85	3.43
Manage	3.22	3.29	3.21	3.39	3.29	2.95	2.23	2.13	3.23
Terminate	2.92	3.19	3.47	3.72	4.19	3.67	3.33	3.75	3.23
DeMarket	2.66	2.85	2.96	3.02	3.06	2.80	1.76	1.83	2.79
Perception	5.13	5.44	5.24	5.42	5.44	5.26	3.82	4.44	5.23
CRMOrgAlign	2.42	2.79	2.77	3.32	3.56	3.38	3.48	3.44	2.73
Technology	3.40	3.55	3.74	3.77	4.48	4.27	3.45	2.56	3.62

5.11 National Organisational Alignment Trends

In the original study conducted by Reinartz et al (2004) a key hypothesis of their research was the existence of a relationship between CRM organisational alignment, perceived performance and sophistication of CRM processes and practices. Analysis of the findings of this New Zealand CRM survey supports Reinartz et al (2004) assumptions. Four questions relating to CRM organisational alignment researched in this survey are as follows:

1. We have systematic training procedures for helping employees deal differently with high-and low-value customers
2. We reward employees for building and deepening relationships with high-value customers
3. Our Strategic Business Unit is organized in a way to optimally respond to customer groups with different profitability
4. Organising people (i.e., changing organisational structure) to deliver differentiated treatment and products to different customer segments presents a strength for our Strategic Business Unit.

The result of the 2005 CRM survey showed that organisations with higher levels of CRM organisational alignment perceived their performance as better than their competitors and reported greater levels of CRM process and practice sophistication. Each of the four CRM organisational alignment questions will now be presented.

5.11.1 1. Training To Help Employees Deal Differently with High and Low-Value Customers

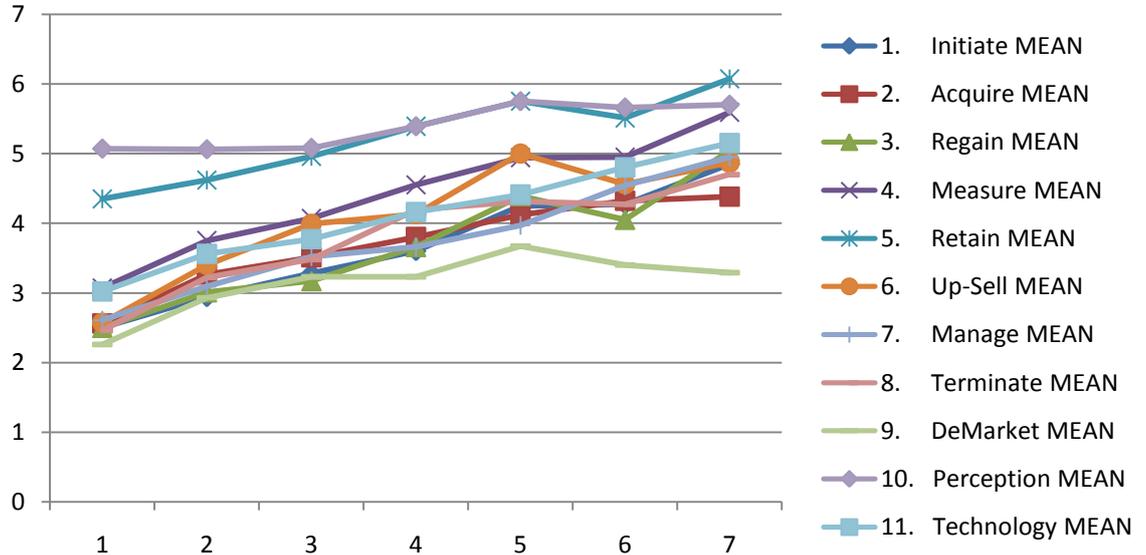
The first CRM organisational alignment questions measure the level to which organisations have systematic training procedures for helping employees deal differently with high and low value customers. Findings are presented in Table 5-28 below:

Table 5-28 CRM Organisational Alignment Question 1

	CRM-Org Alignment 1							Total
	1	2	3	4	5	6	7	
1. Initiate MEAN	2.50	2.94	3.28	3.60	4.25	4.27	4.85	3.12
2. Acquire MEAN	2.56	3.26	3.51	3.80	4.12	4.32	4.38	3.21
3. Regain MEAN	2.50	3.01	3.17	3.66	4.39	4.05	5.04	3.13
4. Measure MEAN	3.07	3.75	4.07	4.55	4.94	4.95	5.59	3.81
5. Retain MEAN	4.35	4.62	4.96	5.39	5.75	5.51	6.07	4.83
6. Up-Sell MEAN	2.57	3.40	3.99	4.13	5.00	4.56	4.87	3.43
7. Manage MEAN	2.61	3.09	3.52	3.66	3.97	4.54	4.95	3.23
8. Terminate MEAN	2.46	3.22	3.48	4.19	4.31	4.27	4.70	3.23
9. DeMarket MEAN	2.26	2.93	3.23	3.23	3.67	3.40	3.29	2.79
10. Perception MEAN	5.07	5.06	5.08	5.39	5.75	5.66	5.70	5.23
11. Technology MEAN	3.02	3.56	3.77	4.16	4.41	4.80	5.15	3.62

As presented in Table 5-28 above, in all instances respondents answering this question with 5, 6 or 7 (stating they agree to varying degrees that they have systematic training procedures for helping employees deal differently with high-and low-value customers) also demonstrate higher processes, systems and practices in all CRM areas. In all instances, these respondents' CRM section rating is above the national average.

Figure 5-6 CRM Organisational Alignment 1



As outlined in Figure 5-6 above, across all response options (1-7), retention is the most prominent CRM practice employed among all organisations. De-marketing practices are the least prevalent CRM processes.

5.11.2 2. Rewarding Employees for Building and Deepening Relationships with High-Value Customers

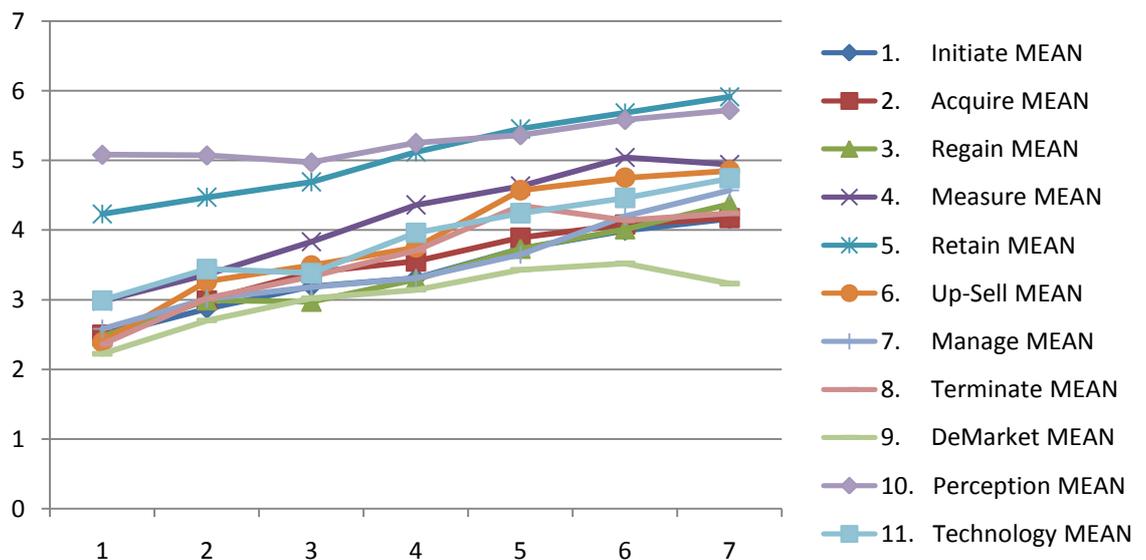
The second CRM organisational alignment question measures the level to which organisations reward employees for building and deepening relationships with high-value customers. Findings are presented in Table 5-29 below.

Table 5-29 CRM Organisational Alignment Question 2

	CRM-Org Alignment 2							Total
	1	2	3	4	5	6	7	
1. Initiate MEAN	2.48	2.87	3.19	3.31	3.73	3.99	4.16	3.12
2. Acquire MEAN	2.50	2.99	3.39	3.55	3.89	4.08	4.17	3.21
3. Regain MEAN	2.47	2.99	2.97	3.29	3.73	4.01	4.37	3.13
4. Measure MEAN	2.98	3.36	3.83	4.36	4.63	5.04	4.94	3.81
5. Retain MEAN	4.23	4.47	4.69	5.12	5.45	5.68	5.91	4.83
6. Up-Sell MEAN	2.39	3.26	3.49	3.75	4.57	4.75	4.85	3.43
7. Manage MEAN	2.58	3.01	3.18	3.31	3.65	4.20	4.57	3.23
8. Terminate MEAN	2.36	3.02	3.33	3.71	4.35	4.14	4.24	3.23
9. DeMarket MEAN	2.22	2.70	3.02	3.14	3.43	3.52	3.23	2.79
10. Perception MEAN	5.08	5.07	4.97	5.25	5.36	5.58	5.72	5.23
11. Technology MEAN	2.99	3.44	3.38	3.96	4.24	4.46	4.74	3.62

As presented in Table 5-29 above, in all instances respondents answering this question with 5, 6 or 7 (stating they agree to varying degrees that they reward employees for building and deepening relationships with high-value customers) also demonstrate higher processes, systems and practices in all CRM areas. In all instances, these respondents' CRM section rating is above the national average.

Figure 5-7 CRM Organisational Alignment 2



As outlined in Figure 5-7 above, across all response options (1-7), retention is the most prominent CRM practice employed among all organisations. De-marketing practices are the least prevalent CRM processes. It is also interesting to note that those organisations responding with 7 to this CRM organisational Alignment question show a decrease in de-marketing practices.

5.11.3 3. Organized in a Way to Optimally Respond to Customer Groups with Different Profitability

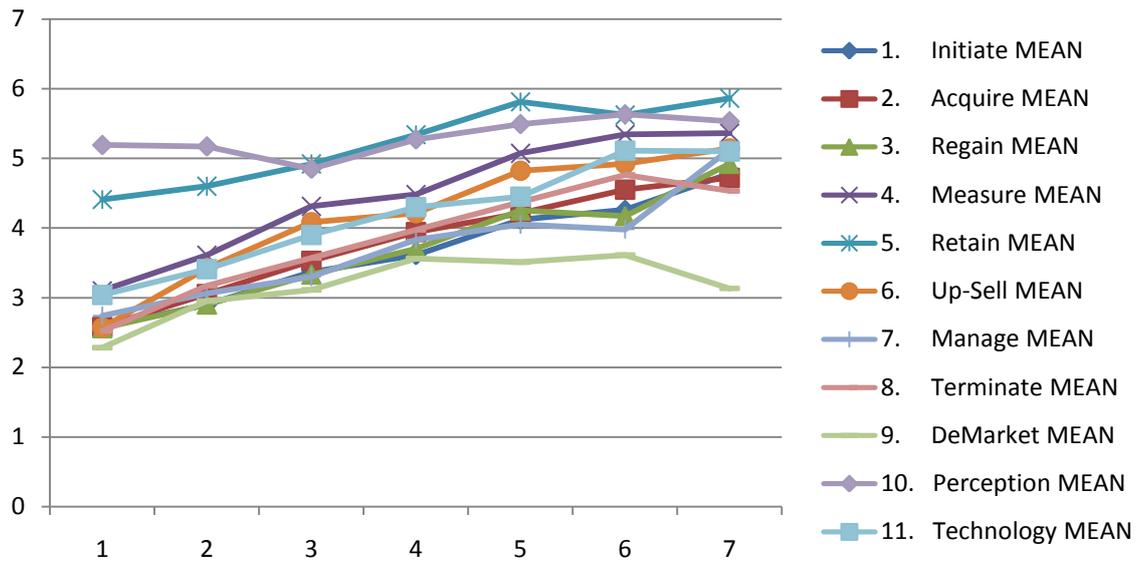
The third CRM organisational alignment question measures the level to which organisations are structured in a way to optimally respond to customer groups with different profitability. Findings are presented Table 5-30 below.

Table 5-30 CRM Organisational Alignment Question 3

		CRM-Org Alignment 3							
		1	2	3	4	5	6	7	Total
1.	Initiate MEAN	2.58	2.90	3.37	3.61	4.12	4.26	4.78	3.12
2.	Acquire MEAN	2.58	3.05	3.53	3.94	4.21	4.55	4.72	3.21
3.	Regain MEAN	2.56	2.90	3.33	3.70	4.25	4.17	4.92	3.13
4.	Measure MEAN	3.10	3.61	4.31	4.48	5.07	5.34	5.36	3.81
5.	Retain MEAN	4.41	4.60	4.92	5.34	5.81	5.62	5.86	4.83
6.	Up-Sell MEAN	2.57	3.42	4.08	4.21	4.82	4.92	5.14	3.43
7.	Manage MEAN	2.74	3.06	3.30	3.83	4.05	3.98	5.13	3.23
8.	Terminate MEAN	2.52	3.17	3.57	3.97	4.37	4.76	4.53	3.23
9.	DeMarket MEAN	2.28	2.95	3.11	3.56	3.51	3.61	3.13	2.79
10.	Perception MEAN	5.19	5.17	4.85	5.27	5.49	5.63	5.53	5.23
11.	Technology MEAN	3.04	3.41	3.90	4.30	4.45	5.11	5.10	3.62

As presented in Table 5-30 above, in all instances respondents answering this question with 5, 6 or 7 (stating they agree to varying degrees that they are structured in a way to optimally respond to customer groups with different profitability) also demonstrate higher processes, systems and practices in all CRM areas. In all instances, these respondents' CRM section rating is above the national average.

Figure 5-8 CRM Organisational Alignment 3



As outlined in Figure 5-8 above, across all response options (1-7), retention is the most prominent CRM practice employed among all organisations. De-marketing practices are the least prevalent CRM processes. It is also interesting to note that those organisations responding with 7 to this CRM organisational alignment questions show a decrease in de-marketing practices.

5.11.4 4. Differentiated Treatment and Products to Customer Segments Presents a Strength.

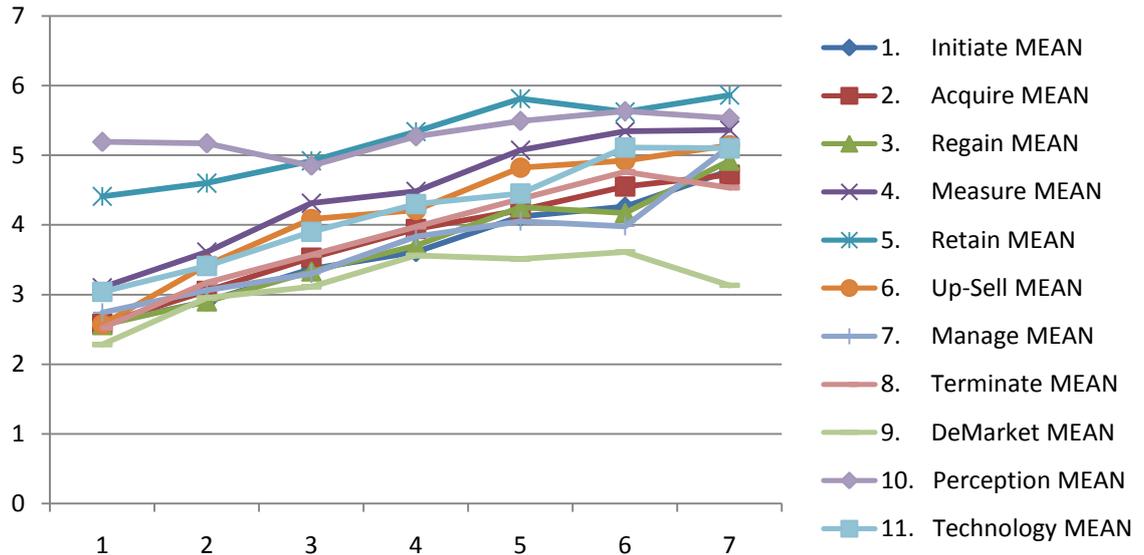
The final CRM organisational alignment question measures the level to which organisations deliver differentiated treatment and products to different customer segments. Findings are presented in Table 5-31 below:

Table 5-31 CRM Organisational Alignment Question 4

	CRM-Org Alignment 4							Total
	1	2	3	4	5	6	7	
1. Initiate ALL	2.51	2.98	3.36	3.60	3.91	3.91	4.73	3.12
2. Acquire ALL	2.52	3.11	3.52	3.73	4.05	4.28	4.76	3.21
3. Regain ALL	2.53	2.89	3.15	3.72	3.94	3.95	4.93	3.13
4. Measure ALL	3.03	3.55	4.23	4.55	4.74	5.08	5.44	3.81
5. Retain ALL	4.31	4.59	4.91	5.37	5.47	5.71	6.13	4.83
6. Up-Sell ALL	2.54	3.45	3.98	4.17	4.53	4.67	4.81	3.43
7. Manage ALL	2.72	3.10	3.40	3.69	3.87	3.72	4.79	3.23
8. Terminate ALL	2.49	2.97	3.65	4.10	3.98	4.33	4.68	3.23
9. DeMarket ALL	2.28	2.75	3.02	3.53	3.52	3.46	3.13	2.79
10. Perception ALL	5.16	5.07	5.10	5.22	5.27	5.59	5.79	5.23
11. Technology ALL	2.99	3.37	3.78	4.25	4.35	4.77	5.12	3.62

As presented in Table 5-31 above, in all instances respondents answering this question with 5, 6 or 7 (stating they agree to varying degrees that they deliver differentiated treatment and products to different customer segments) also demonstrate higher processes, systems and practices in all CRM areas. In all instances, these respondents' CRM section rating is above the national average.

Figure 5-9 CRM Organisational Alignment 4



As outlined in Figure 5-9 above, across all response options (1-7), retention is the most prominent CRM practice employed among all organisations. De-marketing practices are the least prevalent CRM processes. It is also interesting to note that those organisations responding with 7 to this CRM organisational Alignment questions show a minor decrease in de-marketing practices. In the next section the researcher will present the individual outcomes of each of the 12 CRM questions in the surveys. Data is presented in the following format:

Table 5-32 Presentation of CRM Data

Format	Content
1. Section Overview.	Includes each of the 12 CRM sections.
2. National Conclusions.	Presents results of ALL survey participants.
3. Unison, other lines companies and New Zealand organisations.	Compares the means of the individual questions and ranks comparison between Unison, other lines companies and ALL CRM survey participants.
4. Executive Gaps.	Presents comparative findings from the customer relations manager (CR), general manager (GM), chief financial officer (CFO) operations manager (OM).
5. 2002 to 2005 Chronological changes in practices.	Presents changes in rating between 2002 and 2005 for each CRM question in each section.
6. 2002 to 2005 changes and summary of depth interview.	Provides explanation and commentary for the changes from the depth interview with Unison Customer Relations Manager.

5.12 Initiate: Measurement at Initiating Stage

5.12.1 *Initiate* Section Overview

This section measures the existence of systems for identifying potential customers as well as identifying which potential customers are more valuable. It measures organisations use of data from external sources for identifying potential high value customers and the existence of formal systems that facilitate continuous evaluation of prospects. Systems to determine the cost of re-establishing a relationship with a lost customer are measured as well as systematic processes for assessing the value of past customers with whom organisations no longer have a relationship. The section also measures the existence of systems for determining the costs of re-establishing a relationship with inactive customers. The *Initiate* section comprises of the following seven questions:

1. **Initiate 1:** *We have a formal system for identifying potential customers.*
2. **Initiate 2:** *We have a formal system for identifying which of the potential customers are more valuable.*
3. **Initiate 3:** *We use data from external sources for identifying potential high value customers.*
4. **Initiate 4:** *We have a formal system in place that facilitates the continuous evaluation of prospects.*
5. **Initiate 5:** *We have a system in place to determine the cost of re-establishing a relationship with a lost customer.*
6. **Initiate 6:** *We have a systematic process for assessing the value of past customers with whom we no longer have a relationship.*
7. **Initiate 7:** *We have a system for determining the costs of re-establishing a relationship with inactive customers.*

5.12.2 *Initiate* National Conclusions

Across all sectors, ANZSIC and FTEs the *Initiate* section is ranked in 10th position of the 12 CRM areas. Of the seven *Initiate* (*Measurement at Initiating Stage*) areas measured, formal systems for identifying customers and identifying the potential value of customers were rated the highest with systems for re-establishing relationships with inactive customers and assessing the value of past customers rating the lowest. The Communications sector rated highest in this CRM section. Based on these findings, it appears that once a customer is lost, little effort goes into measuring the value or the cost of lost relationships.

5.12.3 *Initiate* Unison, ENA and National Comparisons

To measure the seven questions in the *Initiate* section a means comparison was used as presented in Chart 5-9 below:

Chart 5-9 Unison, ENA and All Respondents *Initiate* Mean Comparison

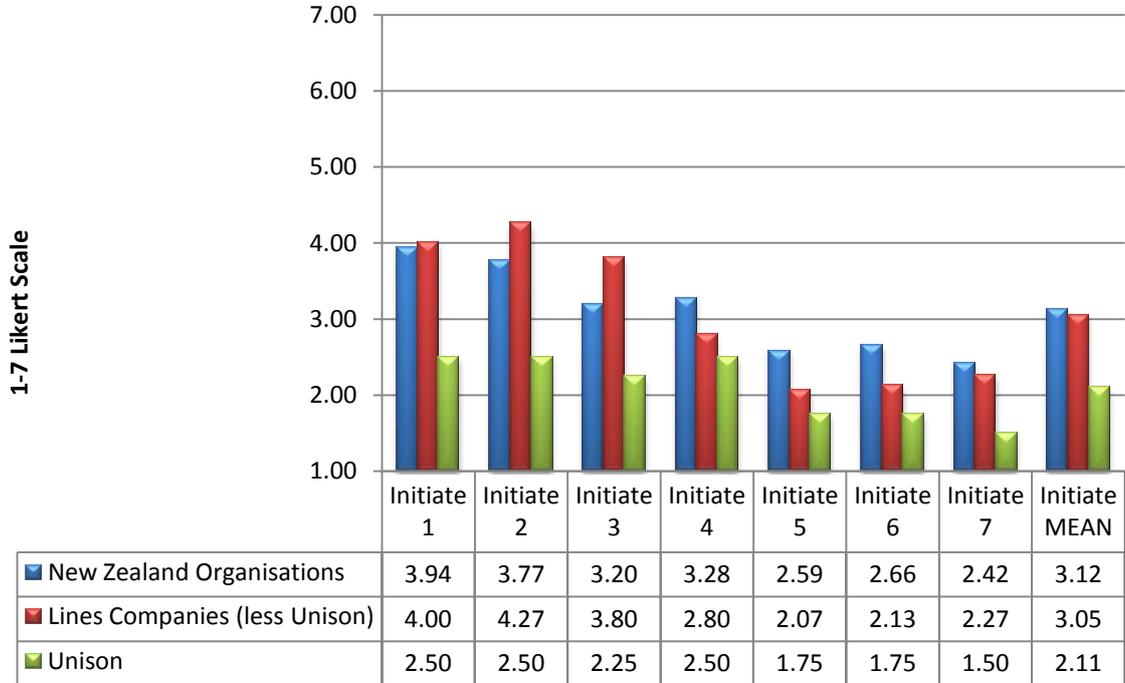


Chart 5-9 above highlights that in most instances Unison scores lower than the ENA or ALL mean. Only in *Initiate* 4 question “We have a formal system in place that facilitates the continuous evaluation of prospects” does Unison gain a similar score to that of ENA. Formal systems for identifying customers, which are more valuable and the use of external data sources ratings of other lines companies were close to the national average. Unison’s rankings with other sectors in the *Initiate* section are presented in Chart 5-10 below:

Chart 5-10 Unison *Initiate* Means Comparison

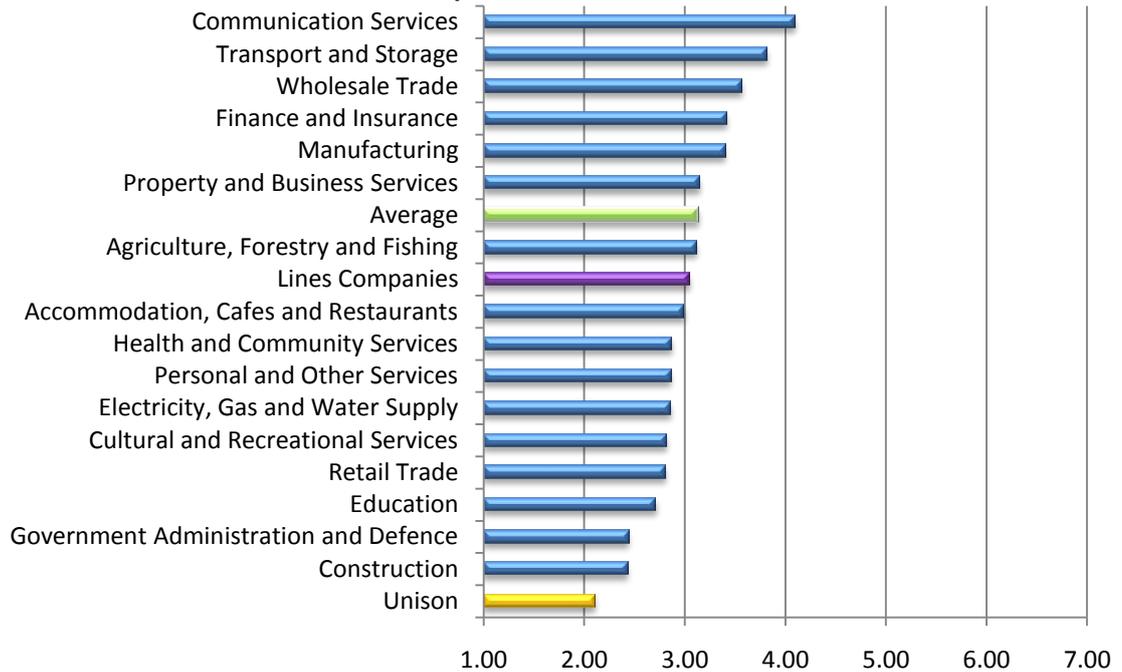


Chart 5-10 above illustrates that Unison’s overall mean rating in the *Initiate* section came in at the bottom of the scale against other industries along with construction and other Government Administration and Defence. Communication, Transport and Storage came in at the top of the scale.

