

UNIVERSITY OF TWENTE.

Critical success factors of CRM execution within a subsidiary from an international luxury brand

A case study at a Benelux subsidiary

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MSc in Business Administration

Aalsmeer, March 2012

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Management summary

This report is the result of my master assignment about CRM execution within a luxury brand's subsidiary. The study is carried out at a Benelux subsidiary of an international luxury brand. The objective of the study is to discover critical success factors for CRM execution in a luxury brand's subsidiary as this topic is not yet studied in literature. The luxury market differs from the mainstream market on some aspects; customers are lofty, boutiques are the main customer touch points and the price of products is irrelevant. However, it is expected that the same CSFs are applicable to this industry. This topic is studied by means of participant observation, semi-structured interviews and secondary data.

Literature review showed success factors in five categories; 1) strategic management, 2) organizational design, 3) employee skills, 4) employee attitude and 5) implementation related factors. Most of the CSFs found in literature are found as CSFs for this luxury brand's regional office as well, although there are some additions and specifications. Overarching CRM strategy, market orientation, CRM objectives, performance measures, incentive plan, customer segmentation and targeting, organization-wide approach, boutique as main customer touch points, initial focus on everyday customers are found as strategic management factors. Discovered organizational design factors are customer-oriented structure, culture and philosophy, internal customer-oriented processes, customer-oriented processes in direct interaction with the customer, close cross-functional cooperation, correct customer knowledge, reliable information technology and technological alignment. Regarding employee skills operational and management CRM capabilities and CRM training are found. Management attitude, operational employee attitude and employee alignment are found as CSFs in the employee attitude category. For the implementation related factors organizational alignment, alignment with key stakeholder groups, customer systems integration, project champion and gradual development are identified as CSFs. All these factors are influenced by local level differences. Every subsidiary should find its way execute CRM within the guidelines of headquarters

These CSFs are identified based on themes and issues at occurred at the Benelux subsidiary. Discovered CRM issues at the subsidiary for recommendations to improve CRM execution. On strategic management level the subsidiary is advised to discuss the translation of communication materials and local specification of campaign results with headquarters. Improvements are expected if the goals are clear to everyone and when there is incentive plan. Related to organizational design the following advises are given; structured guiding of sales associates in their working processes, frequent and structured follow up of the incentive plan,

finding a way to control the after sales department and frequent cooperation on local level and on headquarters level. It is also good to search for database problems actively and to align the database to local requirements. Improvements in employee capabilities can be gained by means of an individual training plan. Also recommended is the creation of conditions that support commitment and motivation to improve employee attitudes, for example management commitment, structural incentive plan and knowing local CRM results. The final recommendation is to spend time on local CRM themes and issues in a structured way next to the necessary CRM tasks to satisfy headquarters.

Managementsamenvatting

Dit rapport is het resultaat van mijn masteropdracht over de uitvoering van CRM binnen een dochteronderneming van een luxe merk. Deze case study is uitgevoerd bij Benelux kantoor. Het doel is om kritieke succesfactoren voor de uitvoering van CRM binnen een dochteronderneming van een luxe merk te ontdekken. Dit onderwerp is binnen deze industrie nog niet is onderzocht in de literatuur. De luxe mark verschilt op verschillende aspecten van de normale markt; klanten zijn hooghartig, boutiques zijn de belangrijkste middelen om in contact te staan met de klant en de prijs van de producten is irrelevant. Het is echter te verwachten dat dezelfde factoren toepasbaar zijn in deze industrie. Het onderwerp is door middel van participerende observatie, semi-gestructureerde interviews en secundaire data onderzocht.

Literatuuronderzoek resulteerde in succesfactoren in vijf categorieën; 1) strategisch management, 2) organisatieontwerp, 3) werknemersvaardigheden, 4) werknemersattitude en 5) implementatiegerelateerde factoren. De meeste factoren die gevonden zijn in de literatuur zijn ook gevonden in de case study. Echter zijn er een aantal aanvullingen en specificaties. Een overkoepelende CRM strategie, marktoriëntatie, CRM doelen, prestatie-indicatoren, beloningsplan, klantsegmentatie en gerichte communicatie, een organisatiewijde aanpak, boutique als belangrijkste klantcontactpunt en initiële focus op alledaagse klanten zijn gevonden als factoren op strategisch management gebied. Ontdekte factoren voor organisatieontwerp zijn klantgeoriënteerde structuur, cultuur en filosofie, interne klantgerichte processen, klantgerichte processen in de directe interactie met de klant, sterke cross-functionele samenwerking, foutloze klantinformatie, betrouwbare informatie technologie, operationale en management CRM capaciteiten en CRM training. Houding van het management, houding van het operationele management en het op één lijn krijgen van werknemers zijn succesfactoren in de categorie voor werknemersattitude. Voor de implementatiegerelateerde factoren zijn het afstemmen van de organisatie, het op één lijn krijgen van belangengroepen, integratie van klantsystemen, project champion en geleidelijke ontwikkeling van de strategy gevonden als succesfactoren. Al deze factoren worden beïnvloed door regionale verschillen. Elke dochteronderneming zal zijn weg moeten vinden in hoe zij CRM uitvoert binnen de richtlijnen van het hoofdkantoor.

Deze succesfactoren zijn geïdentificeerd op basis van thema's en problemen die voorkomen bij de Benelux onderneming. De ontdekte CRM problemen dienen als basis voor aanbevelingen voor deze dochteronderneming om de uitvoering van CRM te verbeteren. Op strategisch management gebied wordt het geadviseerd om de vertaling van communicatiematerialen en lokale specificatie van campagneresultaten te bespreken met het hoofdkantoor. Verbeteringen worden ook verwacht als de doelen voor iedereen duidelijk zijn en wanneer er een beloningsplan is.

Adviezen met betrekking tot het organisatieontwerp zijn het gestructureerd begeleiden van sales associates in hun werkprocessen, frequent en gestructueerde opvolging van het beloningsplan, het vinden van een manier om after sales te controleren en sturen en frequente samenwerking op lokaal en globaal level. Het is ook aan te raden om actief op zoek te gaan naar databaseproblemen en om de database aan te passen aan lokale omstandigheden. Werknemersvaardigheden kunnen worden verbeterd door een individueel ontwikkelingsplan. Daarnaast is het goed om een werkomgeving te creëren die betrokkenheid en motivatie met betrekking tot CRM stimuleert. Hierbij valt te denken aan betrokkenheid van het management, een structureel beloningsplan en het berekenen van lokale CRM resultaten. De laatste aanbeveling is om structureel extra tijd te besteden aan lokale CRM thema's en problemen, naast de vereiste CRM taken

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Abbreviations

CDB:	Customer database
CRM:	Customer relationship management
CSF:	Critical success factor
FY:	Financial year
HQ:	Headquarters
VVR:	Very, very rich customers

Preface

This report is the result of my master thesis about CRM execution within a luxury brand's subsidiary in the Netherlands. The objective of this master assignment was to apply the obtained knowledge from the master International Management into practice.

The time I studied the topic was a great experience; the subsidiary's team was so kind and friendly that the working environment could not be better and participating in the daily business to business gave me a lot of practical understanding about marketing and luxury brands, but as well about doing business in general.

Therefore, my thanks go to the whole Benelux team for the really nice time. In particular I thank the Marketing Manager, who was my supervisor in daily business and guided me in writing this report. Thanks as well to Michel Ehrenhard and Dennis Muntslag from the University of Twente who assisted me with the scientific part of the report. Finally, I thank my family, friends and roommates for the discussions and the support in writing this thesis.

Hopefully this research contributes to the knowledge about factors affecting CRM execution in luxury brands' subsidiaries and is the Benelux subsidiary able to take advantage of this knowledge.

Enjoy reading this report!

The Netherlands – Amsterdam,
The Netherlands – Aalsmeer,
March 2012

Renate Westrik

Chapter 1 Introduction

This report is about aspects that influence effective execution of customer relationship management (CRM) within a luxury brand's regional office. A Benelux subsidiary contributes to explore this topic by being the subsidiary where the case study was executed. This first chapter introduces the research by elaborating on the background, objective and problem description of the research. This is followed by method, relevance and structure of the report.

1.1 Background and objective

1.1.1 Importance of CRM in literature

The way organizations approach their customers is changing over time. A rough distinction in business approaches can be made between product orientation and customer orientation. Being customer-oriented is becoming of more interest by organizations, because these organizations are able to improve their customer relationships. Thereby they create more loyal and satisfied customers which results in better organizational results in the short-term and long-term (Chen & Popovich, 2003). Organizations develop relationship management programs to improve relationships with their customers (Campbell, 2003), for example by using relationship marketing instruments as loyalty programs and direct mailings (Verhoef, 2003). To execute those programs successfully, internal organizational factors need to be involved and adapted (e.g. Keramati et al, 2010; Zablah et al, 2004; Lindgreen et al, 2006). Therefore, Chen and Popovich (2003) suggest 'alignment of people, processes and technology within an enterprise-wide, customer-driven, technology-integrated and cross-functional organization' (p. 675).

1.1.2 Importance of CRM within the luxury organization

At this luxury brand, an international organization in luxury industry, this change towards a customer-oriented approach started about a decade ago when they became aware that brand profiling was not enough anymore for a luxury brand; the luxury organization had to build stronger customer relationships to stay competitive. Especially in the luxury goods industry, organizations have to work on strong customer relationships for good organizational results, because customers in this industry base their purchase decisions on other things than the price of the product. More important are the image of the brand, customer's goodwill for and feeling about a brand (Benelux Marketing Manager, personal communication, 20 October 2010). A report from the Boston Consulting Group underpins this by arguing that since the recession the mystique of luxury is threatened; 'being iconic and exclusive is not enough to make a brand grow, and fewer consumers are willing to blithely accept high prices as the mark of luxury. They need better reasons to buy.' (Bellaiche et al, 2010, p. 1).

To strengthen the relationship with its customers, the luxury brand started a CRM program throughout its subsidiaries in Europe in 2008. Nowadays, the Benelux subsidiary is scoring low on CRM performance measures compared to other regional offices (Benelux Marketing Manager, personal communication, 20 October 2010). One of those performance measures is the percentage of total sales transactions that are captured in the database. The results of Belgium and the Netherlands on this performance measure are respectively 74% and 75%, while the average score is 83% and the highest is 94% in financial year (FY) 2010/2011. The Benelux marketing manager argues that the Benelux is scoring low since the organization started to implement CRM and that employees are not willing to contribute to the project (Benelux Marketing Manager, personal communication, 20 October 2010). Since CRM gradually develops at this luxury brand and is still on-going, it is interesting to identify the areas in its CRM execution that are going well and those that are causing problems.

1.1.3 Research objective

Combining the abovementioned information about the importance of customer relationships and CRM performance within this luxury organization and its subsidiaries, the objective of this research is to identify the aspects affecting effective CRM execution at a regional office in a luxury goods organization. In addition, the results of this research provide the luxury brand, in particular the Benelux subsidiary, with recommendations on their CRM operations.

