CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS' PREVALENCE IN LITHUANIAN BUSINESS

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Abstract

Customer Relationship Management is a widely known concept, used in the global literature; however, the Lithuanian entrepreneurs often use it in a different sense and perceive it as the abstraction or are not well aware of it in general. Customer Relationship Management (CRM) is a business management system that helps to manage and develop business relationships with existing and potential customers, thus ensuring the maximum and long-term profitability of each client. In the strict sense, CRM is a software technology that can effectively organize, automate, integrate and harmonize business processes. Companies that use these systems are striving to find new customers, attract them and achieve their loyalty as well as to maintain existing ones. Business Customer Relationship Management program covers the whole company's business strategy, it collects and analyzes data on all customers and aims at offering the best option for each customer's segment in order to increase profitability and reduce operating costs. When applying the Customer Relationship Management in companies, we can more easily come into contact with customers without forgetting anyone of them, segment customers and offer the best option for each segment, more easily identify loyal customers and apply loyalty programs, collect data on the partners in the system, which makes the work easier in case of changes in staff, and quickly identify problems arising in the company when the system collects customer inquiries, complaints or other comments.

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1. Introduction

Business communication management education has attracted particular attention in business; it has become widely used in the areas of management and strategy. With the growth of global interest, the accents of business communication management concept have undergone significant changes. A few years ago the concept only covered a few tactical and operational measures; however, eventually it has become a true management philosophy in many companies and now includes many well-established and strategically interdependent measures. This is undoubtedly a positive phenomenon since it has helped many companies to achieve better economic results.

The article analyzes the company's business relationship with customer management problems. Nowadays, many suppliers provide sufficiently good products and the quality of the product is no longer a competing factor, i.e. the competition involves other important elements. The use of software technology in the purchase processes and public portals as well as the requirements for suppliers to participate in them have changed the purchase process:

- more information on products and prices;
- powerful search systems;
- public assessments of suppliers.

The afore-listed elements help buyers to identify the most competitive offers without leaving their homes but simply sitting at the computer. In addition, all of this provides buyers with a greater

bargaining power and reduces the trademark's value and other pre-existing advantages of companies-suppliers. Customer requirements and the appetence to change the supplier have tremendously increased. Some scholars argue that it is the company's customers and not the trademark that represent the main intangible assets of the company. Due to data transmission technology, the significance of the trademark is diminished, and it becomes more expensive to find new customers that to maintain the existing ones. Both the supplier and the customer understand that the potential benefit, achieved through the collaboration of the supplier and the customer, exceeds the benefit that may be obtained through the struggle against each other. Thus relationships with customers are becoming more and more important.

It should be noted that some of the Lithuanian business relationship management aspects are analyzed by Kvietkauskaitė (2006a, 2006b), Kirvaitis (2001), Paskeviciute (2011). In the context of process optimization, business communication management is examined by Miknevicius (2012), Dzeveckyte (2010). Foreign authors mostly focus on business communication management information systems. Lots of attention is given for the analysis of this issue by O'Brien & Marakas (2009), Sims (2001, 2007), Edwards (2007), Grenberg (2009), Dickie (2012), etc.

The object of the article includes the maintenance of the relationships with customers in a company and the Customer Relationship Management systems.

The main purpose of the paper is to reveal the benefits of customer relationship management for business and to analyze the CRM systems' prevalence in Lithuania. Methods of the scientific research that have been employed in the paper are systematic and comparative analysis of scientific literature, logical deduction method, analysis of statistical data.

2. Method

The contemporary economic situation encourages business to adapt to the complex operating conditions, to meet the increasing environmental requirements and to resist the challenges of the times. In order to avoid fatal errors and the collapse, the organizations shall apply the new ways of working and change their attitude towards both their actions and the work of other participants of the economic system. Constant changes, improvement, the search of original decisions and development of innovations shall become the basis of the organization's activities (Petruskiene & Glinskiene, 2011).