5.12.4 *Initiate* Executive Gaps

Gaps within Unison’s executive team in the *Initiate* section are presented in Table 5-33 below:

Table 5-33 *Initiate* Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Initiate 1	1	3	4	2	2.50	1.291
Initiate 2	1	3	4	2	2.50	1.291
Initiate 3	1	4	2	2	2.25	1.258
Initiate 4	1	3	4	2	2.50	1.291
Initiate 5	1	2	2	2	1.75	0.500
Initiate 6	1	2	2	2	1.75	0.500
Initiate 7	1	2	1	2	1.50	0.577
Initiate MEAN	1.00	2.71	2.71	2.00	2.11	0.811

The results indicated in Table 5-33 above show that some differences exist between executive scores using the 1-7 Likert scale. Overall mean ratings of individual executives varied. executive responses to questions 5, 6, and 7 were closer than those presented in *Initiate* 1, 2, 3 and 4. Whereas the executive standard deviation (degree to which responses are similar)

ranged from .500 to 2.062, of the 12 sections measured by the Unison’s executive team the **Initiate** standard deviation ranked in 6th place with a standard deviation of 0.811 meaning that responses were relatively consistent. The **Initiate** section gained the third lowest rating of the 12 CRM sections from Unison’s executives.

5.12.5 **Initiate Unison 2002-2005 Conclusions**

Changes in the **Initiate** section from 2002 to 2005 are presented in Table 5-34 below:

Table 5-34 *Initiate* 2002-2005 Mean Comparison

Year	Initiate 1	Initiate 2	Initiate 3	Initiate 4	Initiate 5	Initiate 6	Initiate 7	Initiate Mean
2002	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.0000
2005	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.0000
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.0000

As presented in Table 5-34 above, based on the depth interview with Unison Customer Relations Manager, no changes have occurred in any of the **Initiate** areas during 2002-2005. From the interview with the CRM manager, as this section applies to Unison, the Customer Relations Manager stated that “A lines company is a monopoly; we have lists of existing customer of which we do not know the value”. “From a new connections perspective, Unison does not know when people want to connect to us, until they make contact with us, over the 2002-2005 period nothing has changed, as a monopoly we don get to choose our customers”. “Unison is only interested in developing a relationship with major customers, not new connection residential customers”. In summary, identifying customers is not an activity undertaken by a lines company, Unison cannot lose customers, and all customers remain active.

“The only thing Unison targets through its relationships with councils or Chambers of Commerce is if there are any major players who want to enter Unison’s areas and do business, Unison can sit down with them and discuss what is on offer in relation to their needs, however the company does not go out of its way to do, as it’s not a priority at the moment” (Hewitt, 2003).

5.13 **Acquire: Activities to Acquire Customers**

5.13.1 **Acquire Section Overview**

This section measures the degree to which organisations attempt to attract prospects in order to coordinate messages across media channels. It measures the level of formal systems in place that differentiate targeting of communications based on a prospect's value as

well as systematically presenting different offers to prospects based on the prospects' economic value. It also measures the degree to which organisations differentiate acquisition investments based on customer value. The **Acquire** section comprises of the following four questions:

1. **Acquire 1:** *We made attempts to attract prospects in order to coordinate messages across media channels.*
2. **Acquire 2:** *We have a formal system in place that differentiates targeting of our communications based on the prospect's value.*
3. **Acquire 3:** *We systematically present different offers to prospects based on the prospects' economic value.*
4. **Acquire 4:** *We differentiate our acquisition investments based on customer value.*

5.13.2 **Acquire National Conclusions**

Across all sectors, ANZSIC and FTEs the **Acquire** section is ranked in 8th position of the 12 CRM areas. Of the four **Acquire** (*Activities to Acquire Customers*) areas measured, formal systems for making attempts to attract prospects in order to coordinate messages across media channels ranked highest and the existence of formal systems that differentiate targeting of communications based on the prospect's value was rated lowest. The Communications sector followed by other lines companies rated this CRM section highest and Government Departments, Defence and Health and Community services came in lowest. Based on these findings, some effort is channelled into differentiating customers based on value and offering differentiated product or service offerings to these customers.

5.13.3 **Acquire Unison, ENA and National Comparisons**

To measure the seven questions in the **Acquire** section a means comparison was used as presented in Chart 5-11 below:

Chart 5-11 Unison, ENA and All Respondents *Acquire* Mean Comparison

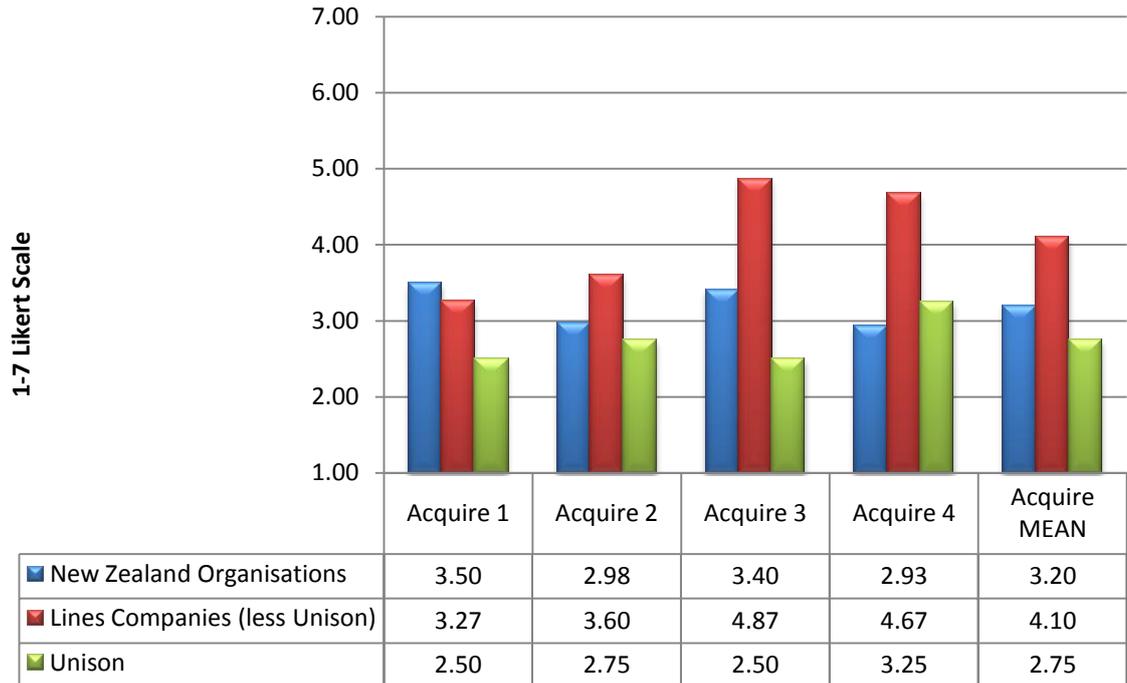


Chart 5-11 above presents some consistency in low ratings for the **Acquire** section variables with the exception of **Acquire 4**: “*We differentiate our acquisition investments based on customer value*”. Overall other lines companies rated higher than the New Zealand average in this section.

Unison’s mean ranking with other sectors in the **Acquire** section is presented in Chart 5-12 below:

Chart 5-12 Unison *Acquire* Means Comparison

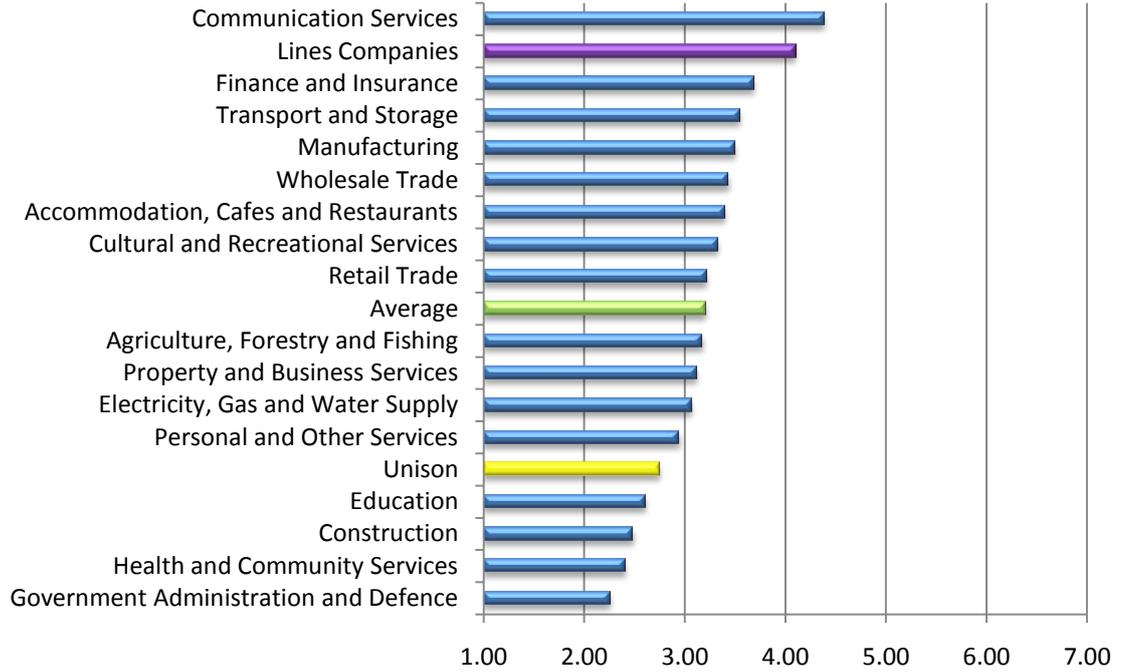


Chart 5-12 above shows Unison’s rating below the national average, on par with Electricity, Gas and Water Supply organisations and Personal and Other Services. Other Lines Companies were ranked near the top of the list along with Communication Services sector and Finance and Insurance.

5.13.4 *Acquire* Executive Gaps

Gaps within Unison’s executive team in the *Acquire* section are presented in Table 5-35 below:

Table 5-35 *Acquire* Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Acquire 1	1	1	6	2	2.50	2.380
Acquire 2	1	4	4	2	2.75	1.500
Acquire 3	1	5	2	2	2.50	1.732
Acquire 4	1	4	6	2	3.25	2.217
Acquire MEAN	1.00	3.50	4.50	2.00	2.75	1.555

Results from Table 5-35 above show a degree of variation among executives in each of the *Acquire* questions. executives were more agreeable about *Acquire* 2: “We have a formal system in place that differentiates targeting of our communications based on the prospect’s value” than any of the other three variables measured in this section. In terms of sameness of answers measured by standard deviation, the *Acquire* section ranked 11th place with a standard deviation of 1.555, one below the lowest rating indicating that considerable difference of opinion exist among executives in this CRM section. The *Acquire* section gained

6th place, about midway, with a mean rating at 2.75. This again suggests that little agreement existed among Unison executives.

5.13.5 *Acquire* Unison 2002-2005 Conclusions

Changes in the *Acquire* section from 2002 to 2005 are presented in Table 5-36 below:

Table 5-36 *Acquire* 2002-2005 Mean Comparison

Year	Acquire 1	Acquire 2	Acquire 3	Acquire 4	Acquire Mean
2002	1.00	1.00	1.00	1.00	1.0000
2005	1.00	1.00	1.00	1.00	1.0000
Total	1.00	1.00	1.00	1.00	1.0000

As presented in Table 5-36 above, based on the depth interview with Unison’s CRM Manager, no change had occurred in terms of CRM process or practices in this section during 2002-2005.

As with the *Initiate* section which is concerned with initiating customers, the *Acquire* section’s primary focus is the acquisition of new customers. According to the CRM manager, owing to the fact that Unison is a monopoly, little to no resource is invested in the activities outlined in this section. Even with the creation of the wind farm and subsequent entry into the generation market “Unison will need to on sell the electricity to a retailer”. In the event that future legislation allows Unison to sell direct to the end consumer, “Unison will select a handful of customers” and negotiate an arrangement with them.

5.14 *Regain*: Activities to Regain Customers

5.14.1 *Regain* Section Overview

This section measures the level of systematic processes or approaches to re-establish relationships with valuable customers who have been lost to competitors as well as the level of systems in place to enable organisations to interact with lost customers. Systematic process for re-establishing a relationship with valued inactive customers is measured along with systems for interacting with inactive customers. The *Regain* section comprises of the following four questions:

1. ***Regain 1:*** *We have a systematic process/approach to re-establish relationships with valuable customers who have been lost to competitors.*
2. ***Regain 2:*** *We have a system in place to be able to interact with lost customers.*
3. ***Regain 3:*** *We have a systematic process for re-establishing a relationship with valued inactive customers.*

4. **Regain 4:** We develop a system for interacting with inactive customers.

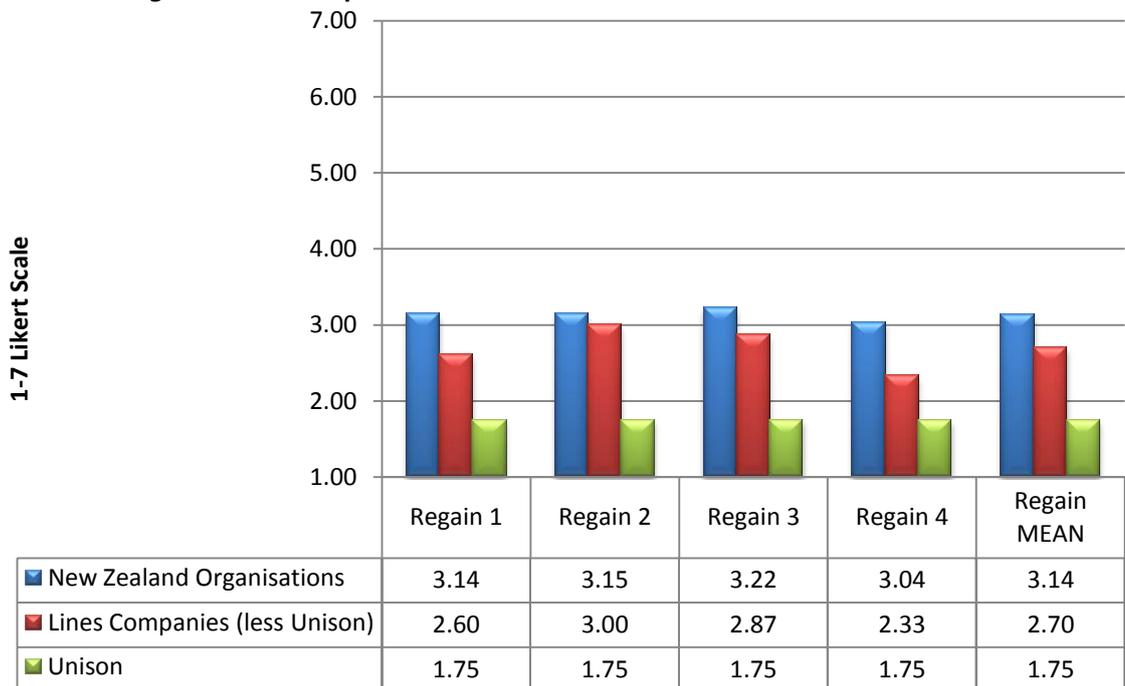
5.14.2 **Regain National Conclusions**

Across all sectors, ANZSIC and FTEs the **Regain** section is ranked in 9th position of the 12 CRM areas. Of the four **Regain** (*Activities to Regain Customers*) areas measured, formal systematic processes for re-establishing a relationship with valued inactive customers ranked highest and systems for interacting with inactive customers ranked lowest. The communications sector followed by the Wholesale Trade sector rated this CRM section highest and Unison, Government Administration-Defence and Electricity, Gas and Water Supply. Based on these findings, once a customer is lost, some effort goes into re-establishing the relationship.

5.14.3 **Regain Unison, ENA and National Comparisons**

To measure the seven questions in the **Regain** section a means comparison was used as presented in Chart 5-13 below:

Chart 5-13 **Regain Mean Comparisons**



As presented in Chart 5-13 above Unison scored lower than the ENA or ALL respondents mean in all **Regain** areas. Unison’s mean rating of each **Regain** variable was consistent across the board. In all instances, the New Zealand average was higher than other lines companies and Unison. In saying this it is important to note that the mean rating of 3.14 for all organisations is still below the midway point on the 1-7 Likert scale suggesting that the

Regain section are not well developed process and practices within New Zealand organisations. Unison’s ranking with other sectors in the **Regain** section is presented in Chart 5-14 below:

Chart 5-14 Unison Regain Means Comparison

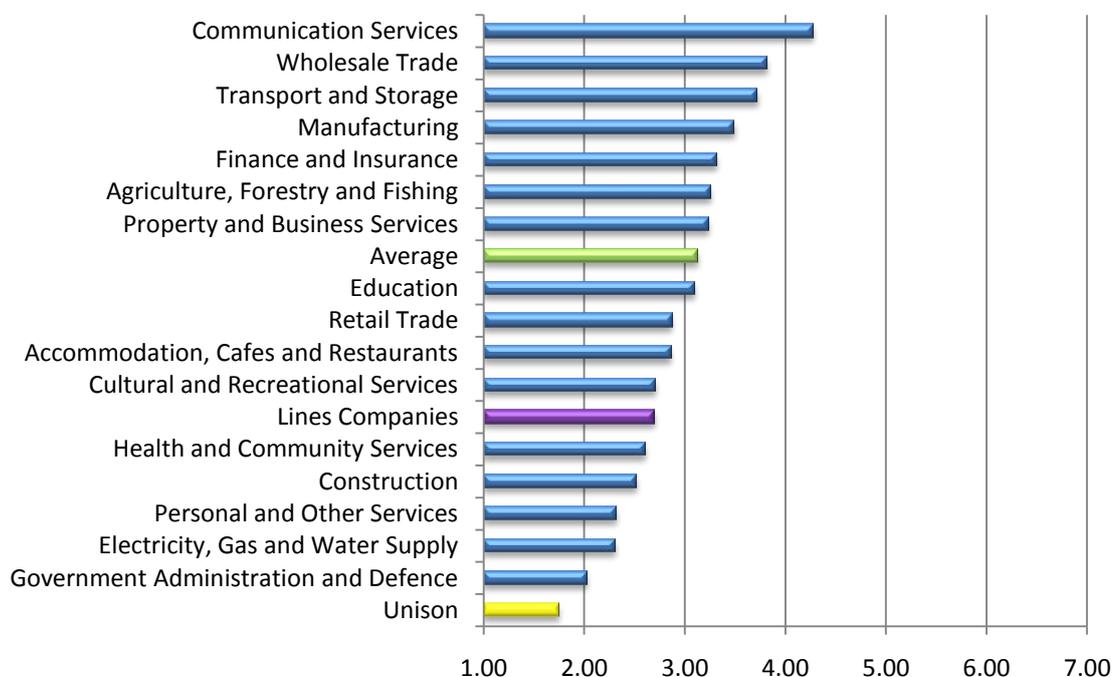


Chart 5-14 above shows that as with the **Initiate** section, Unison came in at the bottom of the sector list along with Government Administration and Defence and Electricity, Gas and Water Supply. Communication Services, Wholesale Trade, Transport and Storage were at the top of the scale.

5.14.4 Regain Executive Gaps

Gaps within Unison’s executive team in the **Regain** section are presented in Table 5-37 below:

Table 5-37 Regain Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Regain 1	1	2	2	2	1.75	0.500
Regain 2	1	2	2	2	1.75	0.500
Regain 3	1	2	2	2	1.75	0.500
Regain 4	1	2	2	2	1.75	0.500
Regain MEAN	1.00	2.00	2.00	2.00	1.75	0.500

Results indicated in Table 5-37 above show that in most instances, executives were similar in their ratings in the **Regain** section. Overall mean ratings of the individual executives were also similar. In terms of sameness of answers measured by standard deviation, the **Regain** section ranked 1st place with a standard deviation of 0.500, the lowest standard deviation of all sections meaning that executive were most alike in their responses to this section. It was also the section that gained the lowest overall mean rating of 1.75; therefore all executives agreed that this section was the least developed in terms of CRM process and practices within the company.

5.14.5 **Regain Unison 2002-2005 Conclusions**

Changes in the **Regain** section from 2002 to 2005 are presented in Table 5-38 below:

Table 5-38 Regain 2002-2005 Mean Comparison

Year	Regain 1	Regain 2	Regain 3	Regain 4	Regain Mean
2002	1.00	1.00	1.00	1.00	1.0000
2005	1.00	1.00	1.00	1.00	1.0000
Total	1.00	1.00	1.00	1.00	1.0000

As presented in Table 5-38 above, according to Unison’s CRM manager, no changes or developments have occurred in this section from 2002 to 2005. Again owing to the fact that as a monopoly, Unison cannot lose a customer, the CRM manager stated that this area of CRM has little or no resource allocated to it in terms of processes or practices.

5.15 **Measure While Maintaining: CRM Maintenance**

5.15.1 **Measure While Maintaining Section Overview**

This section measures organisations’ formal systems for determining which of their current customers are of the highest value. It measures whether organisations continuously track customer information in order to assess customer value and attempts to determine the costs of retaining customers. It also measures the level to which organisations track the status of their client relationships during the entire customer life cycle. The **Measure While Maintaining** section comprises of the following four questions:

1. **Measure While Maintaining 1:** *We have a formal system for determining which of our current customers are of the highest value.*
2. **Measure While Maintaining 2:** *We continuously track customer information in order to assess customer value.*
3. **Measure While Maintaining 3:** *We actively attempt to determine the costs of retaining customers.*

4. **Measure While Maintaining 4:** We track the status of the relationship during the entire customer life cycle (relationship maturity).