1.2 Problem description

Extant literature about CRM discusses critical success factors (CSFs) for CRM in general and success factors in some industries, e.g. financial services and automotive industry (Payne & Frow, 2005; Campbell, 2003; Lindgreen et al, 2006). In line with the objective to increase value for the customer, there is one article that identifies types of value customers are looking for and that are offered by luxury organizations (Tynan et al, 2010). Another article elaborates the reasons why luxury brands should apply CRM, the results CRM might realize and what needs to be done to preserve the luxury status (Cailleux et al, 2009). However, CSFs specific for CRM within the luxury goods industry are not yet discovered and discussed. Because luxury industry is based on different values than other industries, it is interesting and useful to explore success factors for CRM execution in this industry.

Luxury brand's Benelux subsidiary, the subsidiary responsible for the Dutch and Belgian markets, follows the CRM strategy developed by headquarters. Although this regional office experiences some benefits of CRM, their results on CRM performance measures are lagging. Possible reasons for lagging results mentioned are problems with the customer database and sales associates who do not want to cooperate in the program. However, the Benelux

management team is still wondering why CRM execution does not work well in the Benelux, while the results in some other countries are satisfying (Benelux Marketing Manager, personal communication, 20 October 2010). To improve usage of customer information and thereby to further increase the benefits of CRM at this regional office, aspects contributing to successful CRM execution should be optimized. Therefore, this research helps to discover aspects that are essential for good CRM execution in luxury goods' regional office by using this Benelux subsidiary as case study.

1.3 Research questions

The central research question, following from the abovementioned sections, is defined as:

“What are critical success factors for CRM execution at a luxury brand's regional office?”

To answer this central question a number of sub questions have to be answered:

1. What is known in literature about an appropriate perspective for CRM and its corresponding organizational factors influencing effective CRM execution?
2. How did the luxury brand's regional office implement CRM in their daily operations in term of change process and current CRM related working processes?
3. Which enablers and barriers are affecting CRM execution in this luxury brand's subsidiary and which CSFs can be identified from these enablers and barriers?
4. What are the differences and similarities between CSFs from the case study and success factors that resulted from literature?

1.4 Research approach

This empirical study about CRM execution in a luxury organization is mainly following an inductive approach, although it contains deductive elements as well. The research is inductive because exploration of enablers and barriers in the luxury brand's subsidiary is not limited to existing theory. Extant literature does not provide an answer about CSFs in luxury industry, although knowledge about CSFs in other industries serves as a basis for exploration of enablers and barriers in this new environment. This is the deductive contribution. With this approach an understanding is obtained about CSFs of CRM execution in the unstudied context of a luxury brands' regional office (Saunders et al, 2009; Babbie, 2004; Eisenhardt, 1989).

A case study is a suitable approach to investigate this topic in a new context. It offers the opportunity to gain in-depth understanding in this context and about the processes carried out there. This can be studied by means of several data collection techniques (Saunders et al, 2009; Eisenhardt, 1989). Chapter four describes the research methodology in more detail.

1.5 Relevance

This study is relevant for scientific and practical reasons. Geurts (1999) described *scientific relevance* as the contribution of a study to the existing theory or methodology, or when it is relevant in a descriptive way. Existing theories and models are used as a basis to get insight in factors affecting effective CRM execution. The case study should result in knowledge about critical success factors in an organization selling luxury goods. This knowledge adds to the current body of literature, because there is no literature available yet regarding this topic in this industry. A model is developed which reflects CSFs for CRM execution in a luxury brand's subsidiary.

Social relevance is described as the degree of relevance for the organization or for the society as a whole (Geurts, 1999). When difficulties for CRM execution at the Benelux subsidiary are known and the organization pays more attention to them in the future, the benefits received from CRM will be higher. Strategically this means that stronger customer relationships are build resulting in better competitiveness.

1.6 Structure of the report

This chapter considered the topic of the study. Literature on CRM and the aspects influencing CRM is explored in the next chapter. This results in a model that represents factors that influence CRM execution within an organization. The third chapter explains the methodology that is used to find CSFs specifically for luxury industry. The case description about CRM execution and its development at headquarters and the Benelux subsidiary is illustrated in chapter four. Subsequently, enablers and barriers from the case study are analysed which results in CSFs for a luxury brand's regional office. These results are compared with CSFs that are found in literature. The report finishes with chapters comprising the conclusion on the research question, recommendations for the Benelux subsidiary, a discussion on limitations, future research and implications for science and practitioners.

Chapter 2 Known success factors for CRM

“CRM is not just a ‘project’ that can be compartmentalized. It’s an evolutionary process – new CRM processes and initiatives happen every year – it’s the way a company organizes itself” (Campbell, 2003, p. 378).

This statement implies that CRM is not a simple fact that can be implemented at one moment in time in one part of the organization; it is a complex modification in organizational orientation which needs contribution of many organizational aspects. To get a better understanding about this phenomenon this chapter discusses what CRM comprises, CRM within luxury organizations and CSFs for the execution of CRM. The chapter concludes with a research framework which is based on known CSFs.

2.1 What is CRM?

For many organizations CRM became popular to overcome issues of increased competition, expanding markets and increasing customer expectations (Richard & Jones, 2008). The objective of CRM is to create a customer-oriented organization that maximizes customer value and long-term organizational profitability through realization of mutual beneficial, durable relationships with customers (Zablah et al, 2004; Shah et al, 2006; Chen & Popovich, 2003). With a CRM approach the organization is able to treat its customers on an individual and unique basis (Bose, 2002). Better serving the customer improves long-term customer loyalty, satisfaction and retention (Chen and Popovich, 2003; Chang, 2007). The change in organizational focus is strongly supported and encouraged by developments in IT (Shah et al, 2006; Payne & Frow, 2004; Boulding et al, 2005). These developments made it possible to link back and frontend applications. This should result in a more consistent way of doing business (see appendix 1). A study of AMR Research revealed that the popularity of CRM is growing; in 2007 the CRM software market was worth \$14 billion, a 12 per cent growth compared to 2006. This research predicted a further growth of the market to over \$22 billion in 2012 (Lager, 1 July 2008).

Some advantages that appear from effective CRM are improved possibilities to target profitable customers, integrated offerings across channels, personalized marketing messages, increased profits and improved customer relationships (Richard & Jones, 2008; Ko et al, 2008). Ryals (2005) found for example an improvement of 270 per cent of a department’s profits by applying CRM measures. On the contrary, organizations face disadvantages as well, especially when they do not pursue a clear and consistent definition of CRM (Chen & Popovich, 2003; Rigby et al, 2002; Richard & Jones, 2008). They are not able to measure their results from CRM, and are thus not able to make necessary adjustments (Richard & Jones, 2008; Lindgreen et al, 2006). Other

risks of CRM implementation are project failure, inadequate return on investment, unplanned project budget revisions, unhappy customers, loss of employee confidence, and diversion of key management and resources (Chen & Popovich, 2003). AMR Research showed that only 20% of CRM software projects were successful around 1996. This increased to over 70% in 2001 (Kerstetter, 2001). More recent AMR Research revealed that the failure rates for the years 2005, 2006 and 2007 respectively were 18%, 31% and 29% (Krigsman, 2009). Over the years organizations became more and more satisfied with CRM software projects in their companies, but a significant number is still dissatisfied. This means that there are opportunities to improve CRM projects. Thus, although organizations expect high benefits, it is not easy to reach satisfaction on a CRM project as it costs lots of time, energy and money. For effective execution of a CRM project it is important to understand which aspects are affecting it; this increases the chance of positive results.

2.2 Approach for effective CRM execution

Before success factors of CRM execution can be identified, it is important to consider an appropriate organizational approach for CRM; CRM is a topic which is approached in many ways. Success factors may differ depending on the approach.

Although CRM might have impressive benefits, organizations often do not reach the expected results after its implementation (see section 2.1). What became clear is that CRM is about creation of value for the customer. Therefore collecting, analysing and applying customer data is essential (Chang, 2007; Payne & Frow, 2005; Chen & Popovich, 2003; Zablah et al, 2004). Although value creation and customer knowledge are important concepts in customer relationship literature, conceptualization of CRM is not clear, because it is labelled in many different ways. For instance, Zablah et al. (2004) found 45 definitions of CRM which they divide over five perspectives: process, strategy, philosophy, capability, and/or technological tool. Others distinguish CRM in a particular technological solution, wide-ranging technology and a holistic approach (Payne & Frow, 2005) and in technology, business and consumer perspectives (Teo et al, 2006). When an organization wants to implement CRM, involved parties need to be on the same level to work towards a common objective. The way they pursue CRM, significantly affects acceptance and practices of CRM (Payne & Frow, 2005; Zablah et al, 2004). Therefore, in agreement with the approach of the case study's organization a common perspective is elaborated here. Although CRM strategy develops gradually at this luxury brand, their goal is to make it an organization-wide approach.

A broad strategic approach needs development of a strategic vision, understanding customer value in the multichannel setting, using suitable IT and CRM applications, having excellent processes, high-quality execution of those processes and services (Payne & Frow, 2005). To reflect this holistic and strategic view, they define CRM as 'a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology and applications' (Payne & Frow, 2005, p. 168). Chen and Popovich (2003) agree to this perspective by mentioning three key dimensions that need to be integrated; people, processes and technology. They argue that a fully and successfully implemented CRM strategy is a 'cross-functional, customer-driven, technology-integrated business process management strategy that maximizes relationships and encompasses the entire organization' (p. 673). Zablah et al (2004) add to this that CRM is an on-going process and not a onetime implementation project.

Following from the abovementioned, it can be said that an organization needs appropriate processes to collect, analyse and apply customer information into all organizational areas to increase value delivery to the customer. An organization can benefit fully from the advantages of CRM when they approach it in a holistic way (Payne & Frow, 2004).

2.3 Enablers and barriers for effective CRM implementation

Related to the holistic approach described in the previous section, critical success factors of CRM execution are identified from literature. In the literature research 22 articles were discovered that show important aspects for CRM within organizations which are discovered in other industries than the luxury industry. Appendix 2 gives an overview on the articles and the identified success factors for CRM. The selected articles are a mix of conceptual and empirical findings. According to the authors CRM execution is affected by these factors. An organization should assess and align these aspects to the specific context before CRM execution can be effective (Eid, 2007); the effect of an enabler differs over organizational contexts (Mendoza et al, 2007; Boulding et al, 2005; Zablah et al, 2004). These aspects provide guidance in the search for enablers and barriers for CRM execution in a luxury organization's subsidiary.

The CSFs of CRM can be divided into six categories that contribute to an organization’s approach to strengthen the relationship with its customers: 1) strategic factors, 2) organizational design factors, 3) employee skills factors, 4) employee attitude factors and 5) implementation related factors. The CSFs that belong to these categories are displayed in table 1. Hereafter a description of each category is given.