A small entrepreneur or the head of a small company usually knows a lot about its clients: their likes and dislikes, customers' buying behaviors and often even their hobbies, etc. An entrepreneur accumulates this information during long years of practice and in most cases this information is fixed, "recorded" in the entrepreneur's memory, i. e. no additional instruments are applied. In other words, it is the personal business relationship management, which is highly effective. Unfortunately, it is not suitable when the business increases. A collective memory does not exist; therefore the information must be recorded, stored and made available for the responsible staff when it is necessary. Here software technology can be helpful, more precisely, the Business Relationship Management programs. However, these programs still do not solve all the issues, they can only help to solve them. Customer Relationship Management (CRM) is a concept, used in the whole world since the last decade, however, it is often use in different senses in the Lithuanian business environment.

Customer Relationship Management is both a philosophy and a business strategy based on information technology, business rules, sequences of actions, processes and social indicators, designed to attract the customer for the cooperative dialogue in order to ensure mutual benefits in the reliable and transparent business environment (Grenberg, 2009). Thus, business relationship management is not a separate process but an approach to the business organization. It covers a variety of aspects. The relationship is always based on experience, and experience takes time. The customer, with whom you have been developing business relationship for a long time, assesses you in one way, and the customer, with whom you have just began the relationship, assesses you in another; in other words, you acquire its confidence in advance and it shall be justified in a given period of time. It is not easy in the sense of both process and costs. In any case, the business

relationship is long-term process and when the customer gets the positive impression, then not only it becomes easier to work with the client, but also the client feels more comfortable working with the supplier. It means that the company acquires a competitive advantage over competitors. When establishing new relationship with the client, there is no competitive advantage yet. Hence it requires to make concessions or to provide better services, to implement business processes in one's enterprise designed to meet the client's needs, in other words, to allocate more funds.

O'Brien & Marakas (2009) distinguish three areas, where CRM systems help to maintain relationship between business and its customers:

- attraction of new customers by using extensive customer contact management capabilities;
- service "enhancement", when a higher quality service is offered to clients after having analyzed and used the information collected in the CRM system;
- customer retention, CRM system enables the business to identify loyal customers in the development of strategic marketing and to adapt the loyalty program for each segment.

Summarizing the point of view of various authors, the core elements of Customer Relationship Management in business can be identified as organization, segmentation, technology and process (see Figure 1).

For purpose to analyze the company itself, the following information can be used: the number of company's customers (including both natural and legal persons), the number of trading points, the annual turnover, the company's production (e.g. whether it is designed for final consumption, or it is a semi-finished product), any business management systems implemented in the company (e.g. quality, business management, resource management, logistics, etc.). In addition, during the analysis of an organization, it is essential to assess the importance of the company's relationship with its customers, the influence of the information, received from the customer, and the study of the customer's needs on the future actions and decisions of the organization, i.e., whether the company satisfies the needs of all customers without exception, or it distributes them into segments and focuses only on a few of them. To apply the CRM system is more useful for services and wholesale businesses than retail establishments, as installed CRM makes easier to manage the chain for movement of goods. Besides, the list of potential customers is being drawn up and the system helps to sort them out by the segments (Dzeveckyte, 2010).
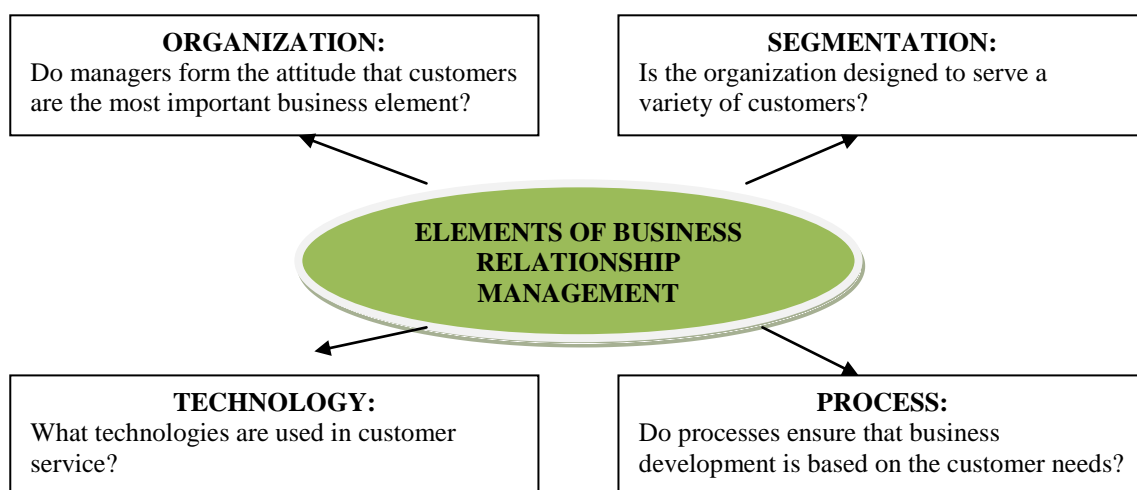