5.15.2 Measure While Maintaining National Conclusions

Across all sectors, ANZSIC and FTEs the **Measure While Maintaining** section is ranked in 3rd position of the 12 CRM areas. Of the four **Measure While Maintaining (CRM Maintenance)** areas researched, formal systems for determining which current customers are of highest value ranked highest and processes for actively attempting to determine the costs of retaining customers ranked lowest. Electricity, Gas and Water Supply followed by communications then Finance and Insurance sectors rated this CRM section highest and Cultural and recreational services then Government Administration-Defence sectors came in last. **Based on these findings, some efforts are made by New Zealand organisations to measure a few elements of customer value.**

5.15.3 Measure While Maintaining Unison, ENA and National Comparisons

To measure the seven questions in the **Measure While Maintaining** section a means comparison was used as presented in Chart 5-15 below:

Chart 5-15 Measure While Maintaining Mean Comparison

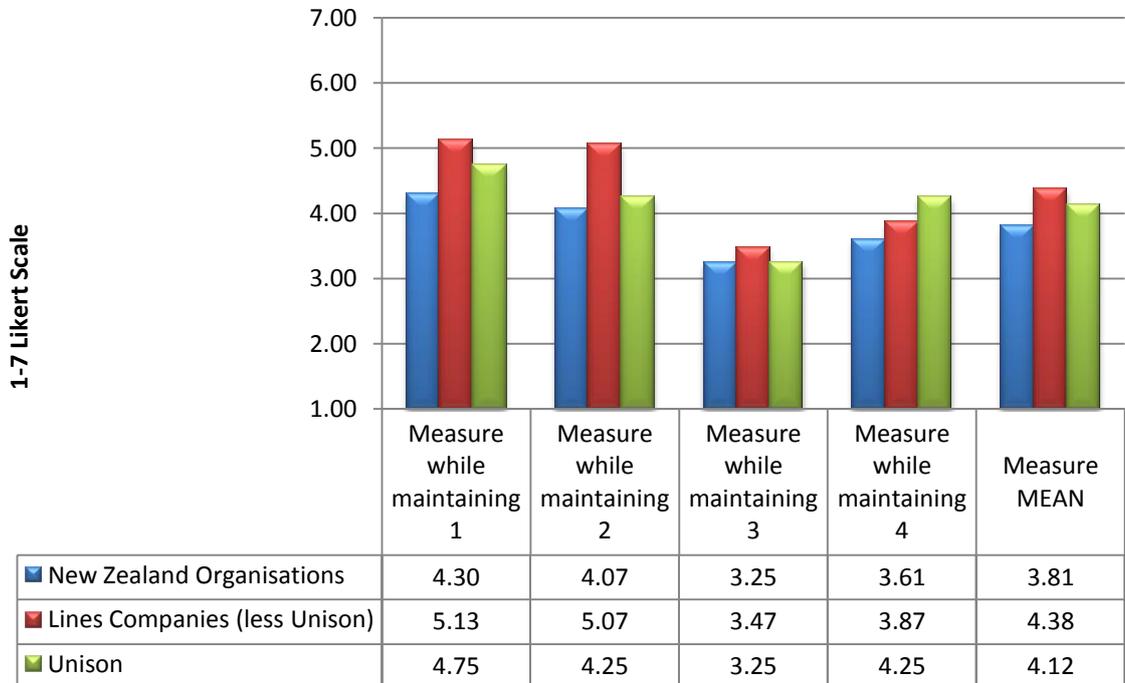


Chart 5-15 above shows that Unison rated lower in three of the four **Measure While Maintaining** variables. Unison rated **Measure While Maintaining 4:** “We track the status of

the relationship during the entire customer life cycle (relationship maturity)” higher than other lines companies and the New Zealand average. Unison’s rankings with other sectors in the **Measure While Maintaining** section are presented in Chart 5-16 below:

Chart 5-16 Unison Measure While Maintaining Means Comparison

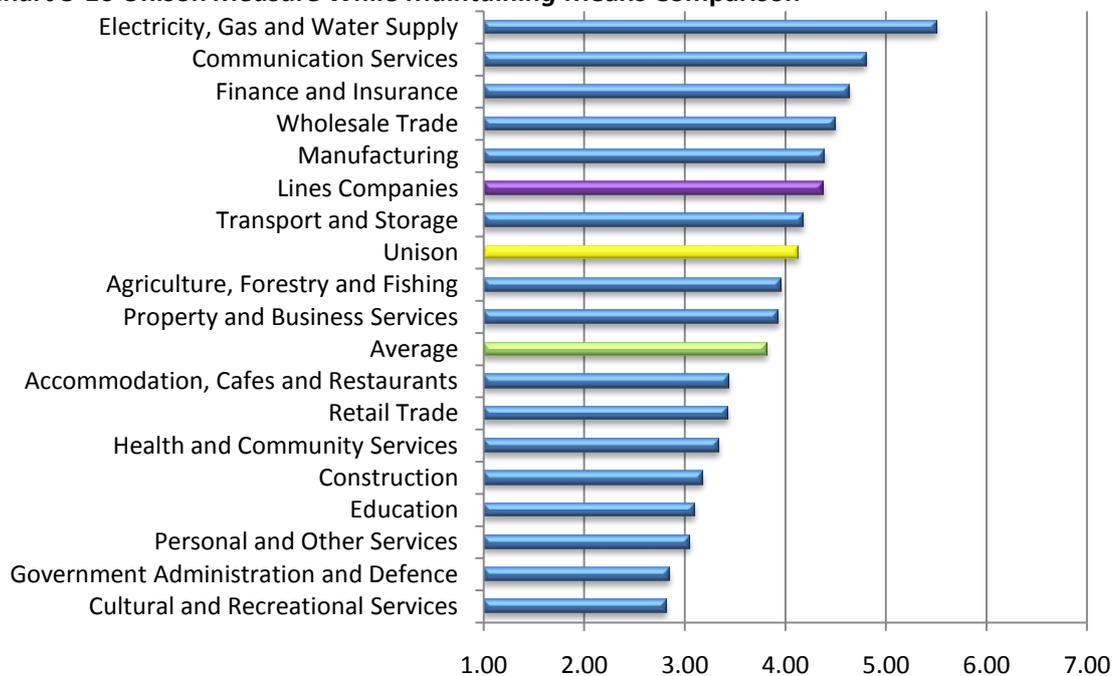


Chart 5-16 above illustrates that Unison’s overall mean rating in the **Measure While Maintaining** section is above the New Zealand standard and on par with the transport and storage sector. Electricity, Gas and Water Supply followed by communications then Finance and Insurance sectors rated this CRM section highest and Cultural and recreational services then Government Administration-Defence sectors came in last.

5.15.4 Measure While Maintaining Executive Gaps

Gaps within Unison’s executive team in the **Measure While Maintaining** section are presented in Table 5-39 below:

Table 5-39 Measure While Maintaining Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Measure While maintaining 1	7	3	6	3	4.75	2.062
Measure While maintaining 2	7	3	4	3	4.25	1.893
Measure While maintaining 3	1	4	5	3	3.25	1.708
Measure While maintaining 4	6	4	4	3	4.25	1.258
Measure MEAN	5.25	3.50	4.75	3.00	4.13	1.051

As presented in Table 5-39 above significant differences existed between Unison executives in the **Measure While Maintaining** section of CRM processes and practices. **Measure While Maintaining** variable 4: “We track the status of the relationship during the entire customer life cycle (relationship maturity)” was the variable in which Unison executives were closest in their ratings. **Measure While Maintaining** variable 1: “We have a formal system for determining which of our current customers are of the highest value” presented the greatest difference between score provided.

The **Measure While Maintaining** section was the 3rd highest CRM section that had the greatest difference in executive ratings meaning that considerable differences existed in executive opinions in this area, although the section had the third highest overall mean rating. This indicates that opinions varied but overall a degree of processes and practices were in place. **Measure While Maintaining** ranked 10th in terms of sameness of executive responses with a standard deviation of 1.051; the mean score against the other 12 CRM sections was also 10th place 4.13 indicating that although this section was rated highly in terms of company CRM processes and practices, all answers were outside the standard deviation of one indicating some difference in executive opinion.

5.15.5 Measure While Maintaining Unison 2002-2005 Conclusions

Changes in the **Measure While Maintaining** section from 2002 to 2005 are presented in Table 5-40 below:

Table 5-40 Measure While Maintaining 2002-2005 Mean Comparison

Year		Measure While maintaining 1	Measure While maintaining 2	Measure While maintaining 3	Measure While maintaining 4	Measure Mean
2002	Mean	2.00	1.00	1.00	1.00	1.2500
2005	Mean	7.00	7.00	1.00	6.00	5.2500
Total	Mean	4.50	4.00	1.00	3.50	3.2500
	Std. Deviation	3.536	4.243	.000	3.536	2.82843

As presented in Table 5-40 above, according to the CRM manager, three of the four **Measure While Maintaining** processes and practices were significantly developed over the 2002-2005 period.

Measure While Maintaining 1 & 2: *We have a formal system for determining which of our current customers are of the highest value and we continuously track customer information*

in order to assess customer value changed significantly over the three year period. As a result of a company re-pricing Unison “had to establish who their top customers were” from a monetary perspective. Originally there were no formal classification systems for determining the value of customers; when formal calculations were undertaken, customers who were once considered important, were found to not be as financially valuable as had been previously considered, “now customers’ value is tracked monthly, we know what the demands are and what they are worth to Unison”. “A new billing system was put in place, prior to this the system performed a billing function but not a reporting function, now Unison can track what out customers are doing”. This was only put in place for major “time of use” customers, normal metering does not provide user time of usage or demand.

“This information is reported to the Board on a monthly basis and is reported on in the annual report. This information allows us to better determine cost of supply and subsequent ability to work with customer regarding demand and supply and therefore manage their usage better”. Previously this was determined on an annual basis “with a lot of assumptions made”.

Measure While Maintaining 3: *We actively attempt to determine the costs of retaining customers*, does not apply as there is little concern with losing customers, therefore little processes of practices are required to actively retain customers.

In terms of ***Measure While Maintaining 4:*** *We track the status of the relationship during the entire customer life cycle*, Unison customers are lifetime customers, coming from little or no process/practices in this area Unison employed a staff member whose responsibility was to manage relationships with key customers and record contact and correspondence in “a formal database available to the commercial team to track as monitor customer relationships”.

5.16 Retain: Activities to Retain Customers

5.16.1 Retain Section Overview

This section measures the degree to which organisations maintain an interactive two-way communication with customers, actively stress customer loyalty or retention programs and integrate customer information across customer contact points. It also measures the level to which organisations are structured to optimally respond to groups of customers with

different values, systematically attempt to customize products/services based on the value of the customer while managing expectations and building long-term relationships with high-value customers. The **Retain** section comprises of the following seven questions:

1. **Retain 1:** *We maintain an interactive two-way communication with our customers.*
2. **Retain 2:** *We actively stress customer loyalty or retention programs.*
3. **Retain 3:** *We integrate customer information across customer contact points (e.g., mail, telephone, Web, fax, face-to-face).*
4. **Retain 4:** *We are structured to optimally respond to groups of customers with different values.*
5. **Retain 5:** *We systematically attempt to customize products/services based on the value of the customer.*
6. **Retain 6:** *We systematically attempt to manage the expectations of high value customers.*
7. **Retain 7:** *We attempt to build long-term relationships with our high-value customers.*

5.16.2 Retain National Conclusions

Across all sectors, ANZSIC and FTEs the **Retain** section ranked 2nd place in the 12 CRM areas. Of the seven **Retain** (*Activities to Retain Customers*) areas measured, **Retain 7:** attempts to build long-term relationships with high-value customers ranked highest and **Retain 4:** we are structured to optimally respond to groups of customers with different values ranked lowest. The Communications sector followed by the Finance and Insurance sectors rated this CRM section highest with all other sectors stressing the importance of this section. **Based on these findings, most New Zealand organisations make efforts to retain their customers a priority.**

5.16.3 Retain Unison, ENA and National Comparisons

To measure the seven questions in the **Retain** section a means comparison was used as presented in Chart 5-17 below:

Chart 5-17 Retain Mean Comparison

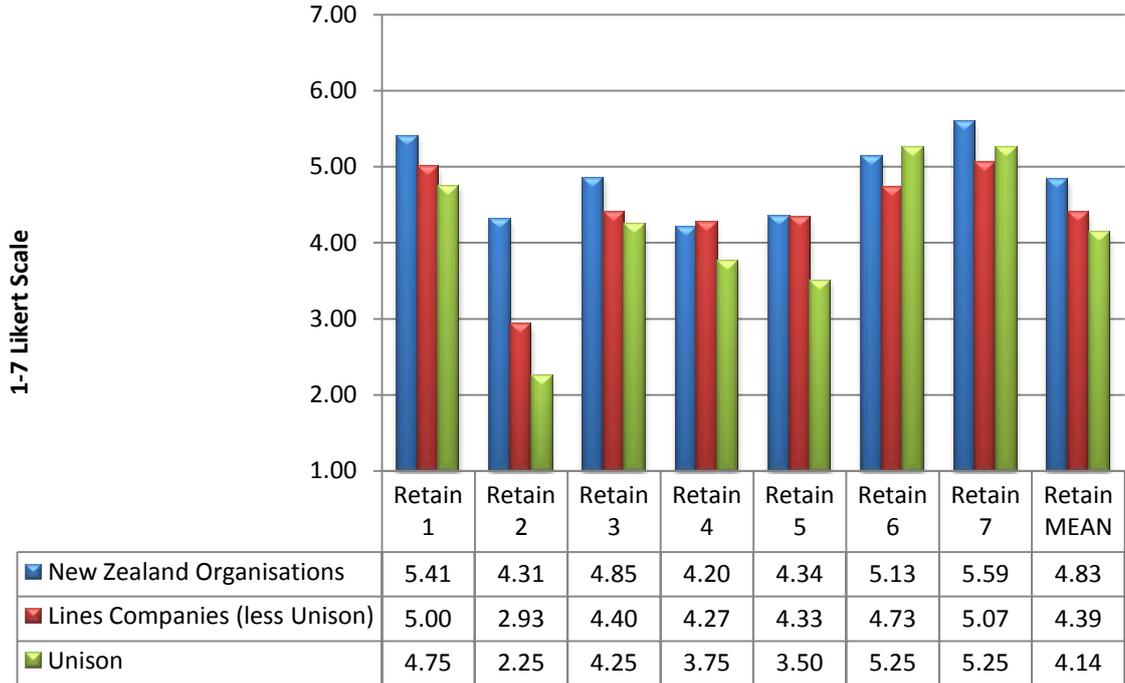


Chart 5-17 above presents several variations in Unison responses compared with other lines companies and the national average. In **Retain** variables 1-5, Unison rated lower than other lines companies and other New Zealand organisations, particularly in **Retain 2**: “We actively stress customer loyalty or retention programs”. However in **Retain 6**: “We systematically attempt to manage the expectations of high value customers” Unison out rated other lines companies and the New Zealand average. In **Retain 7**: “We attempt to build long-term relationships with our high-value customers”, Unison also rated highly compared with other lines companies and New Zealand organisations. Unison’s rankings with other sectors in the **Retain** section are presented in Chart 5-18 below:

Chart 5-18 Unison Retain Means Comparison

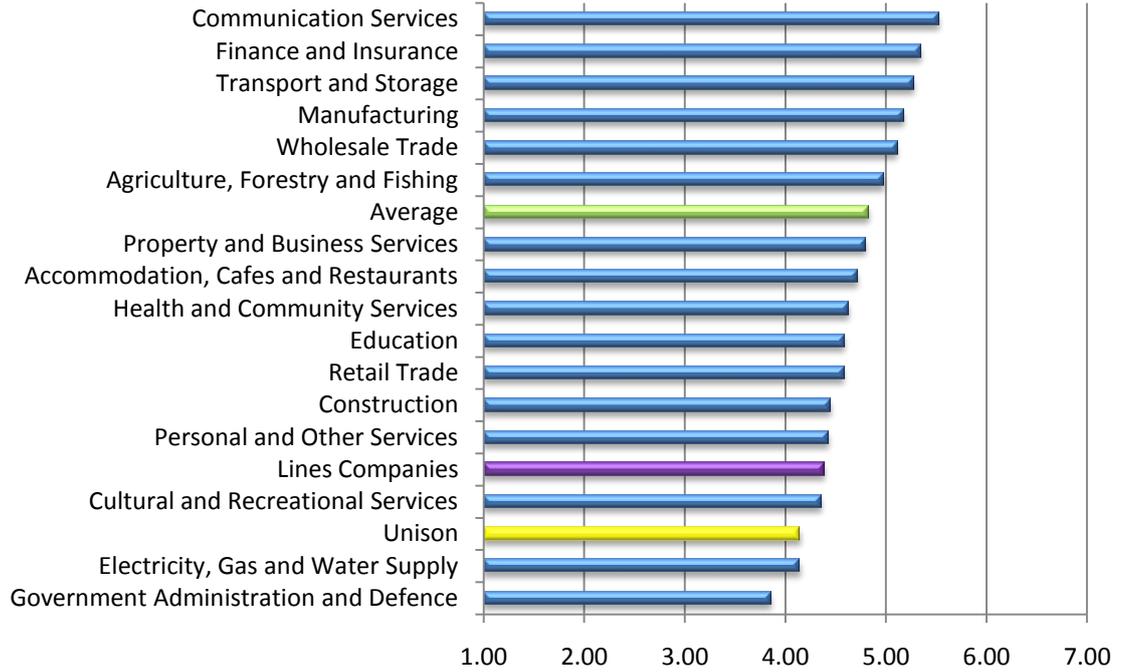


Chart 5-18 above shows that Unison was in the bottom three in this section with Government Administration-defence, Electricity, Gas and Water Supply and was close to other lines companies. Top performing sectors were Communications Services, Finance and Insurance and Transport and storage sectors.

5.16.4 Retain Executive Gaps

Gaps within Unison’s executive team in the **Retain** section are presented in Table 5-41 below:

Table 5-41 Retain Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Retain 1	6	5	5	3	4.75	1.258
Retain 2	1	4	2	2	2.25	1.258
Retain 3	6	4	3	4	4.25	1.258
Retain 4	6	3	4	2	3.75	1.708
Retain 5	4	4	3	3	3.50	0.577
Retain 6	7	5	6	3	5.25	1.708
Retain 7	6	5	6	4	5.25	0.957
Retain MEAN	5.14	4.29	4.14	3.00	4.14	0.881

Table 5-41 above shows that Unison executive ratings were closer in **Retain 5**: “We systematically attempt to customize products/services based on the value of the customer” and **Retain 7**: “We attempt to build long-term relationships with our high-value customers”. Considerable difference exist across the other **Retain** variables. **Retain** ranked 9th in terms of

sameness of executive responses with a standard deviation of 0.881; the mean score against the other 12 CRM sections was 2nd place with 4.14 meaning that executives generally agreed with the overall rating provided in this area reflecting the higher level of CRM processes and practices in this section.

5.16.5 *Retain* Unison 2002-2005 Conclusions

Changes in the *Retain* section from 2002 to 2005 are presented in Table 5-42 below.

Table 5-42 *Retain* 2002-2005 Mean Comparison

Year		Retain 1	Retain 2	Retain 3	Retain 4	Retain 5	Retain 6	Retain 7	Retain Mean
2002	Mean	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.1429
2005	Mean	6.00	1.00	6.00	6.00	4.00	7.00	6.00	5.1429
Total	Mean	4.00	1.00	3.50	3.50	2.50	4.00	3.50	3.1429
	Std. Deviation	2.828	.000	3.536	3.536	2.121	4.243	3.536	2.82843

As presented in Table 5-42 above, in six of the seven *Retain* processes and practices, significant changes have occurred from 2002-2005. Comments arising from the interview with Unison’s Customer Relations Manager are as follows:

Retain 1: *We maintain an interactive two-way communication with our customers.* “A few years ago there were a number of people within the organisation that had ad hoc contact with customer”. With the setting up of the commercial team, “customer communications are now managed by one or two people from the customer service team”. “Now it’s consistent and is recorded and monitored, previously a customer query would be passed from one person to another until the customer found someone who could help; all staff are aware of this process, this applies to inwards and outwards communication”.

Retain 2: *We actively stress customer loyalty or retention programs* does not apply as there is no need to provide retention or loyalty program because customers in most instances have only one lines company to connect to.

Retain 3: *We integrate customer information across customer contact points* (e.g., mail, telephone, Web, fax, face-to-face). “Once Unison identified major customers, there was a conscious decision to manage every communication through one central point within the commercial department”. “This function within the commercial department was channelled

through customer relations, an access data base is managed by one person, but is available to everyone in the commercial department via the main server”.

Retain 4: *We are structured to optimally respond to groups of customers with different values.* “Unison has an ‘A’ list for customers with a quasi ‘B’ list of customers”. ‘A’ list customers are based on transformer capacity; if a customer has 1000kVA capacity onsite, they are considered an ‘A’ customer”. “The next list down is customers who have 500-999kVA, therefore ‘C’ list”. “All efforts are structured to optimise relationships with ‘A’ list customers, prior to 2002, there was little or nothing in place”.

Retain 5: *We systematically attempt to customise products/services based on the value of the customer.* “This did not occur in 2002, although we do not have many formalised agreements in place to customise services, Unison is now discussing these agreements with several customers; these individual network service contracts provide a schedule of charges and individual customer requirements we agree to meet”. “This provides the specific needs and services as determined by the ‘A’ list customer”.

Retain 6: *We systematically attempt to manage the expectations of high value customers.* “Individual services contracts assist Unison in managing customer expectations. In 2002 there was no such system in place, today this is in place with all major customers”. “Unison has face-to-face meetings to understand customer business needs” and negotiates individual service agreements based on what can be delivered and any tradeoffs that may be needed. “Commerce Commission regulations do not allow Unison to structure site specific pricing”. “This process is managed based on limited resources available which means we are careful not to over promise and under deliver on customer needs.”

Retain 7: *We attempt to build long-term relationships with our high-value customers.* All relationships are long-term; “it’s the strength of the relationship Unison is working to further develop”. “Bypassing the network is a very expensive option”, therefore the chance of losing a customer is limited, in saying this “customers operating close to grid exit points are monitored as if a cluster of these customers worked together it may be economical for them to work together and bypass the network”. “There’s still much work to do in this area, ideally Unison would like both site specific and asset specific pricing, they can’t do this with the existing pricing model and much is averaged out among customers”. To go this next step, Commerce Commission approval is required.

5.17 Up-sell: Activities to Manage Up-Selling and Cross-Selling

5.17.1 *Up-Sell* Section Overview

This section measures the level of formalised procedures for cross-selling or up-selling to valuable customers. It measures the degree to which organisations extend their "share of customer" along with approaches to mature relationships with high-value customers in order to be able to cross-sell or up-sell earlier. It also measures whether organisations provide individualised incentives for valuable customers if they intensify their business. The ***Up-Sell*** section comprises of the following five questions:

1. ***Up-Sell 1:*** *We have formalized procedures for cross -selling to valuable customers.*
2. ***Up-Sell 2:*** *We have formalized procedures for up -selling to valuable customers.*
3. ***Up-Sell 3:*** *We try to systematically extend our "share of customer" with high-value customers.*
4. ***Up-Sell 4:*** *We have systematic approaches to mature relationships with high-value customers in order to be able to cross-sell or up-sell earlier.*
5. ***Up-Sell 5:*** *We provide individualized incentives for valuable customers if they intensify their business with us.*

5.17.2 *Up-Sell* National Conclusions

Across all sectors, ANZSIC and FTEs the ***Up-Sell*** section is ranked in 4th position of the 12 CRM areas. Of the five ***Up-Sell*** (*Activities to manage up selling and cross selling*) areas measured, ***Up-Sell 3: formal systematic processes for extending "share of customer" with Up-Sell 1: high-value customers ranked highest and formalized procedures for cross selling to valuable customers ranked lowest.*** The Communications sector followed by the Wholesale trade sector rated this CRM section highest and the Government and Defence sector was ranked lowest. **Based on these findings some cross and up-selling occurs within New Zealand organisations.**

5.17.3 *Up-Sell* Unison, ENA and National Comparisons

To measure the seven questions in the ***Up-Sell*** section a means comparison was used as presented in Chart 5-19 below:

Chart 5-19 Up-Sell Mean Comparison

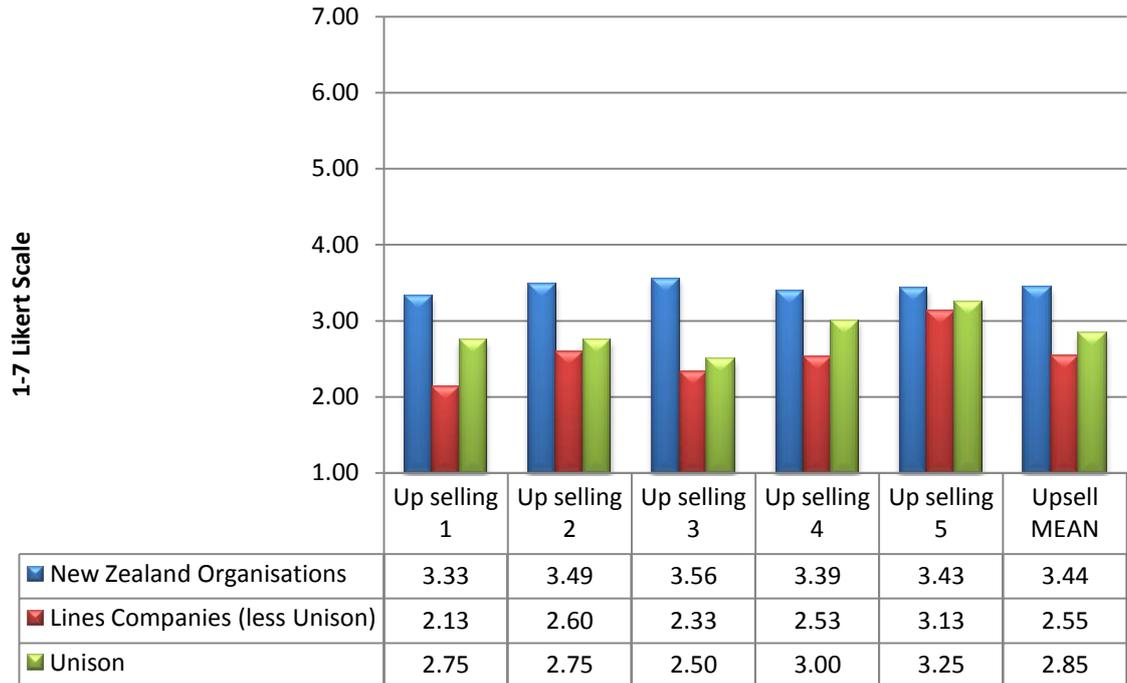


Chart 5-19 above highlights a high degree of sameness across all questions for national organisations. In all **Up-Sell** areas, Unison rated higher than other lines companies. Unison highest rating was with **Up-Sell 5**: “We provide individualized incentives for valuable customers if they intensify their business with us” and lowest in **Up-Sell 3**: “We try to systematically extend our ‘share of customer’ with high-value customers”.