<i>Category</i>	<i>Critical success factors</i>
1. Strategic management factors (success factors that have to do with the direction and position of the organization)	<ul style="list-style-type: none"> • CRM strategy • Market orientation • CRM goals/objectives • Performance measures • Incentive system • Customer segmentation • Company-wide CRM
2. Organizational design factors (success factors that support the organizational strategy)	<ul style="list-style-type: none"> • Organizational structure • Customer-centric culture • Customer-centric philosophy • Internal communication • Customer-oriented processes (operational and management) • Cross-functional cooperation • Customer knowledge • Information technology
3. Employee skills factors (success factors regarding the employee’s capabilities)	<ul style="list-style-type: none"> • Training program • CRM capabilities (operational and management) • Customer data collection
4. Employee attitude factors (success factors regarding employee’s CRM working attitude)	<ul style="list-style-type: none"> • Management attitude • Employee behavior/attitude
5. Implementation related factors (success factors that have to do with the implementation project)	<ul style="list-style-type: none"> • Organizational alignment • Alignment with key stakeholder groups • Customer systems integration • Channel integration • Project champion

Table 1: Categories of critical success factors for CRM execution

2.3.1 Strategic factors

Strategic factors are the first category of CSFs for CRM execution. This category is related to the enablers and barriers that have to do with decisions and activities that determine the position and direction of the organization. This is an important category for CRM, because CRM is meant to create a competitive advantage for the organization in the holistic and strategic perspective. An organization’s strategy is the basis for its competitive advantage. When these factors are not attuned during the CRM project it becomes difficult, or even impossible to make other CRM related changes; organizational changes should be made in order to contribute to the organization’s strategy (Daft, 2006).

2.3.2 Organizational design factors

The strategic factors express the direction the organization is planning to go. However, strategic factors do not result in a successful business by themselves. This second category of factors is concerned with the development of the organization to support the followed strategy. These

factors are the components that shape and structure the organization to contribute to successful execution of the chosen strategy. The organization should be structured in the way it fits in the environment the organization operates in, i.e. economic, political, legal, regulatory, social and technological environment. Organizational design is an ongoing process to align the environment, the strategy and the organization which are constantly changing and evolving (Roberts, 2007).

2.3.3 Employee skills factors

This category of CSFs is related to the capabilities of employees with regard to their job tasks which have to contribute to the strategy. Two elements of strategic human resource management are employee skills and employee behavior. These aspects are argued to affect sustainable competitive advantage (Barney et al, 2001). With regard to CRM within an international organization's subsidiary, this is expected to be mainly about the skills at the operational level, although the local management teams are involved in the strategic development as well. Headquarters is in charge of the strategic part of CRM. Daft (2006, p. 401) argues that 'a new idea will not benefit the organization until it is in place and being fully used'. An idea can only be implemented and being used in the optimal way when the employees have the skills and behavior that are needed to support it.

2.3.4 Employee attitude factors

Employees 'make or break' an organizational strategy. Besides the abovementioned skills, they have to be willing to cooperate. As mentioned, skills and attitude contribute to a person's behavior. It is necessary to have employees with the right attitude to collaborate with a strategy or project. Daft (2006) mentions four reasons why employees would refuse to cooperate in a change process; self-interest, lack of understanding and trust, uncertainty, and different assessments and goals. To stimulate collaboration he suggests communication and education, participation, negotiation, coercion and top management support. Thus, besides the right skills, the employees need supporting attitudes which together determine employee behavior.

How an international organization should deal with its employees to create the desired results is not easy to determine. Employees in different countries have different needs. An employee's attitude not only depends on the organizational, but also on the national culture (Hofstede, n.d.). It is argued that organizational culture originates in practices and therefore is partially manageable. Values are the basis of a national culture which makes it a fact where they have to deal with (Hofstede & Hofstede, n.d.).

2.3.5 *Implementation related enablers*

This final category is related to the implementation project itself. These enablers have to do with the implementation of the project and change management. Implementation can be made successful by making changes in leadership, structural design, human resources and information and control systems. A strategy's success depends on the implementation of thoughts into action thereby using managerial, administrative and persuasive abilities. When the manager carries out the plans himself, employees are more committed to contribute as well (Daft, 2006).

2.4 **CRM within luxury organizations**

'Luxury is a concept with fuzzy frontiers. No definition will strictly delineate it' (Kapferer, 2006, p. 60). It is 'a thing that is expensive and enjoyable, but not essential' (Oxford Advanced Learners Dictionary, 2005, p. 920). Whether a product or service is considered as luxury depends on the context. The customer makes the distinction between luxury and ordinary products based on three dimensions; functional (material), symbolic (individual) and experiential (social) value (Tynan et al, 2010; Berthon et al, 2009). In general, luxury implies rarity, quality and refinement (Bellaiche et al, 2010).

The environment where luxury brands operate in changed; competition became more complex, luxury organizations grew and customers changed. Luxury organizations are increasingly interested in CRM, because they consider it as a tool to face these challenges. These days, high brand equity and brand image are not enough anymore to grow and survive in this industry (Cailleux et al, 2009).

But what makes CRM within luxury organizations different? First, the price of luxury products and services is irrelevant for the luxury customer in spite of the fact that costly products and services are a characteristic of luxury. "Money is a necessary but not a sufficient condition for the purchase of luxury goods" (Tynan et al, 2010, p. 1160). Thus, luxury brands should create value in another way, for example during the interaction and by the products they offer. Second, the types of customers are different. They are described as 'ultra high and high net worth individuals' (Tynan et al, 2010, p. 1162) and 'lofty' (Pedraza, 2010). Cailleux et al (2009, p. 411) argue that 'a client's name should never be misspelled' by a luxury organization. In general these customers expect more from an organization in terms of quality and service, because they pay a high price for these luxury products and services. Third, the boutique has always been, and still is, the centre of building customer relationships for a luxury organization. This is the place where the brand represents itself, where interaction takes place and customer knowledge is created. Luxury CRM should remain based on this 'shopkeeper's benchmark' in the future.

However, over the years a luxury brand’s customer base grew. Therefore, luxury brands currently need a more structured approach to create customer knowledge and to build customer relationships (Cailleux et al, 2009).

Although luxury CRM differs on these aspects from ordinary CRM, Cailleux et al (2009) argue that the common CRM practices can be applied in the luxury industry. In addition, Pedraza (2010) mentions that luxury industry has to be willing to learn from the mistakes made in other industries in order to prevent making the same mistakes. He especially emphasizes the importance of a customer-centric culture, because this is at the heart of CRM. Without a customer-centric culture CRM implementation is doomed to fail. According to this, in combination with the statements in the previous section that CSFs are identified from research in several industries and that their effects differ over contexts, it can be argued that the CSFs are likely to be applicable in luxury industry too.

2.5 Research framework

In the beginning of this chapter CSFs for CRM execution were identified from literature and then it was argued why these CSFs are likely to be applicable in luxury industry. These factors are separated into five categories; strategic management, organizational design, employee skills, employee attitude and implementation related factors. Developing a research framework based on this information results in figure 1. This figure is the start for the search for CSFs of CRM execution in a subsidiary of an international luxury brand.

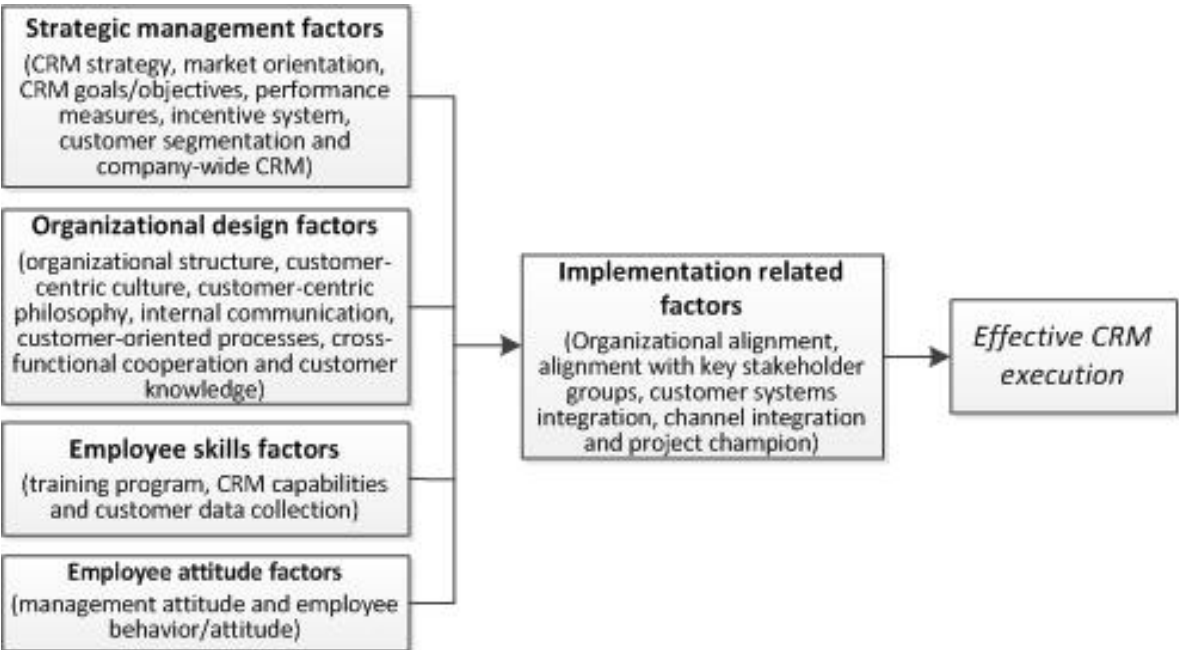


Figure 1: Research framework for identification of CSFs of CRM execution within a subsidiary of a luxury brand

2.6 Summary

Customer relationship management is an organization's orientation to serve the customer in the best interest for both the customer and the organization. This orientation needs the support of the entire organization. CRM for luxury organizations is different compared to mainstream industry because in this industry price does not create any value for the customer, originally the customer expects more from the organization in terms of service and quality and boutiques are the most important channel for interaction with the customer. However, it is expected that the same factors may support or hold back CRM execution as in other industries. Based on literature, aspects in the following areas should support CRM to be effective; strategic management, organizational design, employee skills, employee attitude and implementation related factors. The next chapter continues with the research methodology.

Chapter 3 Research methodology

The previous chapters introduced the research and reviewed current literature related to CRM execution. This chapter explicates how this interpretive case study discovers success factors for CRM execution in a luxury organization's subsidiary. The general research approach, which is already appointed shortly in chapter 1, is elaborated in more detail. Furthermore, data collection techniques, data analysis and reliability and validity are described.

3.1 Research design

3.1.1 Inductive and exploratory research

This applied study is mainly inductive and exploratory (see section 1.4), because it is meant to explore the unstudied area of critical success factors of CRM execution in a luxury brand's subsidiary (Babbie, 2004). An exploratory study is argued to be a useful approach to discover what is going on, to search for new insights, to ask questions and to evaluate phenomena in another way than is done before (Saunders et al, 2009). To find a satisfying answer to our research question, the situation at the luxury brand is illustrated, which makes it partially descriptive study (Babbie, 2004). The results of this research are not only of interest for science, but they are directly relevant to practitioners who are involved with CRM and its issues (Saunders et al, 2009). Section 8.3 elaborates further on scientific and practical relevance of the results.