Figure 1. Elements of Business Relationship Management

Usually companies segmentate customers according to their purchased products. However, customers' preferences, behaviors, product distribution channels, the purchase quantities are totally different. It means that, one cannot judge on the customer's needs and its relationship with the seller according to the type of purchased product. Therefore it is more appropriate to segmentate one's customers according to the field and size of activity. In addition to the company's field of activity,

the size is also important. Therefore the structure of the seller's company should reflect the structure of the market, otherwise the company will not be flexible, it will not be able to evaluate and meet the customers' needs, which can result in great reduction of its competitiveness. During the analysis of segments of natural persons and small businesses, it is necessary to assess the purchasing process itself, i. e. not so much a decision to buy, but the processes of product withdrawal, settlement, etc. since these customers are mostly interested in the distribution network, i.e. well trained sellers, pleasant environment, etc.

The company has to decide whether it is going to implement the business relationship management systems within the company, or it is going to be purchased as an external service. It depends on the business type and size, i.e. how complex and expensive technologies the company affords to buy and whether it is cost-effective. The most difficult decision to be made is related to the amount of the data: too large amount would overload the company with redundant information, however, insufficient amount may result in the shortage of information. Data identification process is aggravated by the fact that companies usually install technologies only once and have no experience. Therefore, it is advisable to share one's experience with similar companies or to use the standards proposed by technology installers and then adapt them to a particular company.

There is a large variety of data collection and business relationship management programs in the market, which may be designed for:

1. Selling concept. Selling concept is designed for large customers. It is highly important to offer the right solution to the buyer and do not overdo with offering one's product or a more modern solution. The essence is to find out customer's needs and provide him with an opportunity to choose the most appropriate alternative from a few.

2. Additional sales information system. It is the system including the information on the customer: his purchased products, at what prices, in which unit, at what time of a day, etc. It is the information on the activities with customers intended for the managing board, i.e. any received inquiries, any submitted proposals, any training or guidance provided to the customer's employees. It is important to highlight that the information registered in this system must be available to all employees that work with a particular customer.

3. Customer loyalty management system. It is a continuous collection and evaluation of information on customer satisfaction and the formation of loyalty programs according to the selected company criteria. A detailed questionnaire can be used in order to get evaluation on various fields of company's activities. Huettinger, Cubrinskas (2011) state that, due to increasing competition, the customer loyalty has become an important concept in the marketing research. Companies implement loyalty programs in order to retain customers. Consumer behavior and especially loyalty comprise a key element of strategic management, allowing companies to create a strong advantage in a highly competitive environment. Collaborative CRM's ultimate goal is to use information collected from all departments to improve the quality of customer service, and, as a result, increase customer satisfaction and loyalty (Edwards, 2007).

One of the most important factors determining the choice is the project price, which certainly depends on the size of the company. It is directly related to the diversity and complexity of business processes. It is the factor according to which the business management systems are divided into the following three tiers:

- International universal systems for large and medium-sized enterprises; SAP, "Oracle E-Business Suite" and "Microsoft Dynamics".
- Average complexity, specialized business management systems: "Epicor", "Sage", QAD, etc.
- Plain and simple solutions for small and micro enterprises (Paskeviciute, 2011).