Unison’s rankings with other sectors in the **Up-Sell** section are presented in Chart 5-20 below:

Chart 5-20 Unison *Up-Sell* Means Comparison

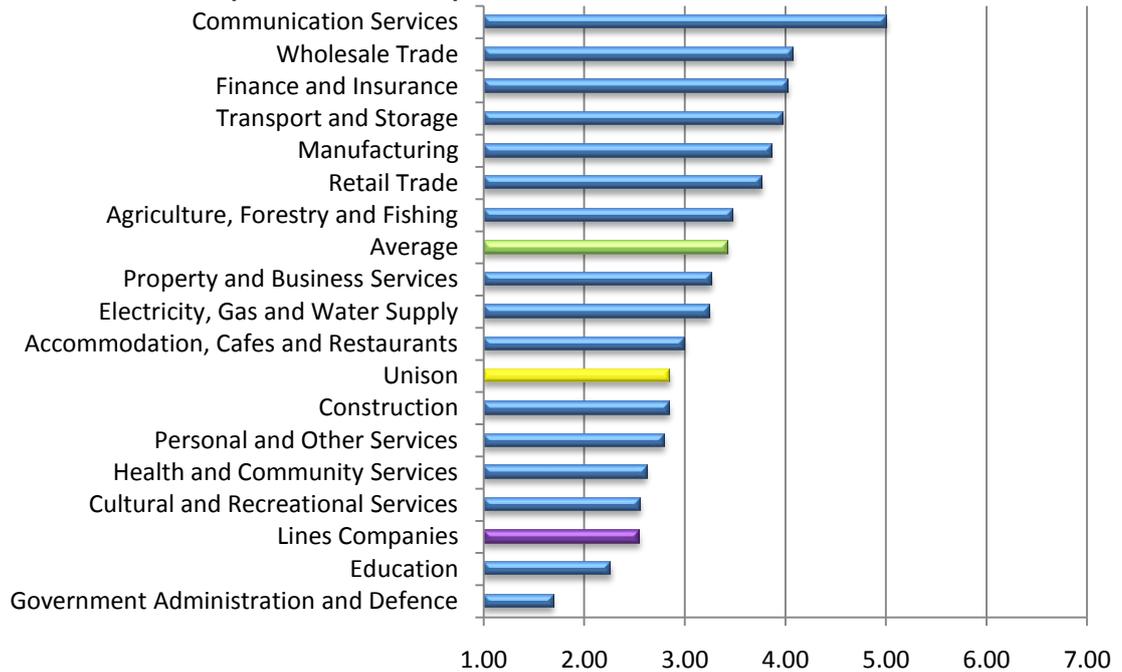


Chart 5-20 above shows that Unison *Up-Sell* process and practices are on par with the accommodation, cafés and restaurant sector and is considerably higher than other lines companies, but below the national average. Communication services ranked highest across all sectors and government administration and defence came in last.

5.17.4 *Up-Sell* Executive Gaps

Gaps within Unison’s executive team in the *Up-Sell* section are presented in Table 5-43 below:

Table 5-43 *Up-Sell* Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Up-Sell 1	4	2	3	2	2.75	0.957
Up-Sell 2	4	2	3	2	2.75	0.957
Up-Sell 3	1	4	3	2	2.50	1.291
Up-Sell 4	4	2	3	3	3.00	0.816
Up-Sell 5	5	3	3	2	3.25	1.258
Up-Sell MEAN	3.60	2.60	3.00	2.20	2.85	0.597

As presented in Table 5-43 above, differences in ratings among Unison’s executives exists within individual *Up-Sell* questions, however a lower difference across total means of each executive occurred indicating that some difference exists between individual questions but overall Unison’s executive’s responses were similar. *Up-Sell* ranked 3rd in terms of

sameness of executive responses with a standard deviation of 0.597; the mean score against the other 12 CRM sections was 7th place of 2.75 meaning that executives agreed with the low ratings and subsequent lack of CRM process and practices in this section.

5.17.5 *Up-Sell* Unison 2002-2005 Conclusions

Changes in the *Up-Sell* section from 2002 to 2005 are presented in Table 5-44 below:

Table 5-44 *Up-Sell* 2002-2005 Mean Comparison

Year		Up-Sell 1	Up-Sell 2	Up-Sell 3	Up-Sell 4	Up-Sell 5	Up-sell Mean
2002	Mean	1.00	1.00	1.00	1.00	1.00	1.0000
2005	Mean	4.00	4.00	1.00	4.00	5.00	3.6000
Total	Mean	2.50	2.50	1.00	2.50	3.00	2.3000
	Std. Deviation	2.121	2.121	.000	2.121	2.828	1.83848

As presented in Table 5-44 above, considerable advances in process and practices in *Up-Sell* 1, 2 and 4 took place between 2002-2005. Comments arising from the interview with Unison’s Customer Relations Manager are as follows:

Up-Sell 1: *We have formalised procedures for cross -selling to valuable customers.*

Unison transports energy to customers, also provides different levels of call out service and Unison is getting involved in standby energy on the customers premises, this presents a cross selling opportunity. Some customers have more than one line entering their site as a backup, we are working to help customer realise there is a value there and that there is an additional charge for this service if they want it.

Up-Sell 2: *We have formalised procedures for up-selling to valuable customers. “A*

closer relationship with our customer means that we can make it easier for them to buy more, whereas previously they would have thought it too expensive to put in another transformer”. “In having a relationship we know how their business operates, we know which of our assets are being used”. “This means that we can structure an onsite transformer solution that makes it easier for the customer to upgrade their business and take in more energy as well”. “This process is formal internally, given that we know what we can do, it’s informal in discussing it with the customer, when they sign the contract, then it becomes formal; there is a formal procedure for doing this”. This has assisted in making Unison easier to deal with by the customer.

Up-Sell 3: *We try to systematically extend our "share of customer" with high-value customers. As a monopoly, Unison has a 100% share of customer's energy transportation business. "In saying this, it may eventuate that the cost of our services get to such level that it may be cheaper for the customer to consider onsite generation or co-generation". "However by maintaining a strong relationship with the customer we should be able to "clip the ticket" and partner with the customer in cogeneration".*

Up-Sell 4: *We have systematic approaches to mature relationships with high-value customers in order to be able to cross-sell or up-sell earlier. A principle reason for getting along side major customers is to be able to anticipate needs before they arise. Forward knowledge of emerging network requirements allows time to plan accordingly. This information is critical in the deployment of long-term strategic assets; timeframes involved in getting assets require considerable lead times. "Emerging markets such as China are consuming manufactured energy assets, therefore lead time in purchasing such assets is becoming longer sometime up to 12 months". "The sooner we know of emerging needs, the better we are able to respond to customer upgrade needs, this is still an evolving process".*

Up-Sell 5: *We provide individualised incentives for valuable customers if they intensify their business with us. "We make it easier for the customer to buy. Several years ago, if a customer came to Unison and said they wanted a 1000kVA transformer, they would be expected to pay 60% of the cost, now we can negotiate to give the customer the transformer and recover the cost through tariffs and the customer just pays for the installation costs". "Using this incentive, Unison makes it easier for the customer to grow by funding the asset through cash flow as opposed to CAPEX, and the company still recoups the cost of the asset".*

5.18 Manage Referrals: Activities to Manage Customer Referrals

5.18.1 Manage Referrals Section Overview

This section measures the level of referrals tracking and management of the customer referral process. It measures whether organisations provide current customers with incentives for acquiring new potential customers and whether they offer different incentives for referral generation based on the value of acquired customers. The managing referrals section comprises of the following four questions:

1. **Manage Referrals 1:** *We systematically track referrals.*
2. **Manage Referrals 2:** *We try to actively manage the customer referral process.*

3. **Manage Referrals 3:** We provide current customers with incentives for acquiring new potential customers.
4. **Manage Referrals 4:** We offer different incentives for referral generation based on the value of acquired customers.

5.18.2 Manage Referrals National Conclusions

Across all sectors, ANZSIC and FTEs the Referrals section is ranked in 6th position of the 12 CRM areas. Of the four **Manage Referrals** (Activities to Manage Customer Referrals) measured, Manage 2: formal policies to actively manage the customer referral process ranked highest and systems to provide current customers with manage 4: incentives for acquiring new potential customers ranked lowest. The Finance and Insurance sector followed by the Communications sector rated this CRM section highest and the Electricity Gas and Water Supply sector was ranked lowest. **Based on these findings referrals are tracked and managed to some degree by most organisations but little exists in the way of incentivising existing customers for their referrals.**

5.18.3 Manage Referrals Unison, ENA and National Comparisons

To measure the seven questions in the **Manage Referrals** section a means comparison was used as presented in Chart 5-21 below:

Chart 5-21 Manage Referrals Mean Comparison

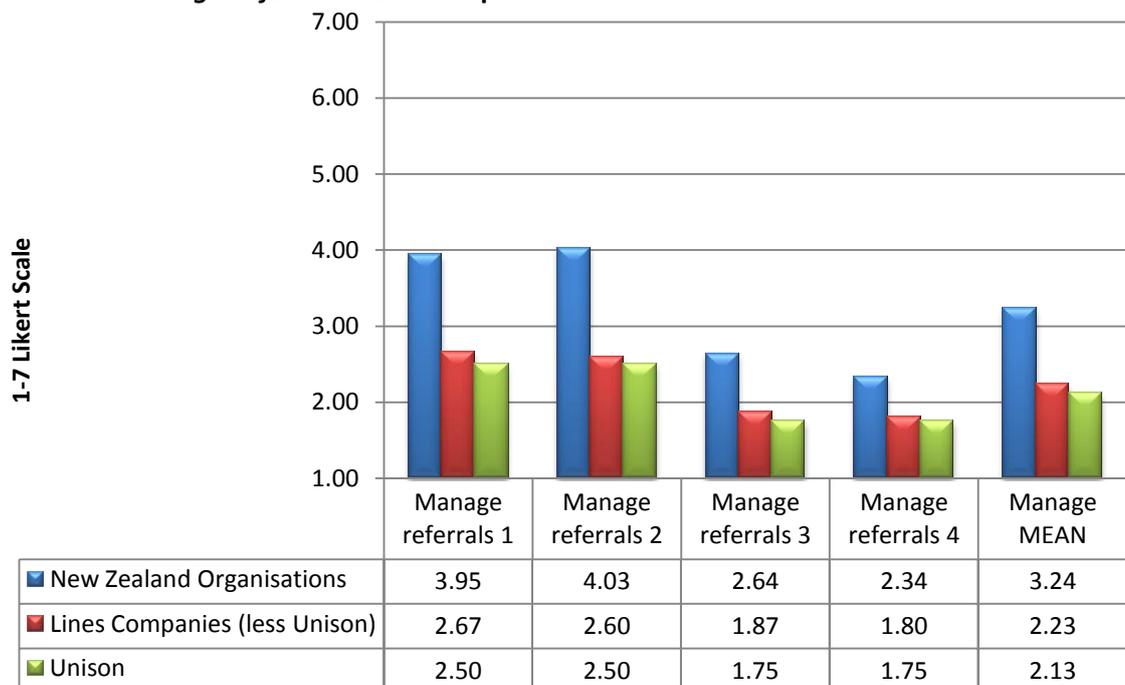
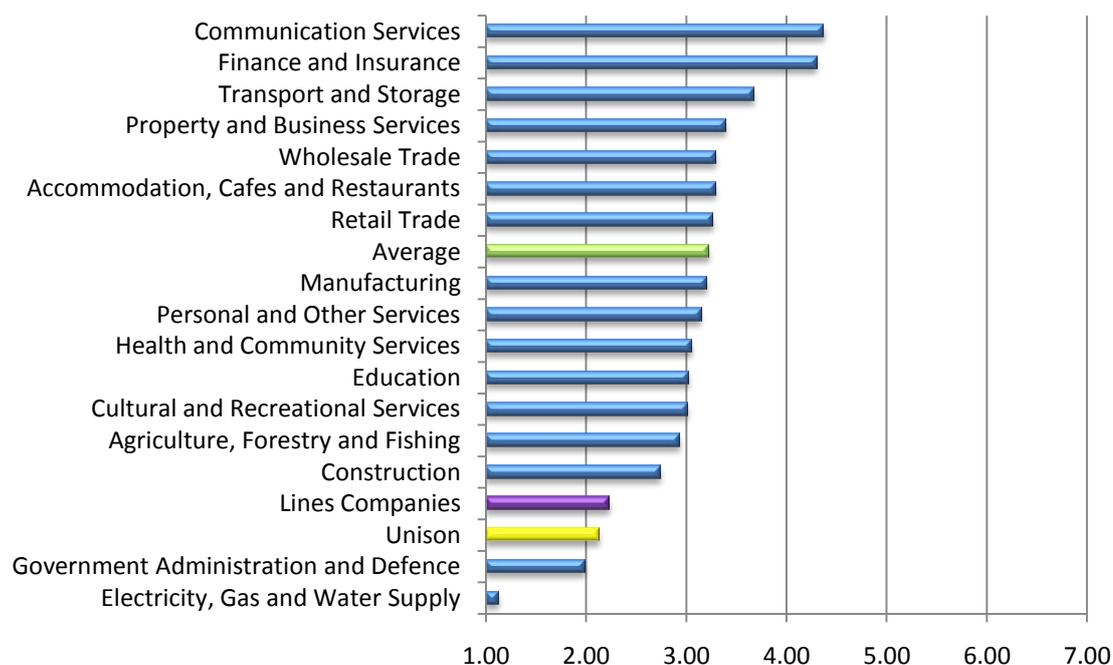


Chart 5-21 above illustrates that in all **Manage Referrals** variables, lines companies and Unison are similar in their ratings of the questions. New Zealand organisation averages rated all processes and practices in this CRM section higher than Unison or other lines companies. Unison's rankings with other sectors in the **Manage Referrals** section are presented in Chart 5-22 below:

Chart 5-22 Unison Manage Referrals Means Analysis



As presented in Chart 5-22 above Unison and other lines companies ranked at the bottom of the sector chart along with Government Administration-defence. Again communications services, finance and insurance, transport and storage rank at the top of the sector tables in this CRM section.

5.18.4 Manage Referrals Executive Gaps

Gaps within Unison's executive team in the **Manage Referrals** section are presented in Table 5-45 below:

Table 5-45 Manage Referrals Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Manage Referrals 1	4	2	3	1	2.50	1.291
Manage Referrals 2	4	2	3	1	2.50	1.291
Manage Referrals 3	1	2	3	1	1.75	0.957
Manage Referrals 4	1	2	3	1	1.75	0.957
Manage MEAN	2.50	2.00	3.00	1.00	2.13	0.854

As presented in Table 5-45 above some variation in executive ratings exists; the overall **Manage Referrals** process and practices received a low rating from most executives. **Manage Referrals** ranked 7th in terms of sameness of executive responses with a standard deviation of 0.854; the mean score against the other 12 CRM sections was 4th place with 2.13 meaning that executives were in some agreement with the overall rating for the manage referral section.

5.18.5 **Manage Referrals Unison 2002-2005 Conclusions**

Changes in the **Manage Referrals** section from 2002 to 2005 are presented in Table 5-46 below:

Table 5-46 Referrals 2002-2005 Mean Comparison

Year		Manage Referrals 1	Manage Referrals 2	Manage Referrals 3	Manage Referrals 4	Manage Mean
2002	Mean	1.00	1.00	1.00	1.00	1.0000
2005	Mean	4.00	4.00	1.00	1.00	2.5000
Total	Mean	2.50	2.50	1.00	1.00	1.7500
	Std. Deviation	2.121	2.121	.000	.000	1.06066

As presented in Table 5-46 above, according to the CRM manager, considerable improvements have occurred in **Manage Referrals 1**: “*We systematically track referrals*” and **Manage Referrals 2**: “*We try to actively manage the customer referral process*” over the 2002 and 2005 period. Comments arising from the interview with Unison’s CRM Manager are as follows:

Manage Referrals 1: *We systematically track referrals.* “Closer relationships with customers allows Unison to tap into market intelligence and gain information through the customer grapevine”. “Previously there was no formal process in place, this information may have existed in various individuals heads, but often nothing would be done about it”. “There is still a need to improve this, however once this information is collected it is captured, discussed and actioned”. “Any information determined as important, depending on Board requirements, this information is presented to the Board via the commercial team via the GM”.

Manage Referrals 2: *We try to actively manage the customer referral process.* “Because Unison is in close contact with customers and contractors we are continuously fed market information”. “Unison is proactive in gaining this information by a variety of sources such as contractors, field staff, and major customers”. “Key players are aware of what we are looking for, it comes to the CRM area, it’s evaluated then disseminated across the company”.

Manage Referrals 3 & 4: *We provide current customers with incentives for acquiring new potential customers and we offer different incentives for referral generation based on the value of acquired customers. “Less the odd bottle of wine, no incentives are offered for referrals”.*

5.19 Terminate: CRM Termination

5.19.1 *Terminate* Section Overview

This section measures whether organisations have a formal system for identifying non-profitable or lower-value customers. The terminate section comprises of one question as follows:

1. **Terminate 1:** *We have a formal system for identifying non-profitable or lower-value customers.*

5.19.2 *Terminate* National Conclusions

Across all sectors, ANZSIC and FTEs the Terminate section is ranked in 6th position of the 12 CRM areas. Results from the single **Terminate** (*CRM Termination*) area measured, formal systems for identifying non-profitable or lower-value customers averaged at 3.66. The Finance and Insurance sector followed by the Agriculture, Forestry and Fishing sector rated this CRM section highest and the Education sector was ranked lowest. **Based on these findings some analysis is used to identify non-profitable or low-value customers**

5.19.3 *Terminate* Unison, ENA and National Comparisons

To measure the seven questions in the **Terminate** section a means comparison was used as presented in Chart 5-23 below:

Chart 5-23 Terminate Mean Comparison

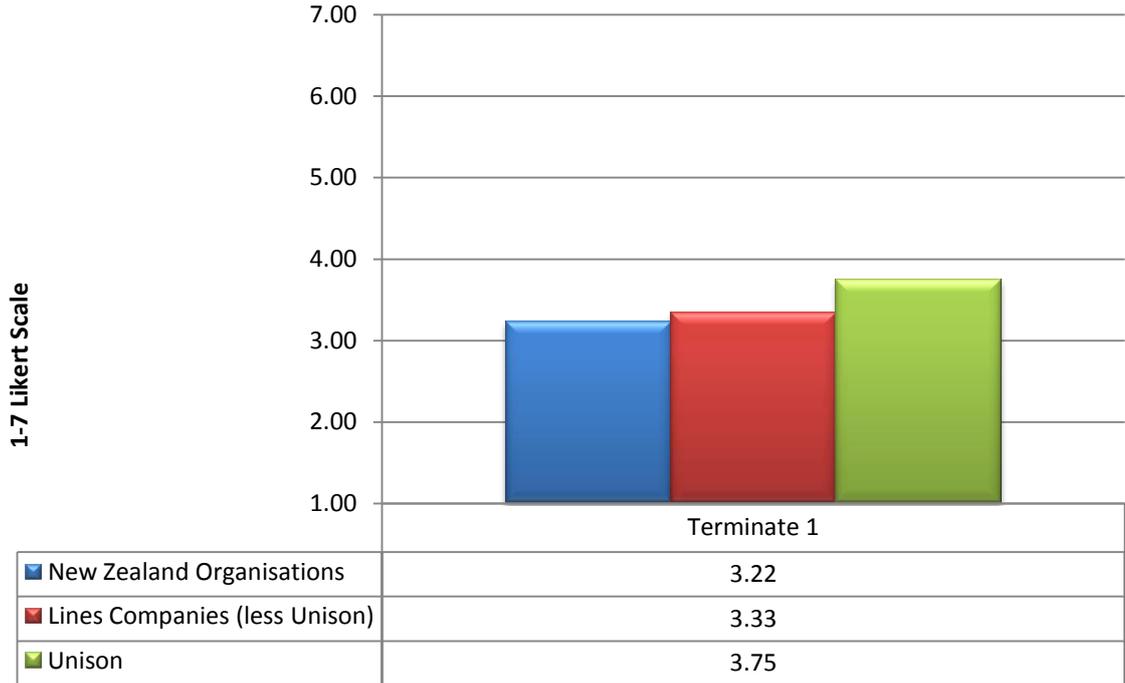
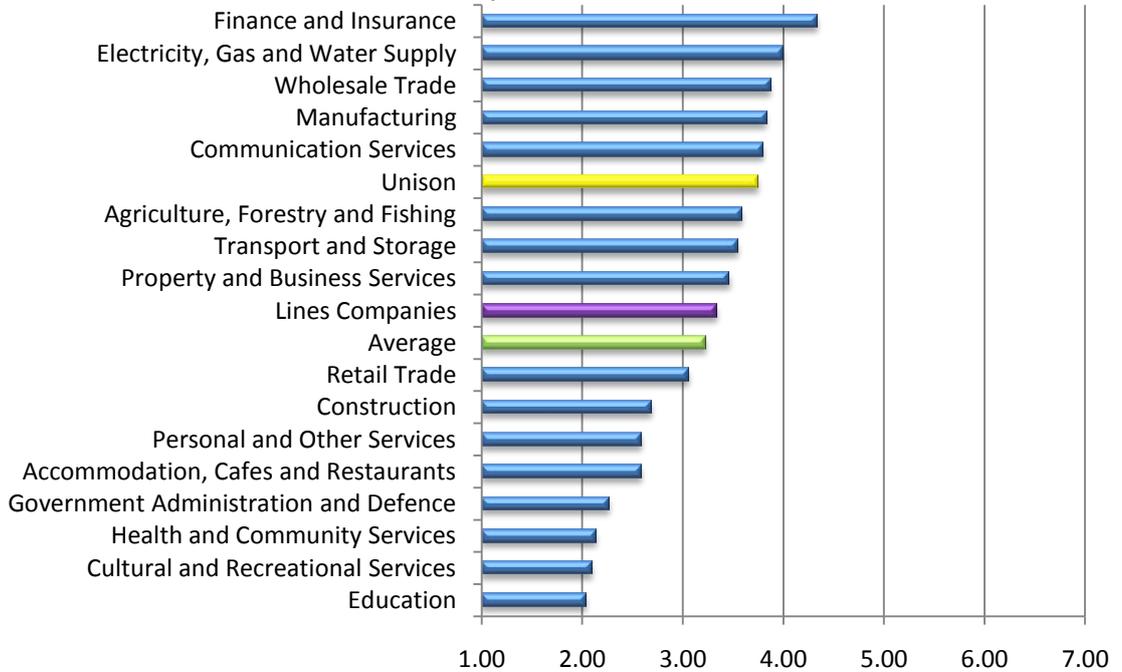


Chart 5-23 above presents the relative sameness of Unison, other lines companies and the New Zealand average in the **Terminate** section. Unison’s rankings with other sectors in the **Terminate** section are presented in Chart 5-24 below:

Chart 5-24 Unison Terminate Means Comparison



As presented in Chart 5-24 above Unison ranked in the upper half of the sector table, other lines companies were on par with the national average. Finance and Insurance was at

the top of the chart and education at the bottom. Overall termination processes and practices are less developed across all organisations.

5.19.4 Terminate Executive Gaps

Gaps within Unison’s executive team in the **Terminate** section are presented in Table 5-47 below:

Table 5-47 Terminate Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Terminate 1	6	2	5	2	3.75	2.062

As presented in Table 5-47 above, responses from executives ranged significantly. **Terminate** ranked 12th in terms of sameness of executive responses with a standard deviation of 2.062; the mean score against the other 12 CRM sections was 9th place with 3.75 meaning that there was little agreement with executives with one half offering and higher rating and the other half a low rating for this CRM section.

5.19.5 Terminate Unison 2002-2005 Conclusions

Changes in the **Terminate** section from 2002 to 2005 are presented in Table 5-48 below:

Table 5-48 Terminate 2002-2005 Mean Comparison

Year	Mean	Std. Deviation
2002	2.00	.
2005	6.00	.
Total	4.00	2.828

As presented in Table 5-48 above some changes have occurred in the terminate section over the 2002 and 2005 period. Unison GIS reporting function and billing system helps the company to identify customers who have not been billed, in some instances this has resulted in non payment of up to \$100,000 from some customers.