3.1.2 Case study

Exploration of this new context is executed by means of a case study. A case study is an appropriate research strategy as it allows in-depth examination of a particular situation (Babbie, 2004), thereby empirically investigating CRM within its real life context using several sources of data (Saunders et al, 2009). Using more than one source of data or data-gathering techniques helps to confirm interpretations about collected data, i.e. triangulation (Saunders et al, 2009). In addition, the setting of the case study is important because the boundaries between phenomenon being studied and the within which it is being studied are often not clearly evident (Saunders et al, 2009). The phenomenon and context are described in the first chapter; 'critical success factors for CRM implementation' for 'a regional office of a luxury organization'. In terms of the case study strategy of Yin (2003, in Saunders et al, 2009) this research is a single and embedded case study; single as it represents one regional office of a luxury brand and embedded because several departments of this subsidiary and headquarters are units of observation. The case study is executed at a regional office of an international luxury brand with many subsidiaries over the world. This organization is appropriate for this research as it fits the idea of a luxury brand. In general the products are seen as expensive, unnecessary, of high quality

and rare. In addition, the brand is currently in the process of organization-wide implementation of a CRM program. As CRM is an emerging topic, extant literature about CRM is reviewed. The research framework which resulted from the literature review is the basis of exploration of CSFs in the case study. The results from the case are compared with the results from the framework.

3.1.3 Units of observation and analysis

One of the regional offices, the Benelux subsidiary cooperates in this research. This subsidiary covers the Belgian and Dutch markets. The Benelux subsidiary is the unit of analysis (Babbie, 2004). Although this subsidiary is studied as one case study, there are several units of observation in this study. Of interest are mainly the parts directly involved with the daily activities of the customer cycle, because the CRM focus is rolled out over these activities currently. This includes the boutiques in the Netherlands and Belgium and the regional marketing department. Although the interest is in CRM at subsidiary level, it is necessary to take into account headquarters as well, because CRM policy, plans and guidelines are thought out here, after which these plans are communicated to the regional offices.

Employees from sales and marketing departments are all involved in the CRM program. As the Benelux office is a relatively small office, the entire departments are part of the analysis of this research. In addition, the regional managing director and headquarters' marketing director are important sources of information.

3.2 Data collection techniques

To find a satisfying answer on the research question data can be generated for this specific case study, or existing data can be reused. This study relies on both kinds of data. Primary data, which are data specifically obtained for this research are the result from observation and interviews. Secondary data comes from multiple sources, for example meeting minutes, PowerPoint presentations, CRM database and analyses executed at headquarters. Using several data collection techniques in combination with a qualitative procedure to analyze the obtained data makes this study a multi-method qualitative study (Saunders et al, 2009). Data are mainly collected during the time of observation, though collected data covers a bigger period of time. The several data collection techniques are now discussed in more detail.

3.2.1 Participant observation

Observation is the first data collection technique. In this study observation is classified as participant observation, because the researcher participated in the lives and activities of the Benelux subsidiary and thus became a member of this subsidiary. She acted in the role of

observer, because observation took place while the purpose of researcher was known by the employees (Saunders et al, 2009).

Observation took place during half a year; from September 2010 till March 2011. During this period the researcher fulfilled the role of marketing trainee. A marketing trainee supports regional marketing manager in her daily marketing activities for the Benelux market, such as organizing events, supporting public relationship agencies and giving CRM training to new sales associates. The marketing manager is also responsible for local CRM and its development. Being part of the regional office divulges much of the context where CRM takes place in and thus also about the context where comments of employees have to be placed, which refines the meaning of their responses. Being close to the situation is an advantage, because richer information is gathered. This may be a limitation too, because valid research is affected by the closeness to the context and objectivity of the researcher. Making too many assumptions, not probing enough, having difficulties to acquire relevant data and not getting deeper access to relevant information might be other disadvantages of this approach (Saunders et al, 2009).

The observer was located at the office in the Netherlands. From the office cooperation took place with the Dutch and Belgian boutiques. In addition, two days are spent in the Dutch boutique and two days are spent in one of the Belgian boutiques. The goal was to get better information about the working methods in the boutiques. During the observations there were no real obstacles gathering information related to CRM. Employees were willing to cooperate and access was given to relevant available documents. The researcher was able to execute additional interviews (see section 3.2.2), to contact the responsible employee at headquarters. To keep distance and objectivity the intention of the researcher was revealed to the employees. By doing so, it was possible to make notes and ask additional questions without making them suspicious. To avoid making assumptions as much as possible additional questions were asked when something was unclear. There were also informal discussions about CRM within the Benelux subsidiary. Topics of the most important informal discussions and involved persons are shown in table 2. A topic is not necessarily discussed with these persons at the same time. However, data gathering from the time before the observational period was more difficult, because the Benelux CRM responsible is only working for the organization since 2008 and documents were not so easy to find. Thus, except data gathering about the time before the observation period, there were no real difficulties that disadvantaged data gathering.

<i>Topic</i>	<i>Participants</i>
Customer database and its issues	1) Marketing manager 2) Boutique managers (Dutch and Belgian) 3) Sales associates (Dutch) 4) After sales service (Dutch)
After sales service	1) Managing director 2) Marketing manager 3) Retail marketing assistant 4) Boutique manager (Dutch)
Customer response on CRM	1) Boutique manager (Dutch and Belgian) 2) Sales associates (Dutch and Belgian) 3) After sales service (Dutch)
Targets for database results	1) Sales associates (Dutch and Belgian) 2) After sales service (Dutch)
CRM responsibility within the organization	1) Managing director 2) Marketing manager

Table 2: Informal discussions – Participants and topics

In addition, every week notes were made about important things that happened which resulted in a weekly report. Notes are taken in an open setting, because all employees were aware of the role of the researcher.

3.2.2 *Semi-structured interviews*

Although data are collected by observation, questioning and informal discussions during the period of observation, additional interviews are used to get better insight in the situation and processes related to CRM. The interviews were semi-structured which means that the topics were determined in advance, but there were no predetermined questions. These interviews have been conducted with the regional marketing manager who is responsible for CRM at the Benelux subsidiary, with the Dutch boutique manager and two Dutch sales associates in October and November 2010. Table 3 shows the functions from the interviewees, how long they are working for the Benelux subsidiary at the time of the interview and the topics being discussed.

Due to unavailability of recording material, only the second interview of the marketing manager is recorded and transcribed. During the other interviews notes were made which are written out after the interview. Although the sales associates and boutique manager were interrupted during the interviews, the effective time of the interviews took all between 45 minutes till an hour. Belgian sales associates and the boutique manager were not interviewed due to practical constraints such as location, traveling time and costs. Belgian employees are part of observation and informal discussions.

<i>Function interviewee</i>	<i>Years of employment</i>	<i>Interview topics</i>
Regional marketing manager	4	<u>Interview 1:</u> 1) What does CRM mean for the luxury brand 2) Current situation CRM within the Benelux subsidiary (boutiques and marketing) 3) Involved parties 4) Current CRM related problems <u>Interview 2:</u> 1) Situation before CRM implementation (e.g. customer data, marketing and events) 2) Initiation of CRM – why and how 3) Difference in customer approaching before CRM and now 4) CRM implementation at subsidiaries 5) CRM training of employees 6) Involvement of managing director 7) Local adaptability 8) Future of CRM
Dutch boutique manager	Unkown	1) Researcher’s purpose of the internship 2) Function of boutique manager in CRM program 3) Execution of CRM at boutique 4) Sales associates responses on CRM 5) Coordination between boutique and CRM responsible at the office 6) Customer responses on CRM program 7) Issues of CRM program faced in the boutique
Dutch sales associate	8	1) Researcher’s purpose of the research
Dutch sales associate	2	2) Short personal introduction 3) Meaning CRM for the brand 4) Meaning CRM for sales associates 5) How do they cope with the CRM program 6) Advantages/disadvantages of CRM 7) Issues of CRM program at sales level

Table 3: Semi-structured interviews – Functions, years of employment and topics

3.2.3 Secondary data

Secondary data comes from written sources, for example meeting minutes, presentations, CRM database, e-mail and analyses executed at headquarters. These documents serve two purposes; to triangulate observations, which are the basis of this research, and to discover more about things that did not result from observation, for example how the brand started CRM implementation a couple of years ago. Below the list of secondary data is given.

These secondary data sources have several advantages and disadvantages. First of all, it saves time in data collection because this information is already available. Secondary documents may give more insight in the CRM at the organization, thereby developing a better picture of a more general context, or triangulate other findings. The initial purpose of these data sources can be a disadvantage. Furthermore, Saunders et al (2009) mention difficult and/or costly access and unsuitable aggregations and definitions as other disadvantages. However, as mentioned before, there were no obstacles to access available documents during the internship period. These documents all originate from within the organization or from the external organization that supports the organization with the development of its CRM program. Thus, it is assumed that the disadvantages unsuitable aggregations and definitions are not applicable to this situation.

<i>Type of data</i>	<i>Explanation</i>
E-mail	<ul style="list-style-type: none"> • Six e-mails about CRM program including the topics working method, problems and feedback, period May 2008-March 2010 • E-mail from marketing director at HQ with answers to questions about presentation CRM@Luxury brand – Status and Outlook, February 2011
Meeting minutes	<ul style="list-style-type: none"> • Retail meeting Benelux, April 2010 • Retail meeting Benelux, May 2010 • Retail meeting Benelux, February 2011
Memos to sales associates Benelux	<ul style="list-style-type: none"> • ‘Words you can (not) tell’ by unknown, no date • ‘Guidelines entering data in CDB’ by Benelux Marketing Manager, May 2010 • ‘CRM bootcamp’ by Benelux Marketing Manager, April 2011
PowerPoint presentations	<ul style="list-style-type: none"> • ‘Luxury brand’s CRM – Customer relationship management’ by headquarters’ marketing department, March 2008 • ‘Customer introduction card process’ by marketing agency, May 2008 • ‘CRM actions in luxury market – Benchmark on 9 luxury brands’ by marketing agency, May 2008 • ‘Relationship Marketing for luxury brand FY 2009 – CRM International action plan guidelines’ by marketing agency, no date • ‘CRM@Luxury brand – Status and Outlook’ by Marketing Director, January 2011 • ‘Luxury brand’s CRM – Customer Relationship Management’ by luxury brand, 2008
Websites	<ul style="list-style-type: none"> • Website luxury brand • Luxury brand’s Intranet • Website IT company • Website mystery shopper company • Website marketing agency
Others	<ul style="list-style-type: none"> • ‘Project Planning Roll-out Customer Database Benelux’ by unknown, Januari 2004 • ‘Customer database results, FY 2010/2010’ by Marketing Manager at headquarters, August 2011 • Mystery shopper organization - service check, Boutiques Benelux, September 2010 • Mystery shopper organization - service check, Boutiques Benelux, September 2011

Table 4: Secondary data resources

3.3 Data analysis

The previous parts of this chapter explained the use of several data collection techniques in combination with different sources of data to gain knowledge about the process of CRM implementation at the luxury brand’s subsidiary, its current processes and thereby identifying factors that are necessary for CRM execution. This resulted in a various kinds of data. To use these data correctly, they need to be processed in a proper way.