The sales manager agrees with his subordinates on actions to be taken when working with their customers on the particular day or next month and performs a variety of tasks in accordance with processes approved by the company. A business process is an organized group of related activities that together create value for both internal and external customers. The process is oriented

to the entire sequence of activities, whose results are valuable for the customer, rather than to a separate unit of work (activity, task), which is not valuable for the customer in itself. CRM system minimizes the human errors, eliminates the opportunity to forget about the client and opens the way to always offer for client the most necessary decisions at this moment of time (Miknevicius, 2012). In Customer Relationship Management, handling of customer complaints after the sale is highly important in order to strengthen one's position in the market and distinguish among competitors. The procedure (process) for the examination and analysis of complaints should be established. If complaints persist, the system and work procedure should be reviewed in case it needs changes, i.e. the business processes need changes.

In addition to the afore-listed elements, Sims (2001) suggests to add the training of company's personnel and the motivation to use the available instruments and technologies, i.e. CRM systems. He points out those employees are the company's assets and they are the ones who use the system in order to achieve better results.

In order to reveal the scope of CRM systems' prevalence in Lithuanian business, the comparative analysis of statistical data of 2008-2012 was performed and the main implementation issues and benefits of CRM were discussed. The comparison of CRM and other software systems' usage in the business and public institutions was performed as well.

3. Results

Due to limited resources, small and medium-sized enterprises are often not capable to compete on price or to provide the market with a wide range of high-quality products. Therefore it is more favorable to specialize in a single field. CRM noticeably facilitates specialization since the effective client management ensures a feedback between the company and the client (Kvietkauskaite, 2006a). CRM - it is a complex system which enables to evaluate and maximize the economic value of each company's customer and to apply effective methods to promote the loyalty for most valuable customers (Kirvaitis, 2001).

The data of the Statistics Department of the Republic of Lithuania (2012) reveal that in Lithuania entrepreneurs are familiar with CRM and other business management systems, however, they do not allocate sufficient funds and time for the implementation of the systems (see Table 1).

Table 1. Lithuanian enterprises with ICT systems for e-business, percent

	2008	**2009**	**2010**	**2011**	**2012**
Electronic exchange of information on supply chain management	27.7	26.7	33.3	27.8	37.3
Automatic exchange of information in the sale/purchase process	21.2	22.5	24.0	23.6	27.5
Automatic electronic exchange of information between enterprises	50.9	49.6	63.2	69.8	60.8
Enterprise resource planning (ERP)	5.0	5.8	11.5	12.6	23.1
Customer relationship management (CRM)	**9.9**	**12.6**	**15.3**	**16.8**	**17.7**
Secure digital signature	24.7	23.9	68.9	72.4	72.0

Source: Statistics Lithuania. Information Technologies in Lithuania 2012.

The analysis of the data shows that, in 2012, 60.8 percent of companies were using electronic data exchange systems, mostly for sending electronic invoices (48.5 percent), for sending the data to public administration institutions or to receive from them (52.5 percent), for receiving electronic invoices (31.2 percent). The comparison of the use of Enterprise Resource Planning and Customer Relationship Management systems in business shows that the implementation of Customer Relationship Management systems in enterprises is slightly growing every year (doubled within 5 years), meanwhile the popularity of the Enterprise Resource Planning systems is growing rapidly, i.e. increased 5 times within 5 years (see Figure 2).
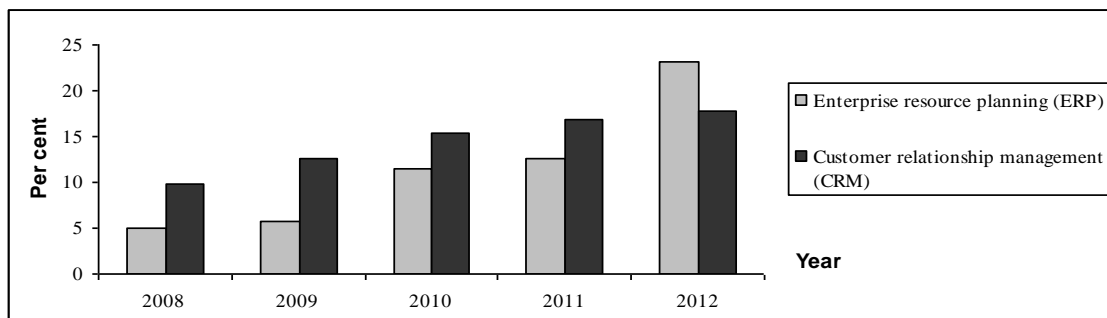
Figure 2. Enterprise resource's planning and customer's relationship management systems used for Business Trend Analysis, percent