5.20 *De-Market: Activities to De-Market customers*

5.20.1 *De-Market Section Overview*

This section measures whether organisations have formal policies or procedures for actively discontinuing relationships with low-value or problem customers and whether they try to passively discontinue relationships with low-value or problem customers. It also measures the degree to which organisations offer disincentives to low-value customers for terminating their relationships. The **De-Market** section comprises of the following three questions:

1. **De-Market 1:** *We have a formal policy or procedure for actively discontinuing relationships with low-value or problem customers (e.g., cancelling customer accounts).*
2. **De-Market 2:** *We try to passively discontinue relationships with low-value or problem customers (e.g., raising basic service fees).*
3. **De-Market 3:** *We offer disincentives to low-value customers for terminating their relationships (e.g., offering poorer service).*

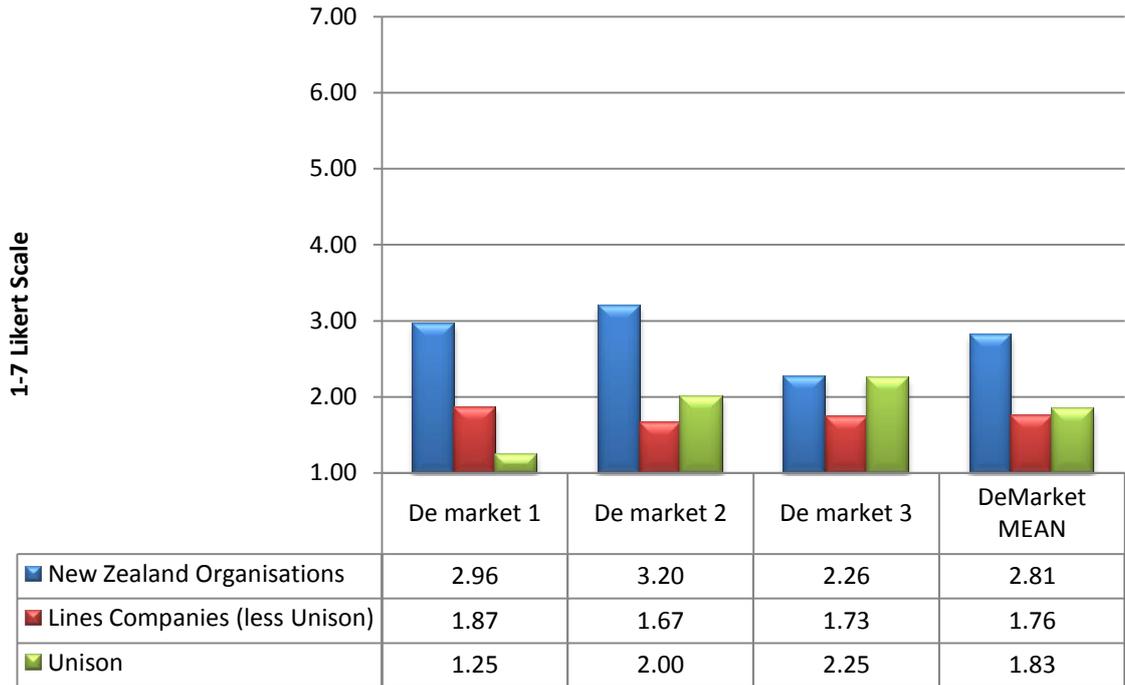
5.20.2 *De-Market National Conclusions*

Across all sectors, ANZSIC and FTEs the de-market section is ranked in 12th position of the 12 CRM areas. Of the three **De-Market** (*Activities to de-market customers*) areas measured, formal systematic processes designed to passively discontinue relationships with low-value or problem customers ranked highest and systems to offer disincentives to low-value customers for terminating their relationships ranked lowest. The Finance and Insurance sector followed by the Wholesale Trade sector rated this CRM section highest and the Education sector was ranked lowest. **Based on these findings some de-marketing practices are employed to de-market to low value or problem customers but not to the extent of intentionally providing poorer service.**

5.20.3 *De-Market Unison, ENA and National Comparisons*

To measure the seven questions in the **De-Market** section a means comparison was used as presented in Chart 5-25 below:

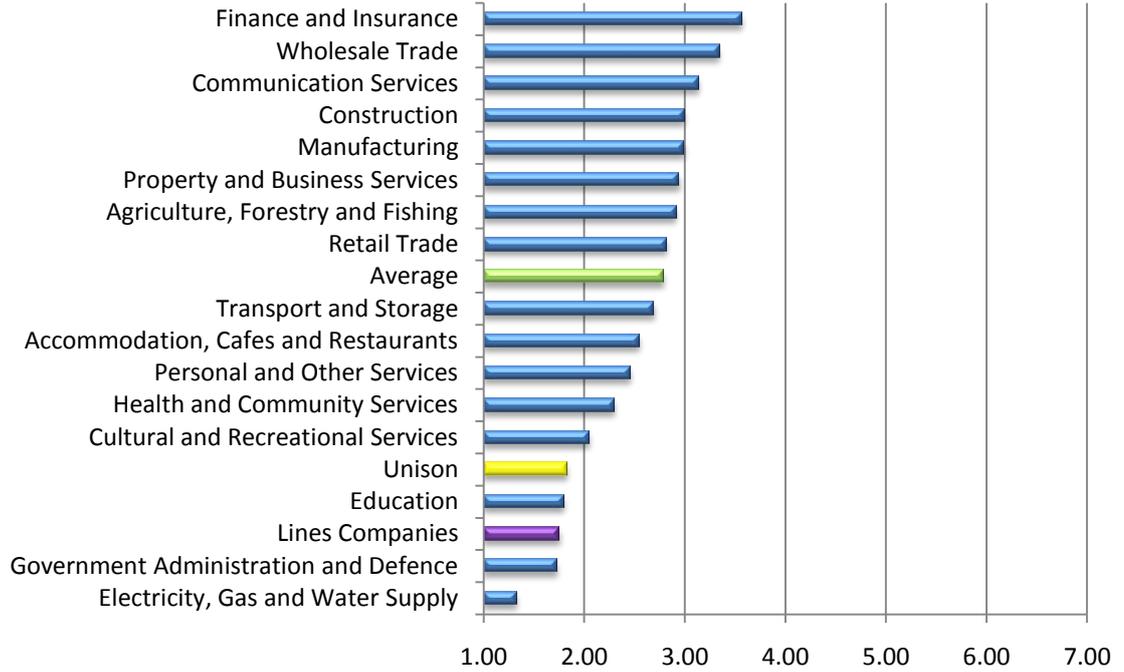
Chart 5-25 De-Market Mean Comparison



In Chart 5-25 above, Unison rated better than other lines companies in two of the three de-market variables. **De-Market 1**: “We have a formal policy or procedure for actively discontinuing relationships with low-value or problem customers” represented the lowest area of CRM processes and practices for Unison in the section. Both Unison and other lines companies ranked below the New Zealand average in the de-market section.

Unison’s rankings with other sectors in the **De-Market** section are presented in Chart 5-26 below:

Chart 5-26 Unison *De-Market* Means Comparison



As presented in Chart 5-26 above Unison ranked in the low end of the sector scale along side other monopolies, government or quasi government organisations representing a degree of similarity across these sectors. Finance and Insurance, as with the previous terminate section, ranked at the top of the list, however all sector ratings were below the half way mark on the 1-7 scale, indicating lower CRM processes and practices in this section.

5.20.4 *De-Market* Executive Gaps

Gaps within Unison’s executive team in the *De-Market* section are presented in Table 5-49 below:

Table 5-49 *De-Market* Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
De-Market 1	1	1	1	2	1.25	0.500
De-Market 2	1	2	3	2	2.00	0.816
De-Market 3	1	1	5	2	2.25	1.893
De-Market MEAN	1.00	1.33	3.00	2.00	1.83	0.882

As presented in Table 5-49 above with the exception of *De-Market 3*: “We offer disincentives to low-value customers for terminating their relationships”, all executives offered similar ratings. *De-Market* ranked 9th in terms of sameness of executive responses with a standard deviation of 0.882; the mean score against the other 12 CRM sections was 2nd place

with 1.83 meaning that Unison’s executive team agreed that the company had limited or no development of de-marketing CRM processes or practices.

5.20.5 De-Market Unison 2002-2005 Conclusions

Changes in the “De-market” section from 2002 to 2005 are presented in Table 5-50 below.

Table 5-50 De-market 2002-2005 Mean Comparison

Year		De market 1	De market 2	De market 3	demarketMean
2002	Mean	1.00	1.00	1.00	1.0000
2005	Mean	1.00	1.00	1.00	1.0000
Total	Mean	1.00	1.00	1.00	1.0000

As presented in Table 5-50 above, according to the CRM manager, no changes in de-marketing process and practices occurred from 2002-2005. Comments arising from the interview with Unison’s Customer Relations Manager are as follows:

De-Market 1, 2 & 3: *We have a formal policy or procedure for actively discontinuing relationships with low-value or problem customers, we try to passively discontinue relationships with low-value or problem customers and we offer disincentives to low-value customers for terminating their relationships.* By legislation, Unison must provide lines services and cannot discontinue lines services. “By 2013, there legislation that will allow us to discontinue service to unprofitable lines, at present 16% of Unison lines (predominantly remote rural customers +30kms out of town) would be classed as uneconomic”. In 2013, Unison will have the option of changing charges to make lines economic or discontinuing the service. In 2007 there will be a review of this legislation, owing to lobbying from pressure groups such as Federated Farmers who want to protect the current level of supply and costs.

In light of this Unison is investigating alternate sources of energy to meet these remote rural needs. This is possible something that Unison can partner with the customer to provide in terms of installation and maintenance. These alternate technologies should offer these remote customers a power supply on par with what they are receiving at the present time.

5.21 Perceive Performance: Perceptual performance

5.21.1 *Perceive Performance* Section Overview

This section measures organisation's performance perceptions relative to competitors achieving overall performance, attaining market share, attaining growth and Current profitability. A different seven point Likert scale was used to rate these ***Perceive Performance*** questions as follows: 1=much worse, 2=worse, 3=a little worse, 4=same level, 5=a little better, 6=better, 7 = much better. This section consisted of four questions where respondents were asked Relative to your competitors, how does your ORGANISATION perform in the following areas:

1. ***Perceive performance 1: Achieving overall performance.***
2. ***Perceive Performance 2: Attaining market share.***
3. ***Perceive Performance 3: Attaining growth.***
4. ***Perceive Performance 4: Current profitability.***

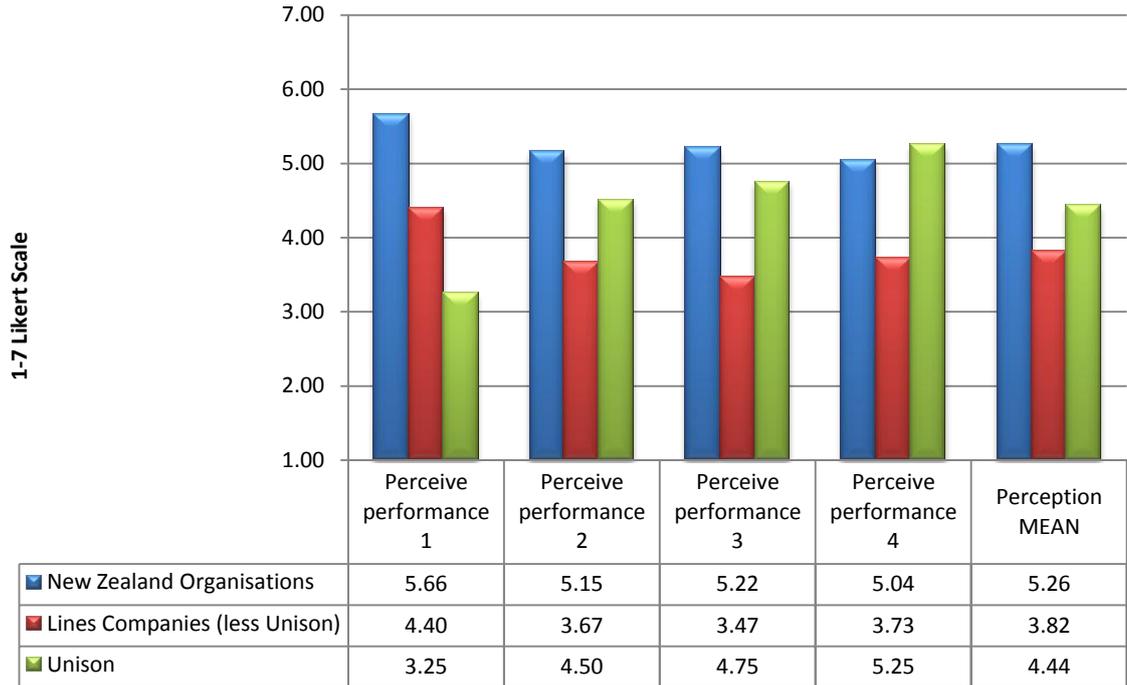
5.21.2 *Perceive Performance* National Conclusions

Across all sectors, ANZSIC and FTEs the ***Perceive Performance*** section is ranked in 1st position of the 12 CRM areas. Of the four ***Perceive Performance*** (*Perceptual performance*) areas measured, Achieving overall performance ranked highest and current profitability ranked lowest. The Government Administration and Defence sector followed by the Transport and Storage sector rated this CRM section highest and the Electricity, Gas and Water Supply sector was ranked lowest. Based on these findings it can be assumed that most organisations perceive that relative to their competitors, they perform better.

5.21.3 *Perceive Performance* Unison, ENA and National Comparisons

To measure the seven questions in the ***Perceive Performance*** section a means comparison was used as presented in Chart 5-27 below:

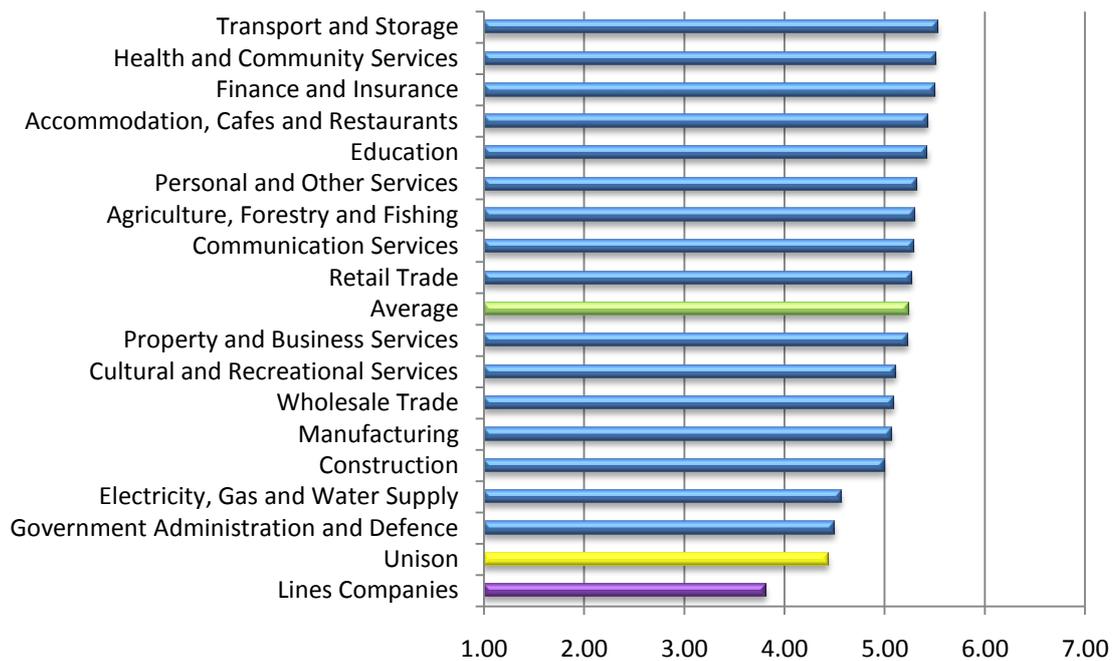
Chart 5-27 Perceive Performance Mean Comparison



As presented in Chart 5-27 above, a variety of responses were provided by Unison. Perceive 1: *“Achieving overall performance”* ranked below other lines companies and the New Zealand average, Unison rating of Perceive 2 & 3: *“Attaining market share and attaining growth”* was above other lines companies but below the New Zealand average and Perceive 4: *“Current profitability”* (post price increases and at beginning of Commerce Commission investigation) was higher than other lines companies and the New Zealand average.

Unison’s ranking with other sectors in the **Perceive Performance** section is presented in Chart 5-28 below:

Chart 5-28 Unison Performance *Perceive Performance* Means Comparison



As presented in Chart 5-28 above although other CRM section processes and practices indicate that lower levels of CRM sophistication exist in many New Zealand organisations, the ***Perceive Performance*** section of the CRM questionnaire received generous ratings from most organisations within all sectors. At the bottom end of the sector scale was other lines companies and Unison (who were asked to rate themselves against other lines companies). Transport and storage, health and community services and Finance and Insurance were at the top of the scale.

5.21.4 *Perceive Performance* Executive Gaps

Gaps within Unison’s executive team in the ***Perceive Performance*** section are presented in Table 5-51 below:

Table 5-51 *Perceive Performance* Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
Perceive Performance 1	1	4	3	5	3.25	1.708
Perceive Performance 2	6	3	5	4	4.50	1.291
Perceive Performance 3	4	3	7	5	4.75	1.708
Perceive Performance 4	5	5	6	5	5.25	0.500
Perception MEAN	4.00	3.75	5.25	4.75	4.44	0.688

As presented in Table 5-51 above considerable differences exist in Unison’s executive ratings for ***Perceive Performance 1 & 3***: “Achieving overall performance and Attaining growth”, individual results from ***Perceive Performance 4***: “Current profitability” were very

close. **Perceive Performance** ranked 5th in terms of sameness of executive responses with a standard deviation of 0.688; the mean score against the other 12 CRM sections was 12th place with 4.44 meaning that executives generally agreed that they were performing better than other lines companies.

5.21.5 **Perceive Performance Unison 2002-2005 Conclusions**

Changes in the **Perceive Performance** section from 2002 to 2005 are presented in Table 5-52 below.

Table 5-52 Perceive Performance 2002-2005 Mean Comparison

Year		Perceive Performance 1	Perceive Performance 2	Perceive Performance 3	Perceive Performance 4	Perceive Mean
2002	Mean	5.00	1.00	4.00	1.00	2.7500
2005	Mean	1.00	6.00	4.00	5.00	4.0000
Total	Mean	3.00	3.50	4.00	3.00	3.3750
	Std. Deviation	2.828	3.536	.000	2.828	.88388

As presented in Table 5-52 above, according to Unison’s CRM manager, improvements were made in **Perceive Performance 2 & 4: “Attaining market share and current profitability”** no changes in **Perceive Performance 3: “Attaining growth”** occurred and progress in **Perceive Performance 1: “Achieving overall performance”** went backwards between 2002 & 2005. Comments arising from the interview with Unison’s Customer Relations Manager are as follows:

Perceive Performance 1: Achieving overall performance. Unison is measured in terms of SAIDI, SAIFI and as of 2005 is presently performing below other lines companies. “Unison’s performance had been affected by storms, cable failure owing to the age of underground cables”. As a poles and wires business, this is our measure of overall performance.

Perceive Performance 2: Attaining market share. Unison purchased two businesses in 2003 (formerly UNL Taupo and Rotorua lines Networks). This with a natural rate of growth of 3%, has resulted in Unison’s business doubling in the past three years. Consequently Unison is now the 4th largest lines company in New Zealand reflecting a significant level of growing in market share

Perceive Performance 3: Attaining growth. “Unison’s growth of 3% is on par with the national average for lines companies”.

Perceive Performance 4: Current profitability. “As the fourth largest lines company, Unison is doing a little better than other lines companies. Three years ago, Unions profitability was much lower”.

5.22 CRM-Org Alignment: CRM-Compatible Organisational Alignment

5.22.1 CRM-Org Alignment Section Overview

This section measures the level of internal organisational alignment with CRM practices in relation to training procedures for helping employees deal differently with high- and low-value customers and rewarding employees for building and deepening relationships with high-value customers. It measures whether an organisation is structured in a way to optimally respond to customer groups with different profitability and whether organising people to deliver differentiated treatment and products to different customer segments presents a strength for these organisations. The CRM organisational alignment section comprises of the following four questions:

1. **CRM-Org Alignment 1:** *We have systematic training procedures for helping employees deal differently with high-and low-value customers.*
2. **CRM-Org Alignment 2:** *We reward employees for building and deepening relationships with high-value customers.*
3. **CRM-Org Alignment 3:** *Our organisation is organized in a way to optimally respond to customer groups with different profitability.*
4. **CRM-Org Alignment 4:** *Organizing people (i.e., changing organisational structure) to deliver differentiated treatment and products to different customer segments presents a strength for our organisation.*

5.22.2 CRM-Org Alignment National Conclusions

Across all sectors, ANZSIC and FTEs the CRM organisational alignment section is ranked in 11th position of the 12 CRM areas. Of the four *CRM-Compatible organisational alignment* areas measured, rewarding employees for building and deepening relationships with high-value customers ranked highest and systematic training procedures for helping employees deal differently with high-and low-value customers ranked lowest. The Cultural and Recreational sector followed by the Communication Services sector rated this CRM section highest and the Health and Community Services sector was ranked lowest. Based on these findings some staff reward programs exist for the purpose of deepening relationships with customers, but little training practices exist for helping employees deal differently with customers of different value.

5.22.3 CRM-Org Alignment Unison, ENA and National Comparisons

To measure the seven questions in the **CRM-Org Alignment** section a means comparison was used as presented in Chart 5-29 below:

Chart 5-29 CRM Organisational Alignment Mean Comparison

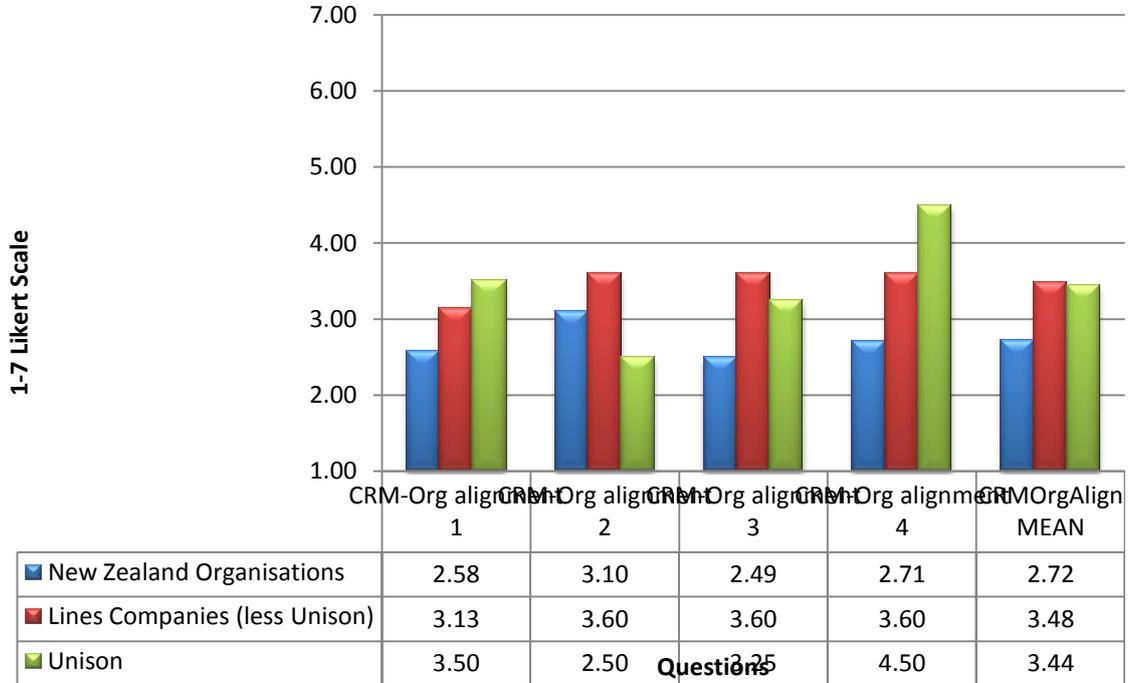
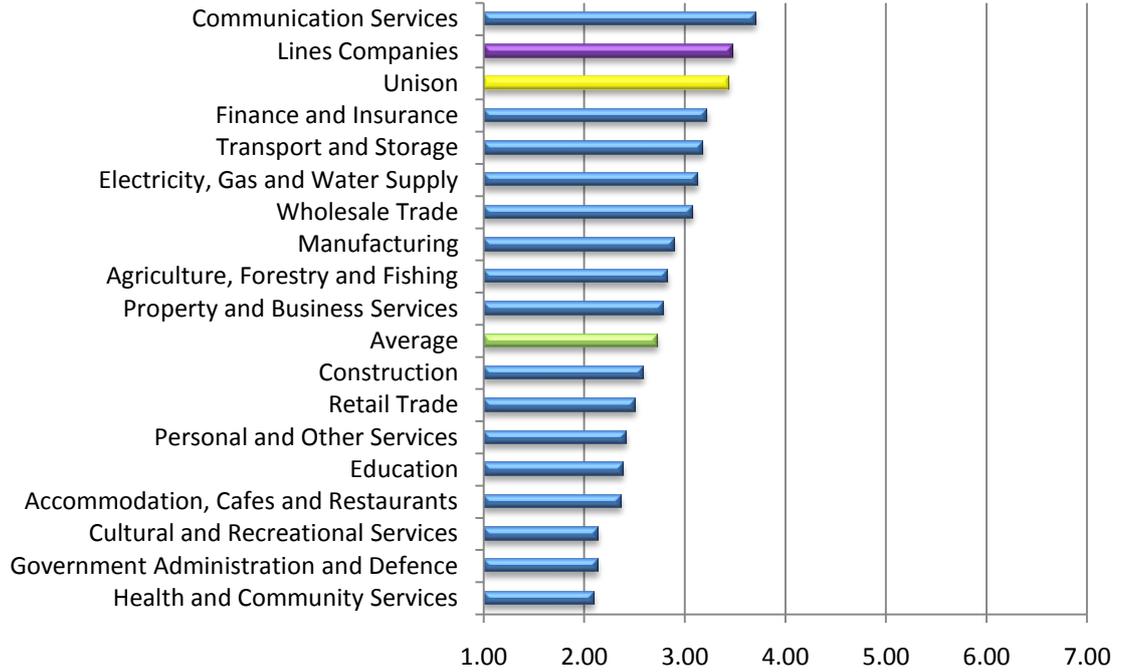


Chart 5-29 above with the exception of **CRM-OrgAlign 2**: “We reward employees for building and deepening relationships with high-value customers”, Unison ranked either on par with or above other lines companies and the national average. Both Unison and other lines companies were higher than the New Zealand average in all areas of this section.

Unison’s rankings with other sectors in the **CRM-Org Alignment** section are presented in Chart 5-30 below:

Chart 5-30 Unison CRM Organisational Alignment Means Comparison



As presented in Chart 5-30 above, Communication services, other lines companies and Unison were at the top of the sector chart with the **CRM-Org Alignment** section. Health and community services, government administration and defence were at the bottom of the sector chart.