Depending on the kind of research, processed data can be analyzed in a number of ways (Langley, 1999). This case study starts with a chronological narrative to explore what happened in terms of development and execution of CRM at headquarters and the Benelux subsidiary. Secondly, grounded theory strategy is applied to find themes and issues influencing CRM execution from the narrative and to find parts that support these patterns in CRM implementation (Langley, 1999). The themes and issues identified from the case study are compared to the CSFs that are divided into the five categories in our research framework (see section 2.5). Based on these enablers and barriers, CSFs for the luxury brand’s subsidiary are discovered and compared to the findings in literature. Subsequently, a specific framework for this luxury brand’s subsidiary is developed. Furthermore, this specific framework serves as a basis to make recommendations for the Benelux subsidiary to improve their CRM practices.

3.4 Validity and reliability

Accomplishing this study in the abovementioned way has its effects on reliability and validity. Ecological validity is high, because the topic is studied in its natural environment. At the same time this means low external validity; the results are not easy to generalise. There are some threats for validity as well. An important threat is maturation which means that other events that happen over time have their effects. Hiring new employees in marketing and sales are examples of this. History has to be taken into consideration as well; problems with IT systems that occurred before the observation period for example caused frequent attempts of sales associates in particular to change the topic of a conversation towards these problems. Testing might be a third threat. Everybody was aware of the role of the researcher, which may affect their behavior in discussions and during work. However, the open and honest answers of especially Dutch employees do not indicate much influence of this threat. A final threat is the language; sometimes communicating with Belgian sales associates was difficult, because their mother tongue is French. This is especially the case with a newly hired employee, so the results are not significantly affected by this fact (Saunders et al, 2009).

Reliability of this research method should be questioned, because there are several threats applicable to this method. The biggest impact results from observer bias, because the researcher was part of the natural research setting. This influences objectivity of data. In an attempt to overcome this, the use of triangulating and complementing data by interviews and secondary data was implemented. Thus, the results do only rely on observations. In addition, participants may respond different over time or may give a socially desired answer (Saunders et al, 2009; Babbie, 2004). It is expected that these threats are not actually influencing the results, because of the openness of their answers. However, objectivity is always threatening to reliability in a case study setting.

3.5 Summary

This chapter described the exploratory study which is executed at the Benelux subsidiary. Critical issues and themes of CRM are identified by means of a description of the development and execution of CRM at this subsidiary. Data resulting from participant observation, semi-structured interviews and secondary data help to describe this. Subsequently these data will be analyzed in a qualitative way, thereby identifying CSFs that affect CRM execution at the Benelux subsidiary. Success factors are compared with the categories of enablers and barriers that resulted from the literature review resulting in a CSF framework for CRM execution at a regional office of a luxury brand.

Chapter 4 CRM at the organization

'There is only one boss – the customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else'
(S. Walton, n.d.).

This citation is mentioned in two CRM presentations at the luxury organization's headquarters (HQ) (Luxury brand's CRM, personal communication, 2008; CRM@Luxury brand, personal communication, 2011). Using this quote demonstrates that they are aware of the importance of their customers for their business. To strengthen the relationship with the customers the organization started a CRM project and made customer relationship building one of the headlines in its activities. This chapter elaborates on the development and execution of this new focus. Figure 2 gives a short overview of the way the CRM project developed from the beginning to the current situation until their future plans. This description will be used in the following chapter to analyse the case and develop a framework for CSFs for this luxury brand's subsidiary.

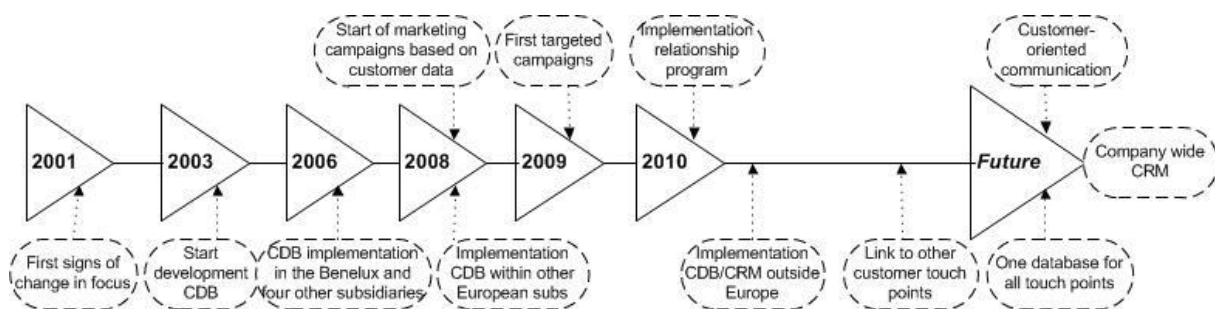


Figure 2: CRM development within the luxury organization

4.1 Initiation of customer relationship management at the luxury organization

"In previous times customers went to the same jeweler and cheese monger their whole life. Customers would go back to the company they knew and had good experience with. This was the same for the luxury market. Due to various developments this is not the case anymore. Luxury customers and the luxury industry changed over time. Customers became more knowledgeable about the products and services of the brand and its competitors. Nowadays companies have to compete to obtain customers and to keep them. Just as its competitors, we have to make changes to keep up with the market" (Benelux Marketing Manager, personal communication, 1 July 2011). The organization had to become more focused on its customers. The rationale to make a change towards a customer-oriented organization was to increase contribution to the fulfillment of customer wishes. Better serving the customer should result in more value creation for the customer and should stimulate sales and profitability of the organization (Luxury brand's Intranet, personal communication, n.d.; CRM@Luxury brand, personal communication, 2011).

The urge to give customer relationship management extra attention in its activities originated from inside the organization (Marketing Director, personal communication, 17 March 2011; Luxury brand's CRM, personal communication, 2008). They saw their competitors making changes in the way they addressed customers. The organization knew it had to develop its organization to keep up with them not to lose customers (Benelux Marketing Manager, personal communication, 1 July 2011). To compete for customers in this new way the organization first had to know who their customers were. Therefore CRM started as a database project. A slide dating from 2001 described *"an integrated customer database (CDB) as a 'nice to have' at that time, but as the most valuable marketing tool of brands with their own retail in the future"* (2001 in CRM@Luxury brand, personal communication, 2011). The CRM project is initiated to manage relationships with retail customers (CRM@Luxury brand, personal communication, 2011). Retail customers are the boutiques customers. CRM does not include customers from the dealer network (Benelux Marketing Manager, personal communication, 1 July 2011; CRM@Luxury brand, personal communication, 2011). The database was stated to be a tool *"to design and implement global and regional product- and retail strategies with wastage reduction and to strengthen the interaction with the most relevant target group; boutique customers"* (2001 in CRM@Luxury brand, personal communication, 2011).

The Benelux marketing manager explained the following about the organization's change in orientation and the consequences for the Benelux subsidiary: *"At that time our own selling points, the boutiques, already were the most important contact points to communicate the look and feel of the brand to the customer. In addition, we worked with an immense dealer network. We were visible everywhere at the street, because our products were available everywhere. That was a completely different organization than we are now. Then we were shooting very wide, so the customers would find us. Now we try to target"* (Benelux Marketing Manager, personal communication, 1 July 2011). Being visible at many points in combination with mass marketing were the main ways to reach the customer (Benelux Marketing Manager, personal communication, 1 July 2011). To adopt a targeted approach the organization has to build customer knowledge. The database project is the first step in their organizational change to accomplish this.

At that time, the boutiques were the most important customer touch points as they represented the look and feel the brand wanted to depict. This is the case in the Benelux and in the other countries where the organization is located. At the boutique, a customer receives individual treatment. A sales associate listens to the customer's wishes and subsequently suggests products and associated services within his possibilities that are suitable to those wishes. During the

interaction the sales associate gets to know the customer, in particular the more important ones. It is not uncommon for a customer to visit the boutique more than once before deciding to buy a product, especially with regard to the more expensive and exclusive products. The boutique is the gateway to the rest of the organization for the customer. In case a product should be adapted or repaired, the boutique passes the product and required information through to the local after sales service department. Although the local after sales service is able to comply most of the customer requests, some requests are too specific and have to be sent to the HQ after sales service department. Reparation of a collector's item is an example of this.

By means of this interaction with the customer, customer knowledge is available at the boutiques. Although some customer data is written down, sales associates have most of the customer knowledge. The database is meant to collect, document and share this information. Collecting and storing customer data supports the objective to know the organization's customers and provides the opportunity to contact them. By implementing the customer database (CDB) this data becomes available to other parts of the organization making it possible to adapt their activities based on this knowledge. The brand did not possess the necessary knowledge to develop a customer database themselves. An IT company became partner in the development of the database (Benelux Marketing Manager, personal communication, 20 October 2010). This company supports organizations in their holistic approach of CRM. For the luxury brand they provide the technical part of marketing communication, making automated marketing to customers available (The IT company, 2011).

Customer data collection in the Benelux before CDB implementation is explained as: *"We stored customer data, but that probably stopped when we had a name and a phone number, and sometimes an address. Except when the customer was a collector; then of course his information was stored with more details, but manually, with books, folders and business cards"* (Benelux Marketing Manager, personal communication, 1 July 2011). After asking whether data capturing happened in a systematic manner, she answered: *"No, no, definitely not. Nothing systematic and nothing automated. Absolutely not"* (Benelux Marketing Manager, personal communication, 1 July 2011). The boutique had the customer information they needed. At the office, the managing director and marketing manager collected information of their own business relations. When something was organized they probably discussed the names of the people they wanted to invite (Benelux Marketing Manager, personal communication, 1 July 2011). Thus, except for special customers, customer information was only written down in case it was useful or necessary to serve the customer at that specific moment, for example to inform the customer about a repair or about an event.

The organization's marketing department is assumed to be responsible for the development of the CDB from the beginning on. This assumption is based on the fact that the marketing department currently still coordinates the CRM project and on the reasoning of the previously mentioned quote from 2001, about a CDB as the most valuable future marketing tool. Until this moment the marketing department was responsible for the 'traditional' way of doing marketing, for example developing the marketing strategy, coordinating marketing of subsidiaries, providing them information and materials for their local marketing purposes and organizing exclusive events. Thus, it is expected that the first internal changes started at this department; HQ's marketing department had to develop CRM for the organization. Within this department the CRM project became the responsibility of one person, who was not occupied with the CRM project fulltime. This person had to execute CRM tasks in parallel with their normal tasks. In the beginning these tasks were limited to the development of the database. Later on, this was extended to implementation of the database and further development and execution of the CRM strategy within the organization. Besides collaboration with the IT company to develop the database, HQ's marketing department cooperated with five European subsidiaries to develop the CRM project, including the Benelux subsidiary (CRM@Luxury brand, personal communication, 2011). The markets were actively involved in the development of the database. Tasks that had to be completed by the Benelux subsidiary were divided into several categories; general, frontend design, customer data and users (Project planning roll out customer database Benelux, personal communication, 2004).