Source: created by the author's according to the department of Statistics Lithuania. Information Technologies in Lithuania 2012

Usually the problem is that today it is difficult to assess the benefits to be received by the company after the installation of the software system. This problem occurs due to natural reasons as the system itself has to be purchased then the funds should be allocated for the implementation and maintenance of the system as well as the training of the staff. Eventually, for the first few years, we will only collect data in the program about customers, and the company will receive benefit only after the systematization and application of the information to the Customer Relationship Management or loyalty programs, etc.

Another important aspect is the functionality of the system. A number of various business processes take place in large companies. Their transfer to CRM would undoubtedly result in an easier management of business processes, however, the risk is that each additional function will make the system more complex. Unfortunately, the more complex the system, the harder it is to perform simple actions, the greater the risk that the staff will reject the system and will not want to work with it. The system, which is not used, will never provide benefits and will never buy off (Kvietkauskaite, 2006b). This is illustrated by the data presented in Figure 3.
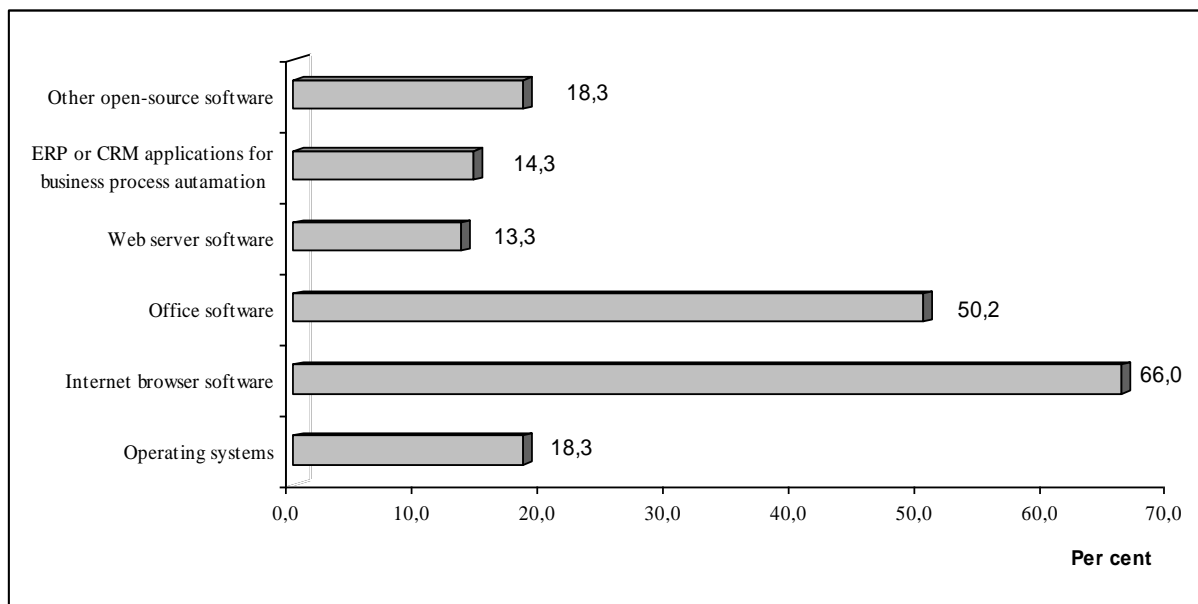

Figure 3. Lithuanian enterprises using open-source software, 2012, percent

Source: Statistics Lithuania. Information Technologies in Lithuania 2012

The analysis of the data demonstrates that companies pay greater attention to web browsers and office software, rather than the installation of the Resource Planning and Customer Relationship Management programs.