5.22.4 CRM-Org Alignment Executive Gaps

Gaps within Unison’s executive team in the **CRM-Org Alignment** section are presented in Table 5-53 below:

Table 5-53 CRM Organisational Alignment Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
CRM-Org alignment 1	4	3	5	2	3.50	1.291
CRM-Org alignment 2	1	4	3	2	2.50	1.291
CRM-Org alignment 3	5	3	3	2	3.25	1.258
CRM-Org alignment 4	4	3	6	5	4.50	1.291
CRMOrgAlign MEAN	3.50	3.25	4.25	2.75	3.44	0.625

As presented in Table 5-53 above, most responses from Unison executives were similar in this CRM section. **CRM-Org Alignment** ranked 4th in terms of sameness of executive responses with a standard deviation of 0.625; the mean score against the other 12 CRM sections was 8th place with 3.44 meaning that executives were similar in their responses.

5.22.5 CRM-Org Alignment Unison 2002-2005 Conclusions

Changes in the **CRM-Org Alignment** section from 2002 to 2005 are presented in Table 5-54 below:

Table 5-54 CRM-Org Alignment 2002-2005 Mean Comparison

Year		CRM-Org alignment 1	CRM-Org alignment 2	CRM-Org alignment 3	CRM-Org alignment 4	CRMOrgMean
2002	Mean	1.00	1.00	1.00	1.00	1.0000
2005	Mean	4.00	1.00	5.00	4.00	3.5000
Total	Mean	2.50	1.00	3.00	2.50	2.2500
	Std. Deviation	2.121	.000	2.828	2.121	1.76777

As presented in Table 5-54 above, according the Unison CRM manager, with the exception of **CRMOrgAlign 2**: “We reward employees for building and deepening relationships with high-value customers”, improvements have occurred in this section over the 2002 and 2005 period. Comments arising from the interview with Unison’s CRM Manager are as follows:

CRM-Org Alignment 1: *We have systematic training procedures for helping employees deal differently with high-and low-value customers. “This function is driven through the Asset Management Plan”. “There are criteria within the plan regarding response times, quality of supply etc. Prior to 2002 this was not communicated across the organisation, whereas now performance and impact of each business unit is measured in relation to the AMP. This is managed, training is provided via regular meeting and updates to staff regarding performance in these areas and Unison’s expectations as per the AMP. As a result of this training staff are aware of the way in which comparative high and low value customers are to be responded to.*

CRM-Org Alignment 2: *We reward employees for building and deepening relationships with high-value customers. No processes or practices are in place, however with the imminent “introduction of KPI’s, if specified levels of performance are achieved by staff, then this will be reflected in their pay packet”. Unison recognises that KPI needs to be attached to employees’ salaries.*

CRM-Org Alignment 3: *Our organisation is organized in a way to optimally respond to customer groups with different profitability. Unison’s formal CRM processes and practices are set up to manage relationships with high value customers. From a recent history of no resource being available in this area, we now have a limited ability to specifically respond to*

major customer groups. In terms of different customer profitability, the Unison equation is simple; major customers and everyone else with the introduction of a customer management plan for quasi 'B' group customers scheduled to start in the next phase of the CRM plan. Unison is conscious of 'B' customers, however they are not managed on a proactive basis, services for these customers is largely reactive.

CRM-Org Alignment 4: *Organising people to deliver differentiated treatment and products to different customer segments presents a strength for our organisation. "The purpose of getting staff on board with the CRM plan is to enable these practices to become a strength for Unison. Achieving this allows the company to make more money and increase market intelligence".*

5.23 CRM Technology: Customer Relationship Management Technology

5.23.1 CRM Technology Section Overview

This section measures the level to which organisations invest in technology to acquire and manage "real time" customer information and feedback, have dedicated CRM technology in place, employ technologies that allow for one-to-one communications with potential customers and whether relative to their competitors the quality of information technology resources is greater. The Technology section comprises of the following four questions:

1. **CRM Technology 1:** *We invest in technology to acquire and manage "real time" customer information and feedback.*
2. **CRM Technology 2:** *We have a dedicated CRM technology in place.*
3. **CRM Technology 3:** *We have technologies that allow for one-to-one communications with potential customers.*
4. **CRM Technology 4:** *Relative to our competitors the quality of our information technology resources is larger.*

5.23.2 CRM Technology National Conclusions

Across all sectors, ANZSIC and FTEs the Technology section is ranked in 5th position of the 12 CRM areas. Of the four **CRM Technology** areas measured, technologies that allow for one-to-one communications with potential customers ranked highest and the existence of dedicated CRM technology in place ranked lowest. The Government Administration and Defence sector followed by the Finance and Insurance sector rated this CRM section highest and the Construction sector was ranked lowest. Based on these findings many organisations

are deploying real time IT based software that assists in acquiring and managing customer information, however this software is NOT necessarily dedicated CRM technology.

5.23.3 CRM Technology Unison, ENA and National Comparisons

To measure the seven questions in the **CRM Technology** section a means comparison was used as presented in Chart 5-31 below:

Chart 5-31 CRM Technology Mean Comparison

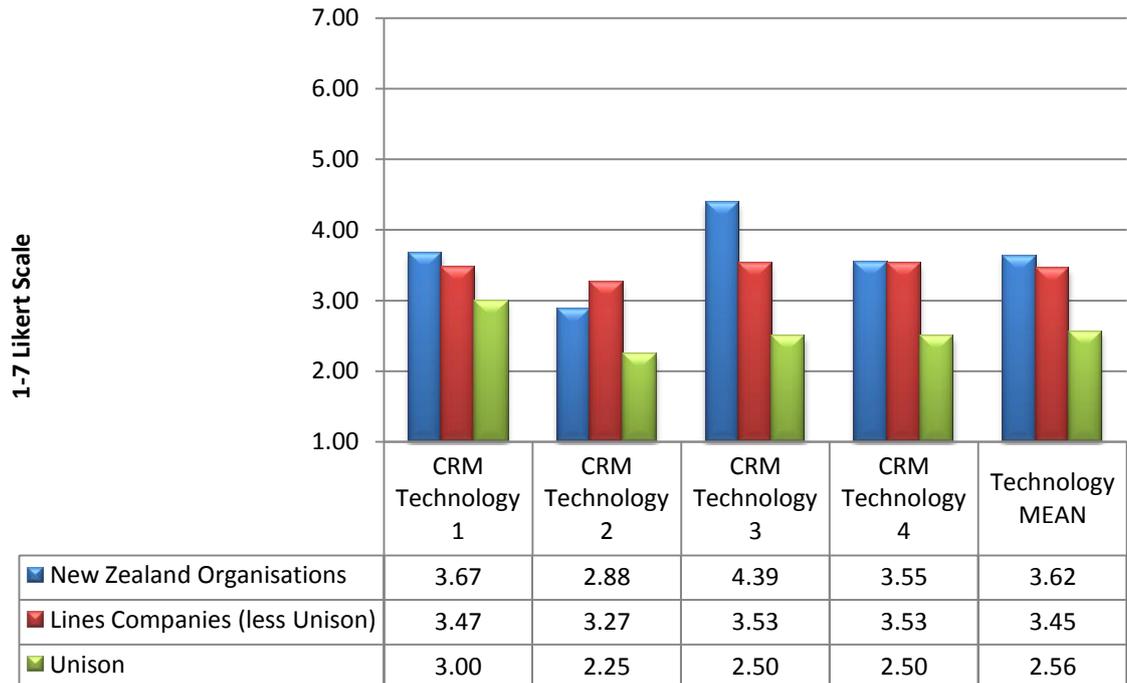
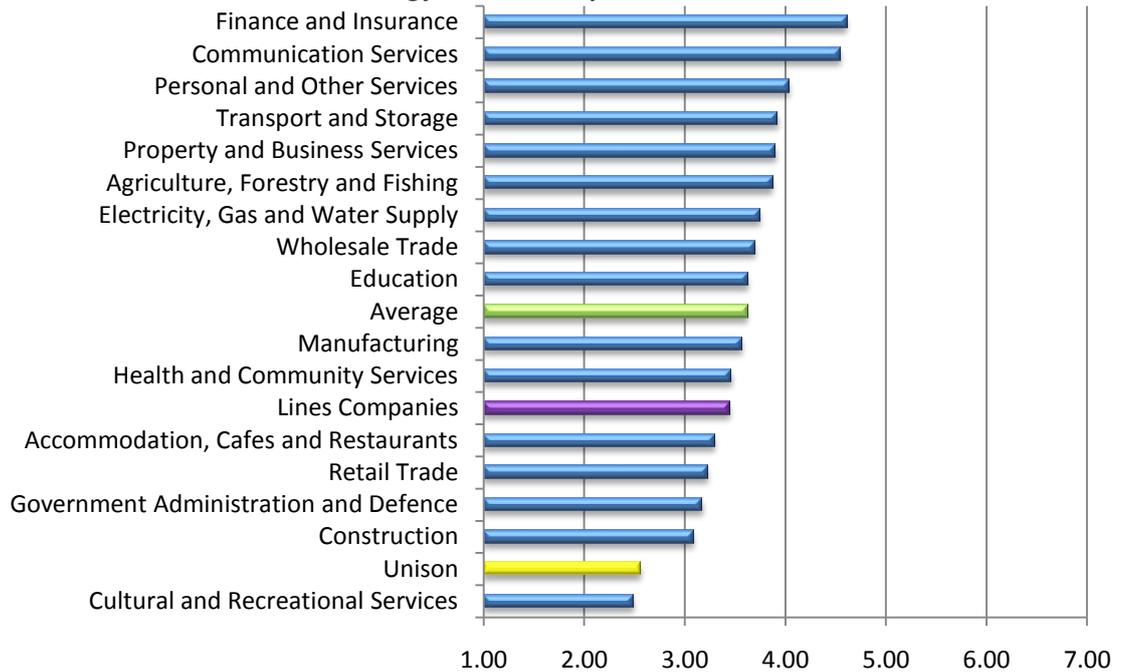


Chart 5-31 above shows that Unison’s **CRM Technology** processes and practices are below those of other lines companies and the New Zealand average across all technology variables in this section.

Unison’s rankings with other sectors in the **CRM Technology** section are presented in Chart 5-32 below:

Chart 5-32 Unison’s CRM Technology Means Comparison



As presented in Chart 5-32 above, Unison’s **CRM Technology** came in at the bottom of the CRM sector chart alongside Cultural and recreational services. Once again Finance and Insurance and the Communications services sector came in at the top of the list.

5.23.4 CRM Technology Executive Gaps

Gaps within Unison’s executive team in the **CRM Technology** section are presented in Table 5-55 below:

Table 5-55 CRM Technology Section - Executive Gaps

	CM	CFO	GM	OM	Total	Std. Deviation
CRM Technology 1	6	1	3	2	3.00	2.160
CRM Technology 2	3	1	3	2	2.25	0.957
CRM Technology 3	1	4	2	3	2.50	1.291
CRM Technology 4	2	1	3	4	2.50	1.291
Technology MEAN	3.00	1.75	2.75	2.75	2.56	0.554

As presented in Table 5-55 above, **CRM Technology 1**: “We invest in technology to acquire and manage “real time” customer information and feedback” showed the most difference in executive rating between the CRM manager and other executives. Results across the executive rating for the other technology variables were similar. **CRM Technology** ranked 2nd in terms of sameness of executive responses with a standard deviation of 0.554; the mean score against the other 12 CRM sections was 5th place with 2.56 meaning that executives were similar in their ratings for the **CRM Technology** section.

5.23.5 CRM Technology Unison 2002-2005 Conclusions

Changes in the **CRM Technology** section from 2002 to 2005 are presented in Table 5-56 below:

Table 5-56 CRM Technology 2002-2005 Mean Comparison

Year		CRM Technology 1	CRM Technology 2	CRM Technology 3	CRM Technology 4	TechMean
2002	Mean	1.00	1.00	1.00	1.00	1.0000
2005	Mean	6.00	3.00	1.00	2.00	3.0000
Total	Mean	3.50	2.00	1.00	1.50	2.0000
	Std. Deviation	3.536	1.414	.000	.707	1.41421

As presented in Table 5-56 above, according the Unison CRM manager, in **CRM Technology** variables 1, 2 and 4, some changes have occurred over the 2002 and 2005 period. Comments arising from the interview with Unison’s CRM Manager are as follows:

CRM Technology 1: *We invest in technology to acquire and manage "real time" customer information and feedback.* “Unison’s existing GIS billing system, provides the organisation with up to date real-time customer inform in terms of usage, value, demands and some marketing intelligence. In 2002, only a rudimentary mediocre system was in place. The introduction of GIS was tied in with the re-valuation of customer value and pricing methodologies to ensure the correct pricing was applied to each customer”.

CRM Technology 2: *We have a dedicated CRM technology in place.* “In 2002 we had nothing, now we have a data base which is in use by the commercial team”. “The data based is a basic CRM system but not dedicated CRM technology”.

CRM Technology 3: *We have technologies that allow for one-to-one communications with potential customers.* “As a monopoly, customers can’t go anywhere else; therefore the need for one to one communication with potential customer is not needed”.

CRM Technology 4: *Relative to other lines companies the quality of our information technology resources is larger.* “Although we have improved over recent years, as the fourth largest electricity lines company compared with other larger lines companies our IT is worse”. Unison has SAP and GIS, however the company is just hovering at the moment compared to PowerCo, Orion and Vector. These companies have excellent systems in place for a

considerable time, whereas Unison has only recently made its way up the ladder over a relatively short period of time; consequently Unison's IT is behind the larger companies. This is largely owing to the costs involved in acquiring and adopting sophisticated IT systems.

5.24 2005 CRM Survey "Other Comments" from Unison's CRM Manager

Because Unison is a monopoly, it has no need to find new customers, activities in these areas are passive, if customers want Unison's services, they *initiate* contact with Unison. Once a customer connects to the network, if they are a major customer, then Unison has a formal system for managing that relationship, determining need, cross selling, up selling etc. This only applies to major customers, in terms of smaller customers "Unison will do its best".

All CRM practices are focused on hi-end high value customers. Relationships with mass market which account for the bulk of Unison turnover is largely managed by the retailer. Although the company sold off its relay and metering facilities with the customer base to retailers, it makes sense for Unison to manage the metering business. This would provide the company with detailed information on mass market usage and demand patterns.

With the exception of SAIDI and SAIFI measures, in the areas Unison has implemented change over the 2002-2005 periods the company has moved from a near non existent level of process and practices to a considerably more developed set of CRM procedures. This occurred owing to a change of focus on the customer, this was the purpose of creating the commercial team, to proactively manage the relationship "with major customers in a manner that was going to deliver value to the company".

Success in these areas occurred as a result of gaining buy-in from the Board in that what we were doing made good commercial sense. The Board has supported customer surveys and they believe it is important to understand what customers are thinking, whereas before it was mostly ad-hoc; the Board has fully supported Unison's efforts to get major customers onside. Unison has been able to manage the business much more efficiently by having these close relationships with major customers. These processes filled in a lot of gaps where educated guesses were made as a decision making process, however as Unison now captures a lot of data, this information is fed into the AMP and it works much better for the company.

5.25 CRM Section Summaries

5.25.1 Initiate Summary

In most instances Unison scored lower than the ENA or ALL mean in the *Initiate* section. Unison's overall mean rating in the *Initiate* section came in at the bottom of the scale against other industries along with construction and other Government Administration and Defence. Some differences exist between executive scores. From the interview with the CRM manager, as this section applies to Unison, the CRM manager stated that "A lines company is a monopoly; we have lists of existing customer of which we do not know the value".

5.25.2 Acquire Summary

Unison rated below the national average, other Lines Companies were ranked near the top of the list along with Communication Services sector and Finance and Insurance. A degree of variation among executives in each of the *Acquire* questions existed. As with the *Initiate* section which is concerned with initiating customers, the *Acquire* section's primary focus is the acquisition of new customers.

5.25.3 Regain Summary

Unison came in at the bottom of the sector list along with Government Administration and Defence and Electricity, Gas and Water Supply. In most instances, executives were similar in their ratings in the *Regain* section. Again owing to the fact that as a monopoly, Unison cannot lose a customer, the CRM manager stated that this area of CRM has little or no resource allocated to it in terms of processes or practices.

5.25.4 Measure Summary

Unison's overall means rating in the Measure section is above the New Zealand standard and on par with the transport and storage sector. Significant differences existed between Unison executives in the measure section of CRM processes and practices. According to the CRM manager, three of the four measure process and practices were significantly developed over the 2002-2005 period.

5.25.5 Retain Summary

Several variations in Unison responses compared with other lines companies and the national average. Unison was in the bottom three in this section with Government Administration-defence, Electricity, Gas and Water Supply and was close to other lines

companies. Unison executive ratings were closer in **Retain 5** and **Retain 7**. In six of the seven **Retain** processes and practices, significant changes have occurred from 2002-2005.

5.25.6 Up-Sell Summary

In all **Up-Sell** areas, Unison rated higher than other lines companies. Unison's **Up-Sell** process and practices are on par with the accommodation, café's and restaurant sector and is considerably higher than other lines companies, but below the national average. Differences in ratings among Unison executives exists within individual **Up-Sell** questions, however a lower difference across total means of each executive occurred indicating that some difference between individual questions but overall Unison executives responses were similar. Considerable advances in process and practices in **Up-Sell 1, 2** and **4** took place between 2002-2005.

5.25.7 Manage Referrals Summary

In all referral variables, lines companies and Unison are similar in their rating of this sections questions. Unison and other lines companies ranked at the bottom of the sector chart along with Government Administration-defence. Some variation in executive ratings exists. According to the CRM manager, considerable improvements have occurred in **Manage 1** and **Manage 2** over the 2002 and 2005 period.

5.25.8 Terminate Summary

There was a degree of relative sameness of Unison, other lines companies and the New Zealand average in the terminate section. Unison ranked in the upper half of the sector table, other lines companies were on par with the national average. Responses from executives ranged significantly. Some changes have occurred in the terminate section over the 2002 and 2005 period.

5.25.9 De-Market Summary

Unison rated better than other lines companies in two of the three de-market variables. Both Unison and other lines companies ranked below the New Zealand average in the de-market section. Unison ranked in the low end of the sector scale along side other monopolies, government or quasi government organisations representing a degree of similarity across these sectors. With the exception of **De-market 3**, all executives offered similar ratings. No changes in de-marketing process and practices occurred from 2002-2005.

5.25.10 *Perceive Performance Summary*

Although other CRM section processes and practices indicate that lower levels of CRM sophistication exist in many New Zealand organisations, the **Perceive Performance** section of the CRM questionnaire received generous ratings from most organisations within all sectors. At the bottom end of the sector scale was other lines companies and Unison (who were asked to rate themselves against other lines companies). Improvements were made in **Perceive 2 & 4: "Attaining market share and current profitability"** no changes in **Perceive 3: "Attaining growth"** occurred and progress in **Perceive 1: "Achieving overall performance"** went backwards between 2002 & 2005.

5.25.11 *CRM-Org Alignment Summary*

With the exception of CRM-OrgAlign 2: *"We reward employees for building and deepening relationships with high-value customers"*, Unison ranked either on par with or above other lines companies and the national average. Both Unison and other lines companies higher than the New Zealand average in all areas of this section. Communication services, other lines companies and Unison were at the top of the sector chart with the CRM Compatible Organisational Alignment section. Most responses from Unison executives were similar in this CRM section. With the exception of **CRM OrgAlign 2: "We reward employees for building and deepening relationships with high-value customers"**, improvement have occurred in this section over the 2002 and 2005 period.

5.25.12 *CRM Technology Summary*

Unison's CRM technology processes and practices are below those of other lines companies and the New Zealand average across all technology variables in this section. Unison CRM Technology came in at the bottom of the CRM sector chart. **Technology 1: "We invest in technology to acquire and manage "real time" customer information and feedback"** showed the most difference in executive rating between the CRM manager and other executives. Results across the executive rating for the other technology variables were similar. In technology variables 1, 2 and 4, some changes have occurred over the 2002 and 2005 period.

5.26 Chapter 5 Summary

The understanding of CRM varies across departments at Unison. Unison's CRM practices vary against others in the same industry, and with other business sectors in New Zealand. Communication is managed by way of press and publicity management and contact

on a needs basis with specific communication channels in use for key customers. Unison takes proactive steps to enhance customer service and improves satisfaction with key stakeholders and provides high levels of quality and reliability to all its customers.

Performance improvements have been linked to CRM implementation at Unison as discussed in the stakeholder research and in the national CRM survey. Depending on the CRM issues being measured, there were areas in which Unison lead other lines companies and New Zealand organisations, others where it was on par and many in which it lagged behind. Overall in areas outlined as specific to Unison CRM initiatives, it performed better than other lines companies. Similarities and differences in Unison's performance against other industries was reflective of the rating each group gave to each section. Hyper competitive industries such as communications, finance and insurance performed well in most sections whereas, government departments and defence performed poorly in most sections. This being said in some CRM sections Unison was up with the leaders and in others the company par with the poor performers.

From the perspective of the third central CRM assumption and subsequent hypotheses that **CRM is a process or practice that all organisations to some degree either engage in or should engage in**, the national CRM survey showed that NOT all organisations actively engage or have practices to engage with their customers.

Having addressed in full the three CRM hypotheses and 48 CRM questions within the two concurrent research streams in relation to the case study organisation, the researcher will now conclude the thesis with chapter 6 and 7 which presents the findings and implications, then conclusions of this research.

6 Chapter 6. Findings and Implications

6.1 Chapter 6. Researcher's Overview

Chapters 1, 6 and 7 were written at the end of the thesis production process, therefore as stated previously, they represent for the researcher both the beginning and end of these PhD experience (less the examination process). Feelings of exhaustion, elation and trepidation surrounded the writing of this final chapter. *Exhaustion* because of the amount of time and level of focus that was required to write up the thesis, *elation* because it marked the end of the main the writing stage and *trepidation* at the thought of submitting the thesis for peer review. Although the researcher is confident that the work has been carried out to the highest standards possible at the time, the saying... "*The jobs not over till the paperwork's done*" rings disturbingly true.

Writing the Findings and Implications chapter provided the researcher with the opportunity to crystallise his thoughts and bring together the literature, methodology and analysis of data chapters into a succinct discussion chapter.

6.1.1 Chapter 6 – Introduction

As mentioned in chapter 1, throughout the three year period of the longitudinal single case study via participant observation, two concurrent research streams were pursued as presented in Figure 1-2 on page 5. The first stream identified the main Research Question, Assumptions and resulting three hypotheses which were used to verify or falsify elements of the CRM initiative being explored. This stream draws from the three cornerstone pieces of literature from Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002) discussed in detail in chapter 2. As the researcher reviewed the literature, a series of 48 questions relating to CRM Philosophy, Strategy and Operations emerged (refer page 304 in the Appendix). This resulted in the pursuit of a second concurrent stream of research which was used as a framework to describe the nature of the CRM initiative being explored. The conclusions from both concurrent research streams will be presented in this chapter. The structure of this chapter is presented in Table 6-1 below.

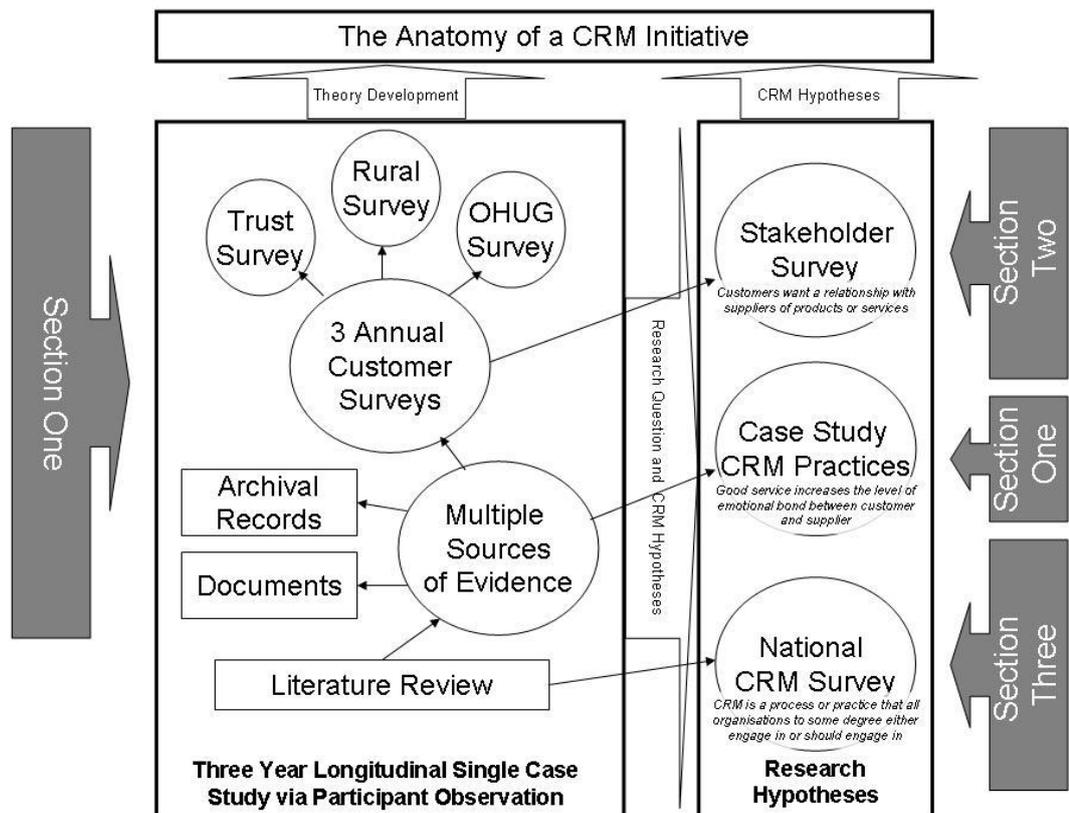
Table 6-1 Structure of Chapter 6

Chapter 4 Section Findings.	<p>Section 1 Conclusions: Company Structure, Electricity Supply, Infrastructure and Generation, Undergrounding: Tariffs Customer Relationship Management Practices Government Intervention Press and Publicity Asset Management Plans: CRM Literature Questions and Summary of Findings.</p> <p>Section 2 Conclusions: Customer Surveys, 2004 Undergrounding Research Survey, CRM Strategic Action Plan and 2005 Stakeholder Research Survey.</p> <p>Section 3 Conclusions: 2005 CRM Survey.</p>
Findings about the Research Question, Assumptions and Hypotheses.	<p>Hypothesis 1: Customers want a relationship with their supplier of products or services.</p> <p>Hypothesis 2: CRM is a process or practice that all organisations to some degree either engage in or should engage in.</p> <p>Hypothesis 3: Good service increases the level of emotional bond between customer and supplier.</p>
Implications.	Implications for Theory, Policy, Practice and Further Research.
Thesis Contribution.	Explains how the thesis has contributed to the body of knowledge in a meaningful and unique way.