4.2 Implementation of customer database within subsidiaries

"It took a lot of time to install the whole system. There were many different questions, demands and wishes from the various markets which had to be attuned. It resulted in a worldwide system, whereby many things can be adapted to the local market. This is especially done in the beginning" (Benelux Marketing Manager, personal communication, 17 November 2010). As mentioned above, five subsidiaries, amongst them the Benelux subsidiary, were part of this development process of this CDB. Although the Benelux management team (i.e. managing director, marketing manager and boutique manager) contributed to the development process, local practices started to change from the moment the CDB was implemented. Until that time, the Benelux subsidiary had its own way to deal with customer data. It is expected that other subsidiaries also developed their own ways related to customer knowledge. In the first instance, the organization implemented the database in the five participating European subsidiaries. According to a PowerPoint presentation, these subsidiaries began to work with the first version of the database in 2003 (CRM@Luxury brand, personal communication, 2011). However, the Benelux marketing

manager mentioned implementation of the database in the Benelux as something that happened around 2006 (Benelux Marketing Manager, personal communication, 8 October 2010). The CDB was a standalone system meant to store customer contact data electronically at the subsidiaries in an identical way and to make customer information electronically available to other organizational parts, such as the marketing department and HQ. It worked next to other systems which were already in use for example by marketing, sales and after sales service. Over the years the CDB was implemented in other subsidiaries; first within Europe, later outside Europe. Currently, every European subsidiary is working with the CDB and it is implemented in the first subsidiaries outside Europe (CRM@Luxury brand, personal communication, 2011). The way the CDB actually is implemented in the subsidiaries is unknown.

Since the implementation of the CDB at the subsidiaries, tasks of the local management teams also include execution of CRM within their subsidiary. In the Benelux subsidiary, the Benelux marketing manager became accountable for local CRM development and performance. This started with coordination of the implementation of the CDB in the boutiques; one in the Netherlands and two in Belgium (Benelux Marketing Manager, personal communication, 1 July 2011). As mentioned before, the system could be adapted locally. It is unknown to what extent this is done in the Benelux. Sales associates were the ones that had to collect the customer data, because they interacted directly with the customers. Therefore, leading and motivating sales associates in their new working methods was also part of this new task. *“The boutique manager is providing qualitative support. She does the follow up with the boutique and takes care of motivation of sales associates”* (Benelux Marketing Manager, personal communication, 8 October 2010). This decision was made because the marketing manager is unable to assess and influence daily CRM at the boutique as she is not present over there. However, it still is in cooperation with the local marketing manager as she remains responsible for the overall CRM program in the Benelux (Benelux Marketing Manager, personal communication, 8 October 2010). The Benelux managing director is not busy with daily CRM execution; *“he is occupied with the strategic part of CRM. He is not engaged in the daily activities at subsidiary level. He is too busy to be engaged in it”* (Benelux Marketing Manager, personal communication, 1 July 2011). Although he is not actually involved in CRM execution, he has to report about the local results, because it is his ultimate responsibility. How tasks and responsibilities are divided depends on the subsidiary. The global activities are predetermined (e.g. the local marketing departments arrange the CRM activity plan and the boutiques collect customer data), but the details are organized at the local levels. CRM campaigns and activities are organized by the marketing manager and her assistant in the Benelux, while the marketing departments in for example the United Kingdom and Germany are much bigger which it makes it possible to divide tasks in another way. At that time, people were

busy entering as much as possible customer information due to high target of that time which was 90% data capturing (Benelux Marketing Manager, personal communication, 8 October 2010). The marketing activities remained the same at that time.

Besides CDB implementation in the Benelux in 2006, the boutiques are also visited by mystery shopper for the first time this year (Mystery shopper company, personal communication, 24 September 2010). The purpose of these visits is to assess the service levels of the boutiques. The organization hired an organization to check these service levels on a monthly basis, because they expect to deliver the same high level service that fits the look and feel of the brand as a luxury brand in all its boutiques. *"Customers should be treated the same everywhere in the world"* (Benelux Marketing Manager, personal communication, 1 July 2011). The mystery shopper organization assesses a boutique visit on several aspects: welcoming the customer, presenting the collection, preparing the sale, knowing the customer, dealing with doubts and considerations, closing and complementing the sale and guiding the customer to the door (Mystery shopper company, personal communication, 24 September 2010). These evaluation criteria are indicated by the luxury organization itself. Evaluating every boutique on the same criteria allows appraisal of a particular boutique and between different boutiques. Another opportunity is to compare service levels with other brands (Mystery shopper company, 2011).

These were the first steps of establishing the infrastructure for the CRM strategy at the local level (CRM@Luxury brand, personal communication, 2011). *"Implementation of CRM at this organization is a phased process and the organization is taking a learning by doing approach"* (Benelux Marketing Manager, personal communication, 1 July 2011).

4.3 'Kick start' of the CRM project

Since 2008, the CRM program is expanded which makes it more than a database project. Through expanding the focus of CRM and the improvement of data in terms of quality and quantity, FY 2008/2009 is seen as the 'kick-start' of CRM for the organization. The marketing director describes it as the start of the transition from CRM 1.0 to CRM 2.0. Improving customer experience over customer contact points and data improvement are topics of this second phase, while the first phase was about database development and data collection. At the time of writing, this development still takes place (Marketing Director, personal communication, 17 March 2011; CRM@Luxury brand, personal communication, 2011).

In 2008, management of customer relationships is described as *"a series of isolated actions with no significant results on sales"* (Luxury brand's CRM, personal communication, 2008). In addition,

the database did not contain enough qualitative and quantitative customer information to offer personal treatment to the customer outside the boutique. Analysis of CDB results showed that only a small percentage of customers (12.3%) and their purchases (8%) are inserted in FY 2007/2008 in participating countries. By not knowing its customers the organization was not able to specify communication, thereby missing great potential. Thus, the organization was not enough focused to treat all its customers in a personal way and the content of customer accounts in the CDB was insufficient to support offering personalized treatment outside the boutiques. The organization needs to know more about its customers in order to contact the right customer at the right moment. To show how the brand might approach this, another premium brand is used as an example to demonstrate how this organization offers the experience of the brand across its customer touch points; at the boutiques, in the call center, on the internet, via mailings and e-mailings and an advertising movie (Luxury brand's CRM, personal communication, 2008).

CRM is an enterprise approach to understand and influence customer behavior, to communicate to the customers in order to improve customer acquisition, retention, loyalty and profitability, and to accompany the customer in his lifecycle at the luxury brand (Luxury brand's CRM, personal communication, 2008). The objective in this second phase is to shift *"from a brand-centric approach to a customer-oriented communication approach in order maximize your opportunity to sell"* (Luxury brand's CRM, personal communication, 2008; CRM@Luxury brand, personal communication, 2011). This should result in *"more personalized and effective offer and create a tighter link between the customer and the brand"* (E-mail about CDB, personal communication, 2009). The organization mentions four aspects that are the basis to this new focus of CRM; the CDB which is 'the backbone of CRM', customer qualification which is 'mandatory to develop customized actions', data mining and clustering (Luxury brand's CRM, personal communication, 2008). It is emphasized that the boutiques should continue to be the main customer touch points with this change (CRM@Luxury brand, personal communication, 2011).

CRM should comprise a structured action plan to get in touch with its customers, to target communication to the customers to maximize sales, to find prospects in the existing CDB to create additional sales, to present the look and feel of the brand similar as in the boutiques whenever the customer is contacted and to deliver the feeling of personal treatment to all customers (Luxury brand's CRM, personal communication, 2008). Customer communication at that time is described as being personal for special customers (collectors and VIPs) (Luxury brand's CRM, personal communication, 2008). Exclusive events are organized and special 24/7 service is available at HQ (Luxury brand's Intranet, personal communication, n.d.). Normal

customers receive standardized communication with a personal touch, including standardized mailings and invitations with a personal header, besides the individual treatment at the boutique. As the brand already offers personal treatment for its important customers, the focus group for customer relationship improvement is the everyday customer (Luxury brand's CRM, personal communication, 2008).

To implement and develop the CRM program, the initiators needed the support of the rest of the organization. They had to convince the involved persons at HQ and at the subsidiaries, because most employees did not see the advantages. *"It was pretty tough to get everybody involved. I think headquarters on its own was already a difficult task. The fact that they have developed these presentations.... (about extensive internal CRM presentations - ed.). Subsequently skeptical subsidiaries had to be persuaded (subsidiary's management teams - ed.)"* (Benelux Marketing Manager, personal communication, 1 July 2011). Management teams were involved in meetings, for example a CRM workshop to brainstorm about activities to bond with the customer (Luxury brand's CRM, personal communication, 2008). Although the Benelux subsidiary participated from the beginning of the database project and participated to the CRM workshop, it is unknown to what extent these local teams were actually involved in the process of CRM development by means of discussion, brainstorming sessions or other tools. While the Benelux subsidiary participated in the project from the beginning, the local management team was not convinced about the advantages it could have for the organization and especially for the Benelux (Benelux Marketing Manager, personal communication, 1 July 2011).

The target from that time is to go from one shot actions to a CRM action plan. To reach this, the organization defined a CRM roadmap for FY 2008/2009 which consists of four steps; customer knowledge building, CRM training, building a CRM activity plan and implementation of the CRM activity plan. Building a solid base of customer knowledge by knowing current and new customers and their needs was the first step of this roadmap. Knowledge about existing customers is gained in April and May 2008 by analyzing the CDB and sales tickets, and by interviewing customers and employees. This resulted in an analysis about their customers thereby defining customer clustering, cross-selling associations and potential customer value per country. Learning to know new customers is based on systematic customer data gathering and qualification in the boutiques from May 2008 on. Data is collected in several ways: 1) required basic information which has to be collected by a sales associate (i.e. name, surname, postal address, email address, and telephone number), 2) sales information which is linked to a customer account via the cash till and 3) in-depth customer information collected by the customer introduction card which has to be completed by the customer (Luxury brand's CRM,

personal communication, 2008). The procedure developed by HQ instructs that the sales associate should add the basic information in the CDB during sales, the customer is asked to complete the card himself and cash till links the purchase to the customer account from now on. This customer introduction card can be completed directly at the boutique, later online or at home manually and sending it back. In this way the purchase is already linked to the customer during the sale, while additional information can be added later by the sales associates (CRM@Luxury brand, personal communication, 2011). In case the customer already has an account, the sales associate should check if his details are still correct (E-mail about CRM program, personal communication, 29 May 2009). Before the customer introduction card was implemented in the subsidiaries, the initiative was explained to HQ and its local management teams in terms of contribution to the CRM strategy, steps to take in the boutique and its linkage to other communication channels (Luxury brand's customer introduction card process, personal communication, May 2008). Systematic data gathering should improve data results which till May 2008 showed *"many entries that were incomplete, old, or in any other way unusable"*. This was the case in all participating countries, including the Benelux (E-mail about CRM program, personal communication, 29 May 2008).

To link purchases to a customer account, the cash till is linked to the CDB in 2008 (CRM@Luxury brand, personal communication, 2011). Additions and changes in IT are developed by the IT company, the same organization that developed the database. This organization is in charge for the further development and support of technical tools that are related to the CDB and are required to execute the CRM plans (Benelux Marketing Manager, personal communication, 20 October 2010). The link between the cash till and the database did not work properly in the beginning. Problems mentioned are customers are not displayed on the cash register, while after re-entering he is double in the CDB, gender is not taken into consideration if a mailing list is exported from the CDB and it was not possible to consult the customer's purchasing history (E-mail about CRM program, personal communication, 2009).