In this context, it is interesting to compare the use of Customer Relationship Management systems in Lithuanian business companies and institutions. After having performed the analysis of the data, the conclusion was drawn that the implementation of Customer Relationship Management systems in Lithuanian institutions is not popular at all, and it has even decreased over the last few years (see Figure 4). Lithuanian institutions pay much more attention to the Document Management and Web Content Management systems. These data clearly demonstrate that the work of Lithuanian institutions is focused only on document processing, rather than on the improvement of the service quality.
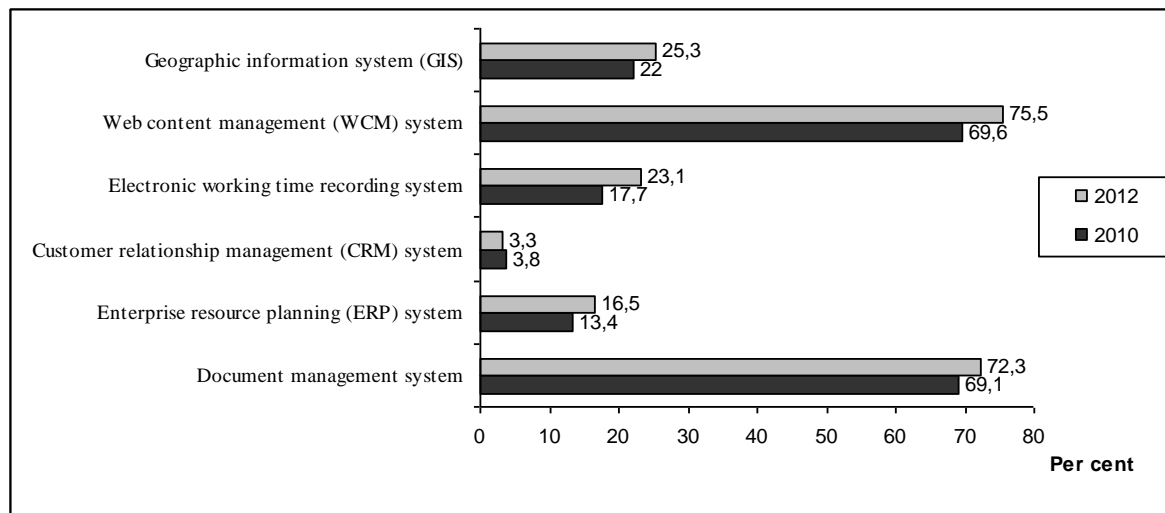

Figure 4. Electronic systems in Lithuanian institutions, percent

Source: Statistics Lithuania. Information Technologies in Lithuania 2012.

CRM elements, analyzed previously in this article, are fundamental to small and medium-sized businesses and create a core business value. CRM projects are successful if they take into account the issues that arise to sales managers, who provide customers with services, or to marketing professionals. After having conducted the analysis of the literature, the following problems, which may be solved by applying Customer Relationship Management systems in the company's activity, can be distinguished:
- the database with customer information prevents from forgetting a single client;
- the division of customers into segments allows the personnel of marketing department to provide each segment with accordingly customized offer;
- the data accumulated in the system make it possible to analyze customer's behavior and to apply various loyalty programs to corresponding customers;
- the system collects the information on customers and any decision affecting the person (when it comes to legal entities). Thus, in case of changes in personnel, all customer contacts remain in the company;
- the system accumulates all customer inquiries and complaints, by analyzing which we can initiate changes in the company.

To sum up, it is important to evaluate the global trends, and whether Lithuanian entrepreneurs' approach significantly differs from the global practice. According to the data of the global survey Pegasystems (NASDAQ: PEGA, 2012), which includes the inquiry of major international companies in the UK, continental Europe and the USA, more than 50 percent of companies use a number of CRM solutions and as much as 43 percent of companies use CRM systems to manage customer experience, meanwhile in Lithuania, in 2012, only 17.7 percent of companies were using such systems. 62 percent of respondents highlighted that it is more important to differentiate customer service, rather than the product value. This finding demonstrates that business processes must be oriented to the service quality in the customer segmentation. And the easiest way to do it is by applying the CRM system in the company. This is supported by the survey data as 19 percent of respondents indicated the necessity to improve CRM systems themselves as

products. Some of the respondents in USA (28 percent) and Europe (10 percent) believe that the use of CRM systems aggravates customer service quality rather than improves it. In addition, respondents indicated that their existing CRM system could perform most of the tasks better and provide more information.