6.1.2 Chapter 6. Section Findings

The findings for each section from chapter 4 will now be summarised and explained within the context of the research question, assumptions and hypotheses identified in the literature review presented in chapter 2. These questions and their findings are summarised in the order in which they were presented in chapter 4 as outlined in Figure 6-1 below.

Figure 6-1 Chapter 5 Section Review Structure



As presented in Figure 6-1 above, a review of the CRM literature resulted in the researcher developing a series of CRM related questions which allowed the researcher to describe the nature of the CRM initiative under investigation over the three year period; a summary is presented in the section one review. Alongside this, the research identified three central CRM assumptions and subsequent hypotheses which were tested and resulted in three research outcomes via the three pivotal CRM literature from Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002); a summary is presented in the section two and three reviews. Together the general research questions and the three CRM assumptions provides the body of knowledge to present *The Anatomy of a CRM Initiative*.

6.2 Section 1 Findings

6.2.1 Company Structure: CRM Literature Questions and Summary of Findings

- **CRM Question 1:** *What level of buy-in did Unison's CRM have?*
- **CRM Question 18:** *How and to what degree are various business units – IT, sales, marketing, PR staff, top and middle management involved in CRM at Unison?*

CRM buy-in grew over the three years of the CRM initiative and was an important contributor to its success. Buy-in started at the “coal face” firstly through the Customer Relations Manager; from there it progressed to the GM, CEO, Board and Trust. Top level buy-in was a critical factor as this allowed the customer surveys and CRM strategic plan to permeate operational documents such as the Asset Management Plan and Annual Report (AMP). Inclusion in the AMP resulted in the need for active participation by other areas of the lines business.

6.2.2 Electricity Supply: CRM Literature Questions and Summary of Findings

- **CRM Question 48:** *What processes have been implemented to foster customer satisfaction?*
- **CRM Question 26:** *What steps did Unison take to enhance customer service and improve satisfaction?*
- **CRM Question 37:** *What was Unison's working philosophy with its customers?*

Unison is in the business of supplying electricity to domestic and commercial consumers. Continuity and quality of supply impact directly on satisfaction levels. Leading up to the introduction of Unison's CRM initiatives the company's operating philosophy was mostly an engineering one. This philosophy was “fix what's broken when it gets broken” whereas Unison's policy today is to “prevent the problem from occurring in the first place” through

proactive vegetation management, undergrounding and long term network upgrades. This represented a quantum shift from an engineering-production philosophy to a Customer-centric focus.

Proactive, vegetation management improved supply by reducing interruptions of electricity which in turn fostered customer satisfaction. Unison's key service deliverable is the delivery of electricity, thereby reducing interruptions in supply effectively enhances the service. A change from production/engineering to a customer-centric focus presents both the current state of and change in Unison's working philosophy with its customers.

6.2.3 Infrastructure and Generation: CRM Literature Questions and Summary of Findings

- **CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*
- **CRM Question 25:** *Does lifetime value impact on profitability at Unison?*
- **CRM Question 12:** *How was the voice of the customer used to deliver value?*

Years of low cost electricity and supply policy resulted in Unison's need to invest significantly in an aging network to ensure network infrastructure was sufficient to "keep the lights on". During this period commercial, residential and rural customers were compared against each other and for the first time the voice of the customer was measured empirically through a variety of customer surveys (previously the voice of the customer was anecdotal at best).

Growing consumer demand required the company to invest in infrastructure and shaped long term business strategy in the form of investments amounting to 50% of network capital expenditure in customer driven projects.

The use of customer research identified satisfaction levels, opinions and willingness to pay which enabled Unison for the first time to test internally held concepts and beliefs empirically. This empirical customer relationship data was translated into long term business strategy through the introduction of long term capital expenditure initiatives such as network upgrades.

Lifetime value of customers, measured in terms of tariffs or line charges are Unison's primary sources of income and fund all expenditure and capital works. Measuring mass market

and customer segments enabled Unison to hear the voice of the customer and through this channel various capital works and customer focussed initiatives deliver value to the customer.

6.2.4 Undergrounding: CRM Literature Questions and Summary of Findings

- **CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*
- **CRM Question 12:** *How was the voice of the customer used to deliver value?*

In the specific area of Undergrounding, the direct impact of the voice of the customer was used to deliver value through the commissioning of a long term, \$56 million dollar overhead to underground conversion project. The initiative reflected the translation of this aspect of the customer relationship into a long term business strategy.

6.2.5 Tariffs: CRM Literature Questions and Summary of Findings

- **CRM Question 11:** *How was data mining utilised at Unison?*
- **CRM Question 14:** *How did Unison increase customer value?*
- **CRM Question 22:** *How are high value relationships determined?*
- **CRM Question 25:** *Does lifetime value impact on profitability at Unison?*
- **CRM Question 28:** *How did Unison CRM work to build profitability through better understanding of customers?*
- **CRM Question 38:** *Is sustaining relationships more important than customer acquisition to Unison and electricity lines companies?*
- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*

From 1950 to 2000, the case study organisation undertook increasingly sophisticated data mining and analysis exercises to determine customer connection type and usage patterns enabling it to effectively and efficiently segment customers according to economic value and connection type. This better understanding of its customers allowed Unison to build its profitability within established guidelines. High value customers are determined by connection type and loading, customer value is increased by tariff changes and the assessment of required network assets based on lifetime value of the customer, although the actual value of lifetime customers is strictly regulated by government.

Over its history the case study organisation has worked to remove pricing differentials originally based on social rather than economic value. For a considerable portion of its

operational history, commercial customers subsidised residential and rural customers and these groups originally formed the organisation's initial customer segments. After some adjustment of its tariff policy of 2003 and 2004 and subsequent price path breach Unison used this methodology to determine the value of its customer relationships. From this perspective, whereas acquiring new customers on the network is a priority, sustaining existing relationships is of principle importance.

6.2.6 Customer Relationship Management Practices: CRM Literature Questions and Summary of Findings

- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 23:** *How are specific service attributes measured?*
- **CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- **CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*
- **CRM Question 44:** *How are the organisations CRM efforts perceived and interpreted?*
- **CRM Question 45:** *Whose interests do they appear to serve – the organisations or the customers'?*

Although some CRM initiatives were reported on and put into action during the 1990's, only since 2000 has the focus of developing relationships with the customer been a customer-centric focal point for Unison. The establishment of a CRM action plan set out the foundations for actively building relationships with customers. A customer-centric philosophy from 2000 onwards brought about the introduction of proactive initiation of customer opinion and satisfaction research, targeted sponsorship programs and increased dividend payouts to consumer/customers available as a result of successful management of the network. The Road share program was introduced to reduce consumer/customer inconvenience and disruptions and intelligent infrastructure management such as the emergency backup generators at the Hawke's Bay District Health Board was implemented.

In addition to this, performance measures such as SAIDI, SAIFI and CAIDI provided a degree of transparency of network performance from both a regulatory and customer impact perspective.

Unison's working philosophy moved from viewing complaints as "absurdly trivial" to a proactive practice of better understanding customers by identifying opinions and perceptions of its stakeholders to identify issues before they arise. This represented a quantum shift in operating philosophy which placed the customer at the top of Unison operational focus. Unison actively works to create strong partnerships with major community organisations, key industrial customers and kindred customer service organisations through ongoing sponsorship programs. Although customer retention is not a major operational issue for the organisation working in a natural monopoly, the company actively works improve and develop its relationships with key stakeholder and customer groups through a variety of initiatives.

6.2.7 Government Intervention: CRM Literature Questions and Summary of Findings

From the CRM definition, the researcher will now summarise the meaning of...

"Driving and tempering CRM strategy is a combination of internal and external forces and constraints".

Although a successful outcome was achieved, during the course of the Commerce Commission investigation, considerable resources both financial and human were expended to address the breach and work towards a successful resolution. The toll paid during this process was the diverting of resources and subsequent slowing down of progress on other important initiatives which included CRM efforts.

As a public utility operating within government regulatory controls in a natural monopoly, the company's performance is both driven and tempered by these external and subsequent internal constraints. External constraints consist of pricing and operational regulations which lead to internal constraints of less than required revenues to fund long term customer energy requirements and the diverting of resources to allow the company to maintain basic services.

Lifetime value of the customer, as set by the regulator, has a significant impact on customer relationships and business management. A successful non regulated commercial entity is expected to produce good profits from the delivery of a good service with a reasonable return on assets and investments. Unison's ability to deliver good profits (which are passed onto the consumer/customer) is limited by regulation and although the nature of the customer relationship is based on lifetime value, the company is constrained in its ability to deliver greater levels of service and quality. Unison has a limited ability to increase customer value within the constraints of this regime even though any benefits in the form of

increased profits are channelled back to the consumer/customer by way of dividends brought about by efficiencies arising from good asset management.

6.2.8 Press and Publicity: CRM Literature Questions and Summary of Findings

- **CRM Question 20:** *How is customer communication managed?*
- **CRM Question 21:** *How did Unison interact with mass market customers?*

In addition to the two questions above, the researcher discusses from the CRM definition “...**communication channel management**”

Unison’s customer communication was managed by means of a media policy which in most instances channelled all communication with media through “Corporate Communications”. Although omni-directional, this method of communication with media and mass market allowed the company to present a single unified voice or opinion on matters of stakeholder interest, concern or benefit. Other forms of interaction include use of media and online website to report various aspects of Unison business. These communication channels were all managed in accordance with Unison’s media communications policy.

6.2.9 Asset Management Plans: CRM Literature Questions and Summary of Findings

- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*
- **CRM Question 17:** *How are customer relationships managed by Unison?*
- **CRM Question 18:** *How and to what degree are various business units – IT, sales, marketing, PR staff, top and middle management involved in CRM at Unison?*
- **CRM Question 8:** *What efforts did Unison make to treat different customers differently?*
- **CRM Question 48:** *What processes have been implemented to foster customer satisfaction?*
- **CRM Question 9:** *What were the varying levels of interaction with customers?*

AMPs outline the company asset management programs, processes and practices currently in place as well as initiatives that are going to be established. Within the AMP, Unison segments its customers into 11 stakeholder groups. Specific electricity lines company customers are segmented by type (industrial, mass market, residential, rural etc.) relationships and communications are managed based on these customer types.

Key relationships with major industrial customers are managed by the development of negotiated end user agreements and in some instances direct contractual relationship based on agreed service performance targets. Industry measures of SAIDI, SAIFI and CAIDI along with regular mass market and stakeholder research are used to monitor service delivery levels and satisfaction of the end use customer. As a result, different customer segments based on economic value are treated differently. Service processes are implemented and monitored to foster satisfaction based on varying levels of desired interaction with each customer. Unison CRM strategy highlighted in the company's AMP, segments customers based on their economic value.

Unison made adjustments in service delivery and marketing based on the results of the annual surveys, Commerce Commissions compliance and the needs of specific segments. Specific work in the areas of quality and continuity of supply are undertaken to address the needs of specific segments and as a result specific business units within the company are involved in addressing these performance issues as they pertain to their department (operations, IT, engineering etc). Also, a variety of processes to varying degrees have been developed based on customer type (mass market, industrial etc) and geographic location (rural, urban etc).

6.3 Section 2 Findings

6.3.1 Customer Surveys: CRM Literature Questions and Summary of Findings

- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 23:** *How are specific service attributes measured?*
- **CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- **CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*
- **CRM Question 44:** *How are the organisation's CRM efforts perceived and interpreted?*
- **CRM Question 45:** *Whose interests do they appear to serve – the organisation's or the customers'?*

In addition to the six questions above, the researcher critically discusses the statement **"measuring relationships through customer research"** presented in the CRM definition.

Customer satisfaction is measured by segment through market research. Segments comprise of residential/domestic, commercial/industrial, rural customers and regional subgroups. Satisfaction is measured in terms of overall service, specific deliverables, image attributes, outage and restoration time.

The level of emotional bond between Unison and its customers varies by customer segment. Residential/domestic customers appear to have little emotional bond with Unison and are almost oblivious to the company's existence. The only time these customers have any need to engage with Unison is in the event of an outage and even this is limited to Hawke's Bay residential/domestic customers as faults are managed by the retailer in Taupo and Rotorua.

Rural and commercial/industrial customers have a greater emotional bond with Unison for similar reasons. Rural customers are almost twice as aware of who their lines company is owing to the frequent supply interruptions; commercial/industrial whose operations are dependent on a reliable consistent quality of supply have a vested interest in Unison and are acutely aware of the service and quality of electricity the company provides. The irony here is that emotional bonds are driven by poor quality rather than good quality. The better the service provided by Unison, the lower the customer's emotional bond with the company... which is the antithesis of traditional market loyalty practices.

Customer awareness of Unison has steadily grown over the three years of the longitudinal study. This is as a result of Unison's communication channel management and the marketing of its brand and services it offers. In saying this, although these CRM initiatives have positively impacted on name awareness and most customers are satisfied with Unison's delivery of its services, almost 85% of urban customers in all three regions still do not differentiate between retailer and Lines Company. Therefore, although effective, CRM initiatives can still be improved.

As a "wires and poles" business, only Unison's customer-centric philosophy and engagement with the customer has brought about success with its CRM initiatives. This has been driven from the inside out with the assistance of some regulatory requirements acting as key drivers. Unison's CRM initiatives have been designed to allow the company to measure improve and communicate with its customers to better the company's awareness and relationships at varying levels across all customer segments. From this it is reasonable to state

that the company's CRM initiative serves both the organisation and the customers interests. From the perspective of the CRM definition, this is what is meant by "*measuring relationships through customer research*".

6.3.2 2004 Undergrounding Research Survey: CRM Literature Questions and Summary of Findings

- **CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*
- **CRM Question 12:** *How was the voice of the customer used to deliver value?*

In 2005, Unison embarked on a long term strategy to convert all urban overhead power lines in Napier & Hastings to underground cable. Prior to the 2004 OHUG research being undertaken, it is understood that no empirical research in this area had been undertaken by an electricity lines company in New Zealand (Hewitt, 2003).

Owing to the monopolistic nature of the electricity lines industry in New Zealand, customers connected to Unison's network are life time customers. Disadvantages of undergrounding overhead cables included traffic disruptions during construction, environmental disruption in the event of faults, increased time to repair underground faults, possibility of increased time without power in the event of faults and increased lines charges to pay for overhead line to underground cable conversion. Disadvantages in relation to undergrounding overhead cables were regarded as acceptable by most customers

Benefits arising from undergrounding overhead cables included improved reliability of transmission; reduction in power pole related traffic accidents, reduction in risk of public and lines staff electrocution, less power disruption from storm damage and improved aesthetic values and property values. Most customers were in favour of these benefits; a level of willingness to pay for the benefits were recorded in this research.

In light of the above research and the long term nature of the customer relationship, the voice of the customer was translated into long term strategy by the decision to convert all Napier and Hastings urban overhead lines into underground cables within a 17 year period. The voice of the customer arising from this research was used to deliver value in terms of improved reliability, reduction in power pole related traffic accidents, reduced risk of electrocution, less power disruption from storm damage and improved aesthetic values.

6.3.3 CRM Strategic Action Plan: CRM Literature Questions and Summary of Findings

- **CRM Question 2:** *As a result of CRM, how did Unison go about becoming more customer-centric?*
- **CRM Question 3:** *What active steps has Unison taken to actively build relationships with customers?*
- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*
- **CRM Question 8:** *What efforts did Unison make to treat different customers differently?*
- **CRM Question 9:** *What were the varying levels of interaction with customers?*
- **CRM Question 13:** *How is customer behaviour predicted and actions taken to meet requirements?*
- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 17:** *How are customer relationships managed by Unison?*
- **CRM Question 19:** *How does Unison manage customers by profitability, how is profitability determined?*
- **CRM Question 22:** *How are high value relationships determined?*
- **CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- **CRM Question 28:** *How did Unison CRM work to build profitability through better understanding of customers?*

Unison's CRM strategic plan provided the building blocks upon which the company embarked on its CRM initiative. Implementing the steps outlined in this section saw the company move from an engineering/production focus to a customer-centric focus by actively seeking to proactively engage in relationship building as highlighted in the Fonterra, McCains and Ravensdown case studies. These active steps to build relationships resulted in better asset management, increased revenues and capital expenditure savings.

Implementing these initiatives resulted in some changes in service delivery with adjustments being made in the way AMP planning eventually rolled out. Adjustments varied based on the value and nature of the customer relationship being managed. A closer well management relationship with key customers provided the necessary field intelligence to

enable Unison to predict customer behaviour and needs, then take necessary remedial action to ensure sufficient supply and quality requirements were met.

Partnering with customers occurred when opportunities for cogeneration existed. Knowledge of surplus onsite generation at Ravensdown enabled Unison to partner and retain this relationship providing revenue generating opportunities for both parties. These examples provided real cases which demonstrate how direct customer relationships are managed. The employment of a CRM account manager assisted with the company's ability to build stronger and closer relationships with its customers.

As already mentioned, relationships with varying customers are determined by customer type and profitability of that customer. High value of the customer is determined in turn by its energy consumption requirement from Unison.

As presented in the case studies, a better understanding of its customers provided opportunities to improve profitability through better asset management planning and improved capital expenditure decisions. This is essentially how Unison worked to build profitability through a better understanding of customer needs.

As a result of the summarised outlines thus far, it was decided that research into the opinions, satisfaction and needs of specific stakeholder segments be developed. Although beneficial to this point, the annual customer surveys provided only a broad overview of commercial and mass market segments. Unison various stakeholders had different needs and form of interaction with the company, therefore it was decided that a specific set of stakeholder surveys be developed based on the nature of the stakeholders relationship with the company.

6.3.4 2005 Stakeholder Research Survey: CRM Literature Questions and Summary of Findings

- **CRM Question 4:** *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*
- **CRM Question 16:** *How is customer satisfaction measured by segment?*
- **CRM Question 23:** *How are specific service attributes measured?*
- **CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*

- **CRM Question 42:** *What are customers trying to accomplish through their interactions with the organisation?*
- **CRM Question 43:** *What types of relationships do customers want to have with the organisation?*
- **CRM Question 44:** *How are the organisation's CRM efforts perceived and interpreted?*
- **CRM Question 45:** *Whose interests do they appear to serve – the organisations or the customer's?*

As outlined in the AMP, Unison segments its customers based on connection type and economic value. Based on this value, varying levels of service are provided. The stakeholder research highlighted the varying types of relationship that exists between stakeholder groups and Unison.

Customer satisfaction was measured by segment using Likert scales and although this scale is consistent across all stakeholder groups, its meaning and significance in relation to the stakeholder groups in question varied depending on the nature of that group. The research indicated that satisfaction varied depending on the group in question. As each stakeholder group is different, specific service attributes measured in the survey varied among the groups.

The hypothesis **Good service increases the level of emotional bond between customer and supplier** was first addressed in the annual customer survey section. As with these mass market studies, emotional bonds are driven by poor quality rather than good quality; the better the service provided by Unison, the lower the customer's emotional bond with the company... which is the antithesis of traditional market, CRM and loyalty practices. A similar scenario existed among various stakeholder groups, with the exception of contractors whose relationship varies considerably from developers, electricians, local govt and commercial customers. Contractors are paid by Unison for their services; therefore there is a stronger emotional bond from these stakeholders based on the nature of their relationship with Unison.

Customers interact with Unison for a variety of reasons. Electricians interact mostly in relation to connection work, commercial customers reasons vary, developers want power on their new sites, local council's reasons vary and contractors interact with Unison for work

related issues. In summary reasons for customers interacting with Unison vary as do their opinions in relation to these interactions.

The nature of the stakeholder group influences the type of relationship desired by that stakeholder group. As discussed in the literature review, a founding principle of CRM is that customers want a relationship with their supplier of products and services, however according to Dowling (2002) there is considerable anecdotal evidence to suggest that many customers do not want a relationship with most of the products and services (and thus the companies) that they buy; people simply do not have the time, interest, or the emotional energy to form relationships with a wide variety of products and services (G. Dowling, 2002).

Findings from customer research suggests by empirical measurement that in many instances, customers DO NOT WANT an enhanced relationship with Unison as these relationship ties are driven by poor quality rather than good quality. The better the service provided by Unison, the lower the customer's emotional bond with the company. However in saying this, relationship requirements varied among groups and were usually expressed in terms for desired service levels and deliverables i.e. quick turn around time, presence of a local representative to resolve local issues, better communication, consistent supply and some assistance with local planning.

In the stakeholder survey, the researcher measured a variety of CRM efforts. These CRM efforts were perceived and interpreted differently again based on customer type and the nature of the relationship. As highlighted in the annual customer surveys Unison's CRM initiatives have been designed to allow the company to measure, improve and communicate with its customers to better the company's awareness and relationships at varying levels across all customer segments. From this it is reasonable to state that the company's CRM initiative serves both the organisation and the customer's interests.

6.4 Section 3 Findings

6.4.1 2005 CRM Survey

The understanding of CRM varies across departments at Unison. Unison's CRM practices vary against others in the same industry, and with other business sectors in New Zealand. Unison takes proactive steps to enhance customer service and improve satisfaction with ITS key stakeholders and provides high levels of quality and reliability to all its customers.

Depending on the CRM issues being measured, there were areas in which Unison lead other lines companies and New Zealand organisations, others where it was on par and many in which it lagged behind. Overall in areas outlined as specific Unison CRM initiatives (issues within each CRM section as opposed to the section mean), the company performed better than other lines companies. Similarities and differences in Unison's performance against other industries was reflective of the rating each group gave to each section and the resulting mean scores. Hyper competitive industries such as communications, finance and insurance performed well in most sections whereas, government departments and defence performed poorly in most sections. This being said in some issues within various CRM sections, Unison was up with the leaders and other on par with poor performers.

From the perspective of the central CRM assumption and subsequent hypothesis that **CRM is a process or practice that all organisations to some degree either engage in or should engage in**, the national CRM survey showed that NOT all organisation actively engage or have practices to engage with their customers. A summary of each of the 12 CRM sections is presented in Table 6-2 below.

Table 6-2 Summary of 12 CRM Sections

Initiate.	In most instances Unison scored lower than the ENA or ALL mean in the Initiate section. Some differences exist between executive scores. "A lines company is a monopoly; we have lists of existing customer of which we do not know the value".
Acquire.	Unison rated below the national average , other Lines Companies were ranked near the top of the list along with Communication Services sector and Finance and Insurance. A degree of variation among executives in each of the Acquire questions existed. As with the Initiate section which is concerned with initiating customers, the Acquire section's primary focus is the acquisition of new customers.
Regain.	Unison came in at the bottom of the sector list. In most instances, executives were similar in their ratings in the Regain section. Again owing to the fact that as a monopoly, Unison cannot lose a customer, the CRM manager stated that this area of CRM has little or no resource allocated to it in terms of processes or practices.
Measure.	Unison's overall means rating is above the New Zealand standard. Significant differences existed between Unison executives in the measure section of CRM processes and practices. According to the CRM manager, three of the four measure process and practices were significantly developed over the 2002-2005 period.
Retain.	Unison was in the bottom three in this section and was close to other lines companies. Unison executive ratings were closer in Retain 5 and Retain 7 . Six of the seven Retain processes and practices, significant changes have occurs from 2002-2005.
Up-sell.	Unison rated higher than other lines companies , but below the national average. Differences in ratings among Unison executives exists within individual Up-Sell questions, however a lower difference across total means of each executive occurred indicating that some difference occurred with individual questions by overall Unison executives responses were similar. Considerable advances in process and practices took place between 2002-2005.
Manage Referrals.	Unison and other lines companies ranked at the bottom of the sector chart. Some variation in executive ratings exists. According to the CRM manager, considerable improvements have occurred in Manage 1 and Manage 2 over the 2002 and 2005 period.
Terminate.	Unison ranked in the upper half of the sector table , other lines companies were on par with the national average. Responses from executives ranged significantly. Some changes have occurred in the terminate section over the 2002 and 2005 period.
De-market.	Both Unison and other lines companies ranked below the New Zealand average. With the exception of De-market 3 , all executives offered similar ratings. No changes in de-marketing process and practices occurred from 2002-2005.
Perception.	At the bottom end of the sector scale was other lines companies and Unison (who were asked to rate themselves against other lines companies). Improvements were made in Perceive 2 & 4 : " <i>Attaining market share and current profitability</i> " no changes in Perceive 3 : " <i>Attaining growth</i> " occurred and progress in Perceive 1 : " <i>Achieving overall performance</i> " went backwards between 2002 & 2005.
CRMorgalign.	Unison ranked either on par with or above other lines companies and the national average. Most responses from Unison executives were similar in this CRM section. With the exception of CRM-OrgAlign 2 : " <i>We reward employees for building and deepening relationships with high-value customers</i> ", improvement have occurred in this section over the 2002 and 2005 period.
Technology.	Unison was below those of other lines companies and the New Zealand average. Technology 1: "We invest in technology to acquire and manage "real time" customer information and feedback" showed the most difference in executive rating between the CRM manager and other executives. Results across the executive rating for the other technology variables were similar. In technology variables 1, 2 and 4, some changes have occurred over the 2002 and 2005 period.