The boutiques started to work with the customer introduction card in 2008. This tool to collect more detailed customer information in combination with a customer's purchasing history makes segmenting and targeting possible. Customer information which is the result from the time before this card did not realize enough in-depth information to practice segmentation and targeting. Information on the customer introduction card includes contact data, purchase behavior and product interests (Luxury brand's CRM, personal communication, 2008). The fields of the card fit the information that can be inserted in the CDB. This card replaces the CDB card in a trial period of three months (E-mail about CRM program, personal communication, 29 May

2009). A 'gift card' initiative is mentioned as implemented in 2008 as well, but this initiative is not executed (anymore) in the Benelux, because it is proposed as a new initiative by the Dutch boutique manager (personal contact, 12 November 2010; E-mail about CRM program, 2008): *"In France they use a small square paper when a product is bought as a present. The customer can complement this gift cart. Overall customers really appreciate this in France"*.

In June 2008, the organization started with the implementation of CRM training for retail employees. These employees are trained on the benefits of CRM for the boutiques, the importance of data capturing and how to collect data from the customer in luxury industry in a concrete way (Luxury brand's CRM, personal communication, 2008). As the marketing manager and boutique managers are responsible for practical implementation of CRM in the Benelux, they are trained on the practical aspects of CRM as well. Examples are dealing with CDB and analyzing local customer data capturing. The purpose of these training courses was that they were able to represent the rationale of CRM in the Benelux subsidiary and that they pass on their knowledge to sales associates in particular. The Benelux marketing assistant of that time trained every sales associate individually on their CRM tasks and the new tools (Benelux Marketing Manager, personal communication, 1 July 2011). It was the task of the management team to persuade regional employees of the advantages of CRM, so that they would participate in the adoption of the new working philosophy and habits. (Benelux Marketing Manager, personal communication, 17 November 2010).

Besides individual training of sales associates on CRM, the new initiatives are explained by the marketing assistant in an extensive e-mail to the boutiques, mentioning what it is, how they should work with it and what the organization expects to reach with it. Parts of the program explained are cash till registration, customer introduction card, gift card, data processing, data analysis and the incentive/competition plan for European countries. This incentive plan, developed by the marketing agency in cooperation with HQ, to motivate sales associate is based on the new way of data capturing, i.e. customer introduction card entries and customer accounts in the database. It is also explained what the sales associate should do when the customer is already registered. He should search for his details and check if the details are still correct (E-mail about CRM program, personal communication, May 2008). HQ set the target for data and customer introduction card performance on 80% in FY 2008/2009 (E-mail about CRM program, personal communication, 2009). Later on in the process the organization changed data collection. Currently data development is calculated on three measures; capture rate, e-mail capture rate and insufficient data. Targets for these measures are respectively over 90%, over 70% and below 10% (Customer database, personal communication, 2011). HQ also added CRM

related targets to the targets of the local managing director. From now on his bonus is partially dependent on the CRM results of his subsidiary (Benelux Marketing Manager, personal communication, 1 July 2011).

Nowadays, every year one or two sales associates are going to HQ for clientele training. These are meetings about topics that are related to the boutique and its customers, thus also CRM related. The Benelux marketing manager decides which sales associates participate based on their potential to transfer their knowledge to colleagues locally and based on availability. Thus, after the training he has to share his knowledge with his colleagues. Besides this yearly training at HQ, training is offered when new initiatives are implemented, for example the introduction the new interface between the cash till and the CDB (Benelux Marketing Manager, personal communication, 2011). In addition to these initiated training topics by HQ, there are locally arranged trainings as well. The Benelux management team for example emphasized that Belgian employees should practice their knowledge about a product category with each other on a frequent base as they were not able to serve the customer enough in this product category (Retail meeting minutes, personal communication, April 2010). A newly hired Belgian sales associate follows Flemish language classes to be able to serve Flemish customers in their own language as this is seen as an important aspect in customer service by the Benelux subsidiary. During the observation, the observer explained the basics of CRM, the CDB and the customer introduction card to two new Belgian sales associates. It appeared that they understood the objective and importance of CRM and data collection when the researcher asked them to explain it in their own words. However, they had difficulties to work with the computer and the customer database. They typed their name and password wrong for a couple times before they were able to log in. It seems that currently especially Belgian employees, including the Belgian boutique manager struggle with the IT system. The Dutch boutique manager mentioned that she divided the tasks regarding data input in another way in the Dutch boutique, because some Dutch sales associates also have problems to input customer data quickly and correct: *“one person now only inserts the basic data, customer introduction cards are collected and another sales associate later checks the basic information and adds the information from the welcome card”* (Dutch boutique manager, personal communication, 12 November 2011). Thus, sales associates struggle with their computer skills in general.

The third step is the development of a CRM activity plan starting in May 2008. For a more personalized and integrated communication plan the organization chose a professional partner to help with the development and implementation of a plan that matches its needs and activities. This marketing agency is engaged in the development of the marketing plan to improve the

customer relationship building process (Luxury brand's CRM, personal communication, 2008). This agency is an international marketing organization that supports brands in their marketing and communication activities. Their plans are based on a balance between new and traditional ways of doing marketing to reach the customer (Marketing agency, n.d.). They have experience with marketing of luxury brands (Luxury brand's CRM, personal communication, 2008). From now on, this agency elaborates the general strategic outline for CRM related activities (Benelux Marketing Manager, personal communication, 1 July 2011). Brand profiling and the results of an international CRM workshop are the basis for this activity plan. During this workshop several possible activities to contact the customer are identified which are expected to have different effects over time and different effects on the business (Luxury brand's CRM, personal communication, 2008). To know what is going on in the market and to develop a global CRM activity plan for the luxury brand, the marketing agency executed a benchmark on CRM actions in the luxury market. This benchmark showed several activities of nine brands to communicate with the customer. Examples are a personal shopping program, offering the same service online as in the boutiques, a personal card to collect points and allowing exclusivities to the customer, special events for influential blogger and specific online services (CRM actions in luxury markets, May 2008). The global activity plan has to be adapted to a local activity plan by each subsidiary to reflect the needs of that specific market. The subsidiaries have to integrate their retail marketing activities into the CRM activity plan (Luxury brand's CRM, personal communication, 2008). *"The services offered by the marketing agency and the IT company are paid by HQ. HQ passes these costs on to the local markets. These markets contribute different percentages, based on a rough distinction of big and small markets. These fees cover the costs of the activities executed by these organizations, so for example mailings that are prepared by the marketing agency as well as the preparation of excel files of customer data for local mailings"* (Benelux Marketing Manager, personal communication, 17 November 2010).

Besides the benchmark on CRM activities, the luxury organization evaluates the position of its product categories every year. Thereby they determine the current position of the product category between several other luxury brands that also represent products in this category and their strategic plans for the upcoming year. Every subsidiary is provided with these future plans.

From June 2008 on, the local marketing plans are adapted and implemented in cooperation with the marketing agency. This agency provides HQ and the subsidiaries support and advises to turn retail marketing actions into activities that contribute to customer relationship building (Luxury brand's CRM, personal communication, 2008). Local marketing campaigns are part of the yearly marketing plan. With the expansion of CRM, marketing activities started to change. In the past,

local marketing activities mainly consisted of events, advertising and postal mailings. When an event was organized, boutique visitors were asked whether they were interested, and subsequently their contact information was written down. For postal mailings they used available addresses within the Benelux subsidiary which were stored manually. Lastly, for advertising there was no, and there still is no need to collect customer information because the magazines own the addresses. The Benelux marketing manager also mentioned the opportunity to buy mailing lists from external organizations. She argues that this option was probably not used, because the marketing budget did not allow purchase of those expensive lists (Benelux Marketing Manager, personal communication, 1 July 2011).

For the subsidiaries, it is partially possible to adapt this marketing plan which is developed by HQ in cooperation with the external party. This global marketing plan consists of events, advertisement, public relations, postal mails and e-mail. Some of these parts are required for all markets. On others subsidiaries may decide themselves whether execution is useful, or whether they maybe want to adapt it to their market. For example, a Christmas mailing is a must, but a Valentine's mailing is optional. The Valentine's mailing is part of the Belgian marketing plan, but not for the Dutch marketing activities. This mailing is not interesting enough for the Netherlands from a commercial perspective (Benelux Marketing Manager, personal communication, 17 November 2010). In 2009, the communication materials that belong to these campaigns are offered to seven countries in six languages. In the future communication materials will be offered to ten countries in eight languages (CRM@Luxury brand, personal communication, 2011). For the Benelux market this means that French is offered, but Dutch and Flemish are not. Non-French speaking customers receive communication in English. This means that the biggest part of the Benelux market is not served in his mother tongue. The Benelux office may decide to translate the marketing campaigns to Dutch and/or Flemish. However, this is expensive. From 2008, the Benelux marketing manager decided to adapt the language of a campaign once. However, *"extra sales from that campaign did not cover the costs of translating for our market. Actually, the costs for CRM campaigns in the Benelux are always higher than extra sales"* (Benelux Marketing Manager, personal communication, 1 July 2011).

In FY 2008/2009, the first international CRM marketing campaigns based on database entries are executed. The first campaigns directly addressed to the customers were pretty small-scale; one had 20.000 recipients and another had 53.000 recipients spread over participating countries in Europe. Topics of the first mailings were important product launches and events like Christmas. These campaigns were not yet based on segmentation and targeting. In addition, not every customer received the mailing; it was send to random customers in the database.

Some of the Benelux customers received these mailings as well (CRM@Luxury brand, personal communication, 2011). As the CDB stores customer contact moments from international campaigns, the organization is able to calculate the effects of the campaign on sales (Benelux Marketing Manager, personal communication, 2010).

A couple of months after implementation of the customer introduction card, this new initiative was evaluated by asking sales associates about their thoughts, ideas and comments, so it could be improved where possible. A Belgian sales associate mentioned that sales associates don't feel comfortable to ask the customer for information when other customers are waiting and that Belgian customers thought the customer introduction card was too long and they did not see the advantages of it. This is also mentioned by the Benelux marketing manager (E-mail about CRM program, personal communication, 24 September 2008). During observation, sales associates mentioned the uncomfortable feeling of asking for customer data. This is also mentioned by the Benelux marketing manager (personal communication, 8 October 2010). A comment from the Dutch boutique manager (E-mail about CRM program, personal communication, 13 February 2009): *"Our daily problem in the Netherlands is that people, don't give easily their details for privacy reasons. They do not have the patience to sit down and write some more details for us and prefer to do it at home, which they finally don't do either"*. This made her decide to change the policy; customers were asked to complete the form at the boutique.