It is necessary to analyze why CRM systems are negatively evaluated in both Lithuania and the global context. According to the study of the company "Panorama Consulting Group" in 2010, 57 percent of projects on Business Management Systems (BMS) take longer than expected. For this reason, the project budget is frequently exceeded. The main reason why BMS projects take longer than expected are also distinguished:

- unrealistic expectations (most of companies expect that the implementation of the system will modify the business processes, however, most commonly adequate funding and sufficient time to implement such changes are not provided);
- inadequately evaluated influence of organizational change (Business Management Systems result in considerable changes within the organization. The larger and more complex business enterprise, the more significant changes, therefore the impact of such changes on the company must be anticipated);
- insufficient resources (both financial and human);
- system capacities (most of the modern Business Management Systems are extremely flexible and offer a wide range of configuration options, therefore it is important to adjust them to one's own business);
- system modification/application (usually the need to implement specific and unintended operational requirements of the system are unavoidable in programming. It is recommended to modify the system only in the fields of company's competitive advantage) (Sims, 2007).

Some entrepreneurs draw attention to the fact that the use of CRM systems results in less attention to the personal customer service. However, Dickie (2012) emphasizes, that the use of CRM systems allows the managers to access the customer online and to broadcast videos, which may present the company or introduce new offers. Recently, the consumers' desire to choose is constantly increasing. The contemporary consumer knows what he wants and seeks for benefit, therefore the breakup of connections between the consumer and the manufacturer may result in the irreparable damage to the company. This is how new marketing channels trends emerge in the world, i.e. the laconic of channel formation and the replacement of conventional marketing channels by electronic marketing channels (Banyte *et al.* 2011).

To conclude, it can be stated that the use of CRM systems can simplify the sales and marketing processes, increase sales efficiency, improve customer service, identify loyal customers and ensure their retention, expand market share, enhance the company's competitiveness, and all these listed options will definitely result in the increase of profits.

4. Discussion

Various researches reveal that a majority of decisions to change the supplier are not related to the supplied goods. Other important elements appear, such as the use of information technology in the procurement processes and public portals, which help buyers to find the most competitive offers without leaving their homes. In addition, all of this provides buyers with a greater bargaining power and reduces the trademark's value and other pre-existing advantages of companies-suppliers. Some scholars argue that it is the company's customers and not the trademark that represents the main intangible assets of the company, therefore the relationship with customers is becoming more and more important.

The analysis of the scientific literature shows that the key elements of the business relationship management are organization, segmentation, technology and processes. In the contemporary business, all these elements are combined by the business relationship management systems, however, their successful usage and provided benefit also depend on employees'

willingness to learn and their motivation to use the available instruments and technologies. It was found out that business relationship management systems helps companies:

- to attract new customers as they can take the advantage of customer data management capabilities;
- to improve customer service as the analysis of the accumulated data in the system allows to offer the best option to the customer;
- to easily identify loyal customers and to adjust a respective loyalty program.

The analysis of the statistical data demonstrates that, within the last five years (2008-2012), Lithuanian companies paid more attention to Enterprise Resource Planning systems (within 5 years the implementation of these programs increased 5 times), rather than to the Customer Relationship Management systems (within 5 years the implementation of these programs doubled). Such difference can be explained by the fact that the use of the Customer Relationship Management program buys off and provides benefit much later than the Enterprise Resource Planning system.

The comparison of the implementation of Customer Relationship Management systems in Lithuanian enterprises and institutions shows that the institutions actually neglect these programs and, between 2010 and 2012, the installation of these programs decreased by 0.5 percent, from 3.8 percent to 3.3 percent respectively. It was found out that the Lithuanian institutions focus on Web Content Management systems (in 2012, 75.5 percent of institutions were using these systems) and Document Management Systems (in 2012, 72.3 percent of institutions were using these systems). These data clearly demonstrate that the work of Lithuanian institutions is focused only on document processing, rather than on the improvement of the service quality.

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