6.5 Implications

6.5.1 Implications for Theory

CRM is an evolving discipline within the traditional fields of management, marketing, operations and technology. Much debate exists with CRM academics, consultants, vendors and business practitioners as to what CRM it is, how it works, what it does and whether it works. According to Keefe (2001) some CRM experts argue that there is little consensus about what CRM actually is or how to best execute or measure it. The term CRM still means different things to different people and can mean several things within various areas of business (Turban, et al., 2002 p.315).

In chapter 2 the researcher presented multiple definitions of CRM from a variety of authors. Within the context of the single case study organisation, at the end of chapter 2, the researcher put forward the following CRM definition:

“CRM is a strategy that segments customers based on value and a reciprocal desire for varying levels of relationship management. The strategy structures the organisation in such a way as to enable the deployment of processes to drive stakeholder value while measuring, managing and maintaining relationships through a series of operational channels which include customer research, communication channel management, segment based pricing and service, infrastructure asset management and where appropriate one to one relationships. Driving and tempering this strategy is a combination of internal and external forces and constraints”.

Whereas the CRM definitions of other authors highlighted in the literature review chapter were general in their approach, the definition put forward by the researcher is specific to the case study organisation and other electricity lines companies. In consideration of the thesis presented, the researcher argues this is an accurate CRM definition supported through this research.

6.5.2 Implications for Policy and Practice

CRM processes and practices and more suitable and practical for organisations in hyper competitive markets. However there exists an opportunity to develop a CRM or Stakeholder Relationship Management (SRM) set of processes and practices for non competitive or public organisations. Also, a series of simplistic common sense CRM activities

could be developed for SME's who have limited resources or are too small to invest in larger CRM initiatives.

Within the Electricity Lines Industry an opportunity exists to develop a nationwide customer survey of stakeholders as part of a submission document to the Commerce Commission as it reviews the lines company regulatory regime. Until now, the commerce commission has taken a "we know best" approach which has seen lines companies breach the price path thresholds. A major stakeholder study of satisfaction, expectations and WTP undertaken by the industry would be an opportunity to present an "our customers know best" argument. The researcher is currently pursuing this avenue of research.

6.5.3 Implications for Further Research

Opportunities for further research resulting from this thesis are many and varied. This research consisted of a three year longitudinal single case study via participant observation. For the purpose of this thesis, the methodology was suitable and practical for the purpose of completing this research. Future research may benefit from a different approach. Since completing this thesis, the researcher has commenced a benchmarking study of Electricity Lines Companies customer engagement practices for **Northpower**. This research reviews customer engagement practices of all lines companies through an examination of customer engagement compliance statement documents and a survey of lines companies' customer engagement practices. This research once completed could benefit from a pure academic approach to continue this line of study.

If access were to be granted, future research could consist of a quantitative investigation into multiple case studies (lines companies) in any of the areas investigated through an examination of their historical documents.

A national stakeholder survey which samples a selection of all lines companies' stakeholders throughout New Zealand could be completed to draw direct comparisons between various attributes, deliverables between lines companies.

During the course of this research, the researcher learned that the questionnaire template developed to undertake the annual surveys for Unison was in some form replicated by many other lines companies and became, in a modified format, a tool used by those lines companies to survey their customers. An opportunity may exist upon examination of other

lines companies AMPs (available through their websites) to contrast and compare various findings from these assorted in-house customer surveys. The researcher attempted to achieve this during the course of completing the thesis, however cooperation and sharing of data and results was not forthcoming.

The national CRM survey could be repeated and compared against the 2005 findings in this thesis. This would provide an indication of any movement that has occurred from the time of the first study.

6.6 Thesis Contribution

As mentioned at the beginning of chapter 1, this case study is a revelatory case as the researcher had the opportunity to observe and analyse a phenomenon previously inaccessible to scientific investigation (Yin, 1994 p 40), namely *The Anatomy of a CRM Initiative* within a New Zealand electricity lines company.

In undertaking this body of work, the researcher was cognisant that important gaps in knowledge needed to be identified and justified (Varadarajan, 1996) and that the thesis should present an original piece of research. In line with this reasoning, using guidelines laid down by Phillips (2005) the researcher justified and defined this thesis as original in the following ways:

1. **The thesis continued a previously original piece of work** – part of the research undertaken in this thesis is based on the work of Reinartz et al (2004).
2. **The thesis showed originality in testing somebody else's idea** – in relation to the work of Reinartz et al (2004), the construct and survey instrument was used to assist with the case study external validity within New Zealand and across more business categories than the four originally tested.
3. **The thesis carried out empirical work that had not been done before** – based on a search of the available CRM literature, no other researcher has undertaken this type of case study within this industry in this subject in New Zealand or internationally.
4. **The thesis used already known material but with a new interpretation** – the CRM literature search provided useful concepts, theories and methodologies; using these as a basis, the concepts were re-interpreted and applied and research issues investigated in relation to the case study.
5. **The thesis tried out something in one country that has previously only been done elsewhere** – the original work of Reinartz et al (2004) was originally carried out in Europe, this study took place in New Zealand.

6. **The thesis was cross-disciplinary and used different methodologies** – the qualitative case study approach used a variety of cross-disciplinary approaches incorporating triangulation, multiple sources of evidence, quantitative surveys and case study research methodologies.
7. **And finally the thesis added knowledge in a way that has not been done before** – owing to the “newness” of CRM and the approach taken, new knowledge has been added in a unique fashion.

6.7 Chapter 6 Summary

In this chapter, the researcher presented the finding of the research and discussed its implications. The findings of each section were presented in discussed in relation to the Research Question, Hypothesis or 48 CRM questions they addressed. Implications of the research were highlighted and the contribution made by the thesis was outlined.

The final Conclusions chapter concludes the thesis by presenting only the salient points addressed by this study.

7 Chapter 7. Conclusions

7.1 Chapter 7. Researcher's overview

In response to the emendation requirements of the researcher's thesis examiners, this conclusions chapter (originally integrated with the previous chapter) has been specifically added to this thesis. This was the final structural change required of the thesis and represented an end to this research, emendations and examination process. From the researcher perspective, this brief conclusions chapter distils six years of single minded determination, time, effort and focus.

7.1.1 Introduction

This chapter succinctly presents the conclusions of this thesis. Conclusions relating to the research question, assumptions and subsequent hypothesis are presented concluding with comments as to whether CRM was a good thing for the case study organisation.

7.2 Conclusions about the Research Question, Assumptions and Hypotheses

As mentioned in chapters 1 and 2, this thesis was a revelatory case as prior research of the phenomenon was previously inaccessible to scientific investigation. From this perspective, this thesis has been successful in explaining and describing *The Anatomy of a CRM Initiative* within an electricity lines company. Prior to this research, this phenomenon had never been investigated.

As stated on page 2, CRM is based on three central assumptions: (1) that **Customers want a relationship with suppliers of products or services**; (2) that **CRM is a process or practice that all organisations to some degree either engage in or should engage in**; and (3) that **good service increases the level of emotional bond between customer and supplier**. In light of these assumptions, the researcher posed the following research question:

Table 7-1 Research Question: Primary and Secondary Nature of Enquiry

Primary Enquiry	
Part 1:	Do customers want a relationship with suppliers of products or services?
Part 2:	Is CRM is a process or practice that all organisations to some degree either engage in or should engage in?
Part 3:	Within the context of an electricity lines company does good service increase the level of emotional bond between customer and supplier?
Secondary Enquiry	
48 CRM Questions:	Furthermore, based on the 48 CRM questions arising from the literature review, how do the findings from the case study research relate to the 48 CRM questions?

In addition to answering a comprehensive series of 48 CRM questions arising from the literature review in chapter 3 on page 27, the CRM assumptions contained within the research question above were re-stated as hypotheses and were addressed by the researcher within in the thesis as follows:

Table 7-2 Three Hypotheses

Hypothesis 1	<i>Customers want a relationship with suppliers of products or services.</i>
Hypothesis 2	<i>CRM is a process or practice that all organisations to some degree either engage in or should engage in.</i>
Hypothesis 3	<i>Good service increases the level of emotional bond between customer and supplier.</i>

As a result of undertaking this course of study, the researcher came to the conclusion that these three hypotheses may be fundamentally flawed. In support of this statement, the researcher will now present the conclusions about the research question and subsequent three CRM hypothesis discussed by various authors regarding the nature of CRM, drawing from the research and findings uncovered in chapter 6.

7.2.1 Hypothesis 1:

Customers want a relationship with their supplier of products or services.

At the beginning of this thesis, the researcher approached the topic of CRM with both enthusiasm and an open mind. Through a search of the available CRM literature, several themes began to emerge which this thesis has either verified or in part falsified within the context of the single longitudinal case study.

The first theme which permeated the literature and received considerable attention from multiple authors was that of profiling and customer segmentation. From the perspective of the case study organisation, the researcher found that Unison actively used segmentation to differentiate its customers and to determine the level of services that would be provided to each segment. Unison's AMP defines 11 specific customer groups, and over the three years of the longitudinal research, Unison surveyed its customers and analysed and compared the findings by segment (page 179 and 189). Through this segmentation/stakeholder research, the company was able to identify the nature of and determine the degree to which relationships should be actively managed if at all. **The research found conclusively within the context of the case study organisation that not all customers wanted a relationship with their supplier and those that did varied in the type of relationship and level of contact necessary** (page 197). This empirically supports Dowling's (2002) proposition based on anecdotal evidence that many customers do not want a relationship with most of the products and services (and thus the

companies) that they buy; people simply do not have the time, interest, or the emotional energy to form relationships with a wide variety of products and services.

7.2.2 Hypothesis 2:

CRM is a process or practice that all organisations to some degree either engage in or should engage in.

Many authors have highlighted the importance of CRM processes and practices. Utilising the pre existing tool developed by (Reinartz, et al., 2004) the researcher was able to empirically measure the CRM processes and practices of the case study organisation then contrast and compare these findings against other lines companies and over 1200 organisations across New Zealand. From this research, Unison, in most instances, performed lower than other lines companies and the New Zealand average as a whole.

In saying this it is important to consider where the company came from in terms of company structure, electricity supply, infrastructure and undergrounding, tariffs policies and CRM practices prior to the implementation of the CRM initiative investigated from 2002-2005. During the three years of the initiative, a significant cultural shift was needed, buy-in to the initiative was required, new resources had to be allocated to action many of the new initiatives and only in 2003 did the company first start to proactively survey and attempt to manage its engagement and communication with its customers.

So although the CRM survey would indicate a lower than average result in terms of processes and practices against other lines companies and New Zealand organisations, this result still represented an improvement in consideration of the initiatives antecedents. **From the 2005 National CRM survey, the researcher found that not all organisations engaged in CRM processes and practices. Those that did were usually in hyper competitive environments.**

7.2.3 Hypothesis 3:

Good service increases the level of emotional bond between customer and supplier.

Arising from the research undertaken over the three year period was the identification of a relationship peculiarity in relation to the case study organisation. Crosby & Johnson (2002) state that CRM strategy depends on a top-down commitment to make deep and enduring customer relationships the organisation's top investment priority; the result is a unique organisation differentiation based on relationship knowledge and **strong, unbreakable bonds**

(Crosby, et al., 2002). Traditional marketing practice dictates that the better the service or product offered to customers the greater the emotional bond that develops between buyer and supplier. From the case study perspective, the researcher found that rural and commercial/industrial customers have a greater emotional bond with Unison for similar reasons. Rural customers are almost twice as aware of who their lines company is owing to the frequent supply interruptions; commercial/industrial customers whose operations are dependent on a reliable consistent quality of supply have a vested interest in Unison and are acutely aware of the service and quality of electricity the company provides. The irony here is that emotional bonds are driven by poor quality rather than good quality. **The better the service provided by Unison, the lower the customer's emotional bond with the company... which is the antithesis of traditional market loyalty practices.**

In light of the above, the researcher found that **“few customers want a relationship with their supplier and the extent of these relationships varies across segments”**. Also, from a case study and wider national perspective, **“although there is a relationship between CRM organisational alignment (the degree to which CRM process and practices are carried out within an organisation) and performance, not all organisations demonstrated they had process or practices to actively engage with their customers”**, and **“the emotional bond between customer and lines company is the antithesis of traditional loyalty marketing”**.

Was CRM a good thing for Unison? Yes. Although quantitative results against other lines companies and New Zealand organisations may indicate a less than stellar comparative result, qualitative findings demonstrate that the CRM initiative did enhance Unison's understanding of its customers and ability to identify which customers wanted a relationship with them. CRM definitions put forward by various authors suggest that CRM is a process of identifying which customers a company wants to build a relationship with. There is some application of this concept within the Electricity Lines Industry, however as shown in this thesis, it is important to first establish which customers want a relationship before resources are invested to building and pursuing a relationship.

7.3 Chapter 7 Summary

This chapter presented the conclusions of this thesis with reference to relating to the research question, assumptions and subsequent hypothesis.

7.4 Final Thoughts

On a personal note, as a direct result from undertaking this PhD, the researcher has developed a set of analytic skills and tools that he previously did not have. A significant degree of personal growth resulted from undertaking this course of study.

This thesis addresses the processes and practices of CRM and sought to define it from an electricity lines company perspective. Using the methodologies outlined in chapter 4 the thesis explained the “hows” and “whys” of the initiative. In much the same way the researcher developed an approach from various authors’ prior research (Reinartz et al., (2004) Crosby et al., (2002) and Dowling (2002)) the researcher would like to see more empirical research undertaken in this area, perhaps using some of the information in this thesis as a starting point for further investigation. Whether this thesis is verified or falsified in this new research is insignificant providing new knowledge is the end result.

APPENDIX

Summary of the 48 CRM Questions Arising from Literature

CRM Question 1: *What level of buy-in did Unison's CRM have?*

CRM Question 2: *As a result of CRM, how did Unison go about becoming more customer-centric?*

CRM Question 3: *What active steps has Unison taken to actively build relationships with customers?*

CRM Question 4: *How has Unison segmented its customers and what adjustments in service delivery and marketing have been made?*

CRM Question 5: *Does an understanding of CRM vary across departments at Unison?*

CRM Question 6: *How does Unison's CRM practices compare with other in the same industry, and with other business sectors in New Zealand?*

CRM Question 7: *Does Unison have a strategy for ending relationships?*

CRM Question 8: *What efforts did Unison make to treat different customers differently?*

CRM Question 9: *What were the varying levels of interaction with customers?*

CRM Question 10: *Is customer loyalty a consideration for an electricity lines company operating in a monopoly?*

CRM Question 11: *How was data mining utilised at Unison?*

CRM Question 12: *How was the voice of the customer used to deliver value?*

CRM Question 13: *How is customer behaviour predicted and actions taken to meet requirements?*

CRM Question 14: *How did Unison increase customer value?*

CRM Question 15: *How are customers retained, partnered with?*

CRM Question 16: *How is customer satisfaction measured by segment?*

CRM Question 17: *How are customer relationships managed by Unison?*

CRM Question 18: *How and to what degree are various business units – IT, sales, marketing, PR staff, top and middle management involved in CRM at Unison?*

CRM Question 19: *How does Unison manage customers by profitability, how is profitability determined?*

CRM Question 20: *How is customer communication managed?*

CRM Question 21: *How did Unison interact with mass market customers?*

CRM Question 22: *How are high value relationships determined?*

CRM Question 23: *How are specific service attributes measured?*

CRM Question 24: *What is the cycle of activities Unison uses to analyse, target, make aware of its offerings and develop relationships over time and resolve issues?*

- CRM Question 25:** *Does lifetime value impact on profitability at Unison?*
- CRM Question 26:** *What steps did Unison take to enhance customer service and improve satisfaction?*
- CRM Question 27:** *How did Unison work better to understand its customers and improve profitability?*
- CRM Question 28:** *How did Unison CRM work to build profitability through better understanding of customers?*
- CRM Question 29:** *Was CRM a good thing for Unison?*
- CRM Question 30:** *Was there a performance link with CRM implementation?*
- CRM Question 31:** *What differences existed across various departments within Unison?*
- CRM Question 32:** *How did Unison compare with peer lines organisations?*
- CRM Question 33:** *How did Unison compare with other industries?*
- CRM Question 34:** *Which industries was Unison closest to?*
- CRM Question 35:** *How were each of the 12 areas rated and implemented?*
- CRM Question 36:** *What is the level of emotional bond that exists between customers and Unison?*
- CRM Question 37:** *What was Unison's working philosophy with its customers?*
- CRM Question 38:** *Is sustaining relationships more important than customer acquisition to Unison and electricity lines companies?*
- CRM Question 39:** *How did Unison capture and analyse data?*
- CRM Question 40:** *How did Unison interact with customers?*
- CRM Question 41:** *How did Unison report on performance?*
- CRM Question 42:** *What are customers trying to accomplish through their interactions with the organisation?*
- CRM Question 43:** *What types of relationships do customers want to have with the organisation?*
- CRM Question 44:** *How are the organisation's CRM efforts perceived and interpreted?*
- CRM Question 45:** *Whose interests do they appear to serve – the organisation's or the customers'?*
- CRM Question 46:** *What benefits attract customers to form a closer bond with the organisation than with the competition, and vice versa?*
- CRM Question 47:** *How has Unison translated customer relationships into long term business strategy?*
- CRM Question 48:** *What processes have been implemented to foster customer satisfaction?*

Copy of National CRM Survey Questionnaire

Thank you for your time. Please fax to (06) 844 8151 or email to CRMSurvey@silresearch.co.nz

CLASSIFICATION QUESTIONS

The following information is used for statistical purposes and for quality control measures. This information allows us to verify your company details, sector and size category. It also provides us a point of contact in the event we have any queries regarding your completed survey.

Name of Organisation

Name of Respondent

Your job title

Contact email address

Email:

How many full time employees (FTE's) work in your organisation (circle one)

1-5 FTE's	1
6-9 FTEs	2
10-19 FTE's	3
20-49.5 FTEs	4
50-99 FTEs	5
100+ FTE's	6

Please indicate which response that BEST describes the sector your organization operates in.

Private Sector	1
Public Sector	2
Not for profit	3

In return for your participation in this survey, would you like a FREE copy of the aggregated survey findings?	Yes	No
	1	2
If faxing: please circle one response per question. If emailing: Please highlight one response per question		

With regard to your Strategic Business Unit (SBU) to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
1. We have a formal system for identifying potential customers.	1	2	3	4	5	6	7	8	
2. We have a formal system for identifying which of the potential customers are more valuable.	1	2	3	4	5	6	7	8	
3. We use data from external sources for identifying potential high value customers.	1	2	3	4	5	6	7	8	
4. We have a formal system in place that facilitates the continuous evaluation of prospects.	1	2	3	4	5	6	7	8	
5. We have a system in place to determine the cost of re-establishing a relationship with a lost customer.	1	2	3	4	5	6	7	8	
6. We have a systematic process for assessing the value of past customers with whom we no longer have a relationship.	1	2	3	4	5	6	7	8	
7. We have a system for determining the costs of re-establishing a relationship with inactive customers.	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
8. We made attempts to attract prospects in order to coordinate messages across media channels.	1	2	3	4	5	6	7	8	
9. We have a formal system in place that differentiates targeting of our communications based on the prospect's value.	1	2	3	4	5	6	7	8	
10. We systematically present different offers to prospects based on the prospects' economic value.	1	2	3	4	5	6	7	8	
11. We differentiate our acquisition investments based on customer value.	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
12. We have a systematic process/approach to re-establish relationships with valuable customers who have been lost to competitors.	1	2	3	4	5	6	7	8	
13. We have a system in place to be able to interact with lost customers.	1	2	3	4	5	6	7	8	
14. We have a systematic process for re-establishing a relationship with valued inactive customers.	1	2	3	4	5	6	7	8	
15. We develop a system for interacting with inactive customers.	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
16. We have a formal system for determining which of our current customers are of the highest value.	1	2	3	4	5	6	7	8	
17. We continuously track customer information in order to assess customer value.	1	2	3	4	5	6	7	8	
18. We actively attempt to determine the costs of retaining customers.	1	2	3	4	5	6	7	8	
19. We track the status of the relationship during the entire customer life cycle (relationship maturity).	1	2	3	4	5	6	7	8	

Thank you for your time. Please fax to (06) 844 8151 or email to CRMSurvey@silresearch.co.nz

Thank you for your time. Please fax to (06) 844 8151 or email to CRMsurvey@silresearch.co.nz

With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
20. We maintain an interactive two-way communication with our customers.	1	2	3	4	5	6	7	8	
21. We actively stress customer loyalty or retention programs.	1	2	3	4	5	6	7	8	
22. We integrate customer information across customer contact points (e.g., mail, telephone, Web, fax, face-to-face).	1	2	3	4	5	6	7	8	
23. We are structured to optimally respond to groups of customers with different values. (1	2	3	4	5	6	7	8	
24. We systematically attempt to customize products/services based on the value of the customer.	1	2	3	4	5	6	7	8	
25. We systematically attempt to manage the expectations of high value customers.	1	2	3	4	5	6	7	8	
26. We attempt to build long-term relationships with our high-value customers.	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
27. We have formalized procedures for cross-selling to valuable customers.	1	2	3	4	5	6	7	8	
28. We have formalized procedures for up-selling to valuable customers.	1	2	3	4	5	6	7	8	
29. We try to systematically extend our "share of customer" with high-value customers.	1	2	3	4	5	6	7	8	
30. We have systematic approaches to mature relationships with high-value customers in order to be able to cross-sell or up-sell earlier.	1	2	3	4	5	6	7	8	
31. We provide individualized incentives for valuable customers if they intensify their business with us.	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
32. We systematically track referrals.	1	2	3	4	5	6	7	8	
33. We try to actively manage the customer referral process.	1	2	3	4	5	6	7	8	
34. We provide current customers with incentives for acquiring new potential customers.	1	2	3	4	5	6	7	8	
35. We offer different incentives for referral generation based on the value of acquired customers.	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
36. We have a formal system for identifying non-profitable or lower-value customers.	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
37. We have a formal policy or procedure for actively discontinuing relationships with low-value or problem customers (e.g., cancelling customer accounts).	1	2	3	4	5	6	7	8	
38. We try to passively discontinue relationships with low-value or problem customers (e.g., raising basic service fees).	1	2	3	4	5	6	7	8	
39. We offer disincentives to low-value customers for terminating their relationships (e.g., offering poorer service).	1	2	3	4	5	6	7	8	

PLEASE NOTE DIFFERENT SCALE ON THIS QUESTION Relative to your competitors, how does your SBU perform in the following areas?	much worse	worse	a little worse	same level	a little better	better	much better	N/A
40. Achieving overall performance	1	2	3	4	5	6	7	8
41. Attaining market share	1	2	3	4	5	6	7	8
42. Attaining growth	1	2	3	4	5	6	7	8
43. Current profitability	1	2	3	4	5	6	7	8

Thank you for your time. Please fax to (06) 844 8151 or email to CRMsurvey@silresearch.co.nz

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With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
44. We have systematic training procedures for helping employees deal differently with high-and low-value customers	1	2	3	4	5	6	7	8	
45. We reward employees for building and deepening relationships with high-value customers	1	2	3	4	5	6	7	8	
46. Our SBU is organized in a way to optimally respond to customer groups with different profitability	1	2	3	4	5	6	7	8	
47. Organizing people (i.e., changing organizational structure) to deliver differentiated treatment and products to different customer segments presents a strength for our SBU	1	2	3	4	5	6	7	8	
With regard to your SBU to what extent do you agree to the following statements? 1 means you STRONGLY DISAGREE and 7 means you STRONGLY AGREE. If you believe this statement is not applicable to your operation then select 8 = not applicable.	strongly disagree							strongly agree	N/A
48. We invest in technology to acquire and manage "real time" customer information and feedback	1	2	3	4	5	6	7	8	
49. We have a dedicated CRM technology in place	1	2	3	4	5	6	7	8	
50. We have technologies that allow for one-to-one communications with potential customers	1	2	3	4	5	6	7	8	
51. Relative to our competitors the quality of our information technology resources is larger	1	2	3	4	5	6	7	8	

Finally	Yes	No
Would you like to be contacted by the Researcher regarding CRM and the findings in this study?	1	2

Thank you for your time. Please fax to (06) 844 8151 or email to CRMsurvey@silresearch.co.nz

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