Sales associates perceive data collection as an extra task since the introduction of the CDB in the subsidiary. They see data collection as a task that they have to fulfill besides their normal activities from the start of the project until now *"our task is to sell; collecting customer data is an extra thing we have to do"* (sales associate, personal communication, 15 October 2010). *"Their first priority always was to sell and now they have to make it a shared priority with collecting customer data, of which they in first instance didn't see the advantages, in spite of training everybody personally"* (Benelux Marketing Manager, personal communication, 1 July 2011). Although sales associates know that systematic data collection should have the same priority as selling, they do not give it this priority. Dutch sales associates for example argue that *"during a busy Saturday, helping people immediately is more important than asking for their data"* (Sales associate, personal communication, 22 October 2010). The same was argued about the bad results of one of the boutiques in Belgium in December 2009 during a retail meeting. Data capturing was not a priority due to the busy month. Subsequently, the managing director argued that boutiques cannot set their own priorities. *"CRM is a must, not a nice to have. The challenge is to plan all the responsibilities in the right way."* (Retail meeting minutes, personal communication, February 2010).

As mentioned above, it is important for the Benelux subsidiary to have a clean database. However, insufficient and incorrect data is not the only problem with customer data. Belgian and Dutch sales associates mention that Benelux customers do not want to be added to the CDB. One of the sales associates says: *“they do not want to leave their information behind. When a customer says no, I will not insist on it”* (personal communication, 22 October 2010). Another sales associate argues that *“Dutch are surly. They do not want to give their information. They are not interested to be registered”* (personal communication, 22 October 2010). Other reasons mentioned why customers do not want to be added are privacy related and related to all the information customers already receive from other organizations (E-mail about CRM program, personal communication, 2009; Dutch boutique manager, personal communication, 12 November 2010). The Dutch boutique manager also argues that Dutch customers do not want to be added, because there is a lot of aggressive marketing in the Netherlands (personal communication, 12 November 2010). To achieve the targets anyway, Dutch sales associates used a dummy account. By means of a dummy account they linked the purchases to a customer account whereby they were closer to reach the targets. However, this is prohibited by HQ (Sales associate, personal communication, 22 October 2010). Two initiatives to improve data capturing and data quality are two internal notes from the marketing manager to the boutiques based on lists provided by the marketing agency; one about the guidelines about inserting customer data (i.e. proposal to insert data, examples of wrong entries and what to correct) and another with sentences sales associates should apply and they should not use when asking the customer for its data (e.g. ‘We would like to keep in touch with our customers. I propose to record your information’ versus ‘May I add your name to our database?’) (Words you can (not) tell, personal communication, no date; Guidelines entering data in CDB, personal communication, May 2010).

Every month and every year, results in data development are analyzed by HQ on the three before mentioned targets, i.e. capture rate, e-mail capture rate and insufficient data. The previously mentioned presentations and training sessions to convince the management teams and training sessions for boutique employees were apparently not stimulating enough to reach the targets for their subsidiaries; data development rates from some subsidiaries stayed behind the objectives. Although some countries were doing pretty well from the beginning on, others did not (E-mail about CRM program, personal communication, 12 February 2009). *“For example, in Russia it didn’t work at all, because anonymity and criminality. Nobody was willing to give his/her data over there. They knew better than that, but that’s really specific for Russia. I still don’t know why it is so difficult in the Benelux”* (Benelux Marketing Manager, personal communication, 1 July 2011). Later on she added *“Although I now know that they spend a lot of money on*

incentives in the United Kingdom and that really works. This shows how sales associate motivation is crucial". There are several options to monitor data. For instance, the CDB allows subsidiaries to analyze customer data on boutique and country level by the subsidiary itself and by headquarters. They can assess developments in capture rate, e-mail capture rate and incomplete data. Headquarters is able to examine sales as well, which are for example linked to a specific CRM activity. Because the CDB registers CRM contact moments, headquarters is able to calculate the difference between the group who received a mailing of a marketing campaign and a control group who did not receive the mailing. Data capturing results from the beginning of 2009 was send to the subsidiaries by HQ to inform the subsidiaries about their developments. Average capture rate in Europe in June 2008 was only 17%. Results on data development of participating countries are discussed in this document. Data capture rate from the Dutch boutique was in the beginning of this phase much better than it was in January 2009 when their results were between 55% and 80%. The conclusion was that it could not be a training problem in this boutique. Belgian capture rate was 24% which was the lowest of all countries at that moment. HQ wondered what the reason of this low score was and was asking for feedback about these scores. As they scored better before, they concluded that this extremely low score was not a training problem. Tight follow up with the boutiques and right trainings are mentioned as success factors for Spain and the United Kingdom; their results improved from below 50% to over 80% in a few months (E-mail about CRM program, personal communication, 12 February 2009).

For the 'kick-start' of the CRM project some short-term targets are developed; increase the number of customers captures and the qualification level of data (track 80% of all buying customers, collect postal addressed, phone numbers and e-mail addresses), develop and make use of an operational customer segmentation and execute international communication campaigns to support retail sales with detailed result monitoring. They argue that these targets have been achieved (CRM@Luxury brand, personal communication, 2011). In addition, the number of customers in the database increased from less than 200.000 to over 420.000 customers in Europe between April 2008 and January 2010. About 400 new customers are added to the system every day. There is a slowly declining tendency, because *'the more active we track customers, the less new ones we discover'* (CRM@Luxury brand, personal communication, 2011). These efforts regarding customer relationships already yield positive results for the organization. The boutique with the best capture rate in FY 2008/2009 had 31% multi-purchasers over a time span of 18 months while the European average was 13% (CRM@Luxury brand, personal communication, 2011).

4.4 The 'real' CRM program

Although, the first CRM communication activities were carried out in the previous financial year, FY 2009/2010 is argued to be the beginning of the real CRM program. During this year the first steps are made in actually personalizing communication material by means of segmentation and targeting. The first big international personalized project was executed this year. The campaign consisted of two 'teaser' e-mails, a 'call to action' paper mail and two 'call to action' e-mails. (CRM@Luxury brand, personal communication, 2011). With this campaign the organization collected money for charity, reflecting the organization's cultural commitment (Luxury brand's website, 6 December 2010). Analysis showed that recipients spend more on products that were topic of this campaign and on other products as well. The marketing campaign generated five million extra sales over participating countries (CRM@Luxury brand, personal communication, 2011). Sales within a country per contacted customer are calculated, but not related to sales of not contacted customers or related to additional sales due to the campaign. This does not reveal anything about the influence of the campaign in a specific country. Thus, extra sales per country or boutique due to the campaign are not calculated. The results of this first big promotion are promising. They concluded that '*CRM works!*'. Besides the possibility of calculating additional sales, HQ is also able to calculate click through rates of online mailings (CRM@Luxury brand, personal communication, 2011). It is explained that it is difficult to determine the effects of marketing in a specific country as luxury customers are frequent travelers. This means that they often buy their product at the airport or in another country (Benelux Marketing Manager, personal communication, 22 February 2012).

According to the Benelux marketing manager, the big turning point to support the CRM project for the regional management teams came after analysis of these results. Though they were cooperating, they were not yet persuaded: "*the employees in the markets (subsidiaries – ed.) don't see the effects of CRM. The results of that analysis stroked like a bomb. This was a turning point for most of us: ok, we don't see it locally, but this shows that it's really useful*" (Benelux Marketing Manager, personal communication, 1 July 2011). The good results of the charity campaign was the first time the Benelux management team actually was really convinced about the usefulness of CRM for the organization. To persuade the sales teams in the boutiques as well, the global results of this campaign were presented to them too, but "*unfortunately sales associates forgot about it in a week*" (Benelux Marketing Manager, personal communication, 1 July, 2011).

Another targeted campaign was for a specific female product in September 2009. For this campaign three online activities were developed; online brochure, puzzle promotion and member get member. A promotional email was sent to two specific target groups; all female

customers in the CDB with an email address and male customers with an email address who bought specified products in the past. 31.444 people received this mailing. Other important CRM activities in FY 2009/2010 were for another specific product ('call to action' mail and a dedicated section on the private website), a paper and online Christmas mailing, and on-going data qualification process to further increase quantity and quality of addresses with special focus on email addresses (CRM@Luxury brand, personal communication, 2011). The dedicated part of the website is distinctive part of the website meant for customers to feel special and read personal stories and comments of other customers; when they login they have some privileges such as product previews and additional stories. Customers can also adapt their personal information which is registered by the organization (CRM@Luxury brand, personal communication, 2011). This specific part of the website is argued to be an important part of the relationship program, although not in the Benelux (Benelux Marketing Manager, personal communication, 22 February 2012).

The marketing agency evaluates and discusses the development of the international relationship plan with the luxury organization. Details of the various international activities are reviewed in a meeting. Topics are customer segmentation, brand activities, calendar actions and customer life cycle actions. They will discuss the details on finished activities, changes and developments on on-going and upcoming activities and new activities (Relationship marketing for the luxury brand, personal communication – FY 2009, personal communication, n.d.).

Since communication became more personalized from this year on, customer data has to be correct and complete to target and reach the customer in an appropriate way. This is reflected by HQ in that they mentioned it as a CRM target for FY 2009/2010. The Benelux customer database is not yet reliable and complete enough to use it for good CRM. For instance, in September 2010 about 350 Belgian customer entries without gender classification are processed. In addition, in October 2010, 200 from the 1.500 e-mails send to Dutch customers were undeliverable, mainly due to incorrect and expired e-mail addresses. The high data capture rate target as a possible reason why there is much false and incorrect information in the CDB. However, these high target rates are currently not the most important aspect of CRM anymore. (Benelux Marketing Manager, personal communication, 8 October 2010). However, data quality should get more focus in the Benelux, which is in line with the focus on data quality and quantity for FY 2009/2010 mentioned by HQ (Benelux Marketing Manager, personal communication, 17 November 2010; CRM@Luxury brand, personal communication, 2011). In a discussion with Dutch sales associates and an after sales service employee, they argue that the current high capture rate does not have the desired results. Employees try to find other ways to reach the

80% target (e.g. dummy account) and they are making mistakes. According to them, data quality should become more important (Informal discussion, personal communication, 22 October 2010). However, the two additional data development targets set by HQ are based on data quality. Data quality is emphasized as important by the Benelux marketing manager when the topic is discussed. In addition, it was already mentioned in an e-mail to the boutiques in 2008. Although they seem to go for the same goal, the sales associates and the management team are not on the same level.

From conversations with the Dutch sales associates it turned out that they understand what CRM is about, what is expected from them and what the guidelines are. The results from the database show that they are able to reach the targets as well; one month the capture rate from a sales associate reaches over 80%, while her results of another month only reached 50% (personal communication, 2010). During that month she just refused to ask customers for their data for a while. It is mentioned that this refusal had to do with a badly functioning CDB. In addition she argued that achieving sales are their first priority. Although generating sales and collecting customer data should be a joined priority, sales associates *“do not want to lose time on collecting data”* (Sales associate, personal communication, 18 October 2010). The results on data capturing in Belgium are not that good as well, but the differences of an individual over several months are not that big. During observation, it became clear that especially the Belgian sales associates and boutique manager, and in lesser extent also some Dutch sales associates, face problems in working with a computer which is mentioned before. This shows that these results are possibly (partially) the result from the computer skills of the older sales associates. In addition, the regional marketing manager admitted that CRM deserved more focus: *“I should have been more devoted towards the CRM program and had to spend more time and energy on this topic”* (personal communication, 17 November 2010). However, after a couple of years and after becoming marketing manager, she argued that there were so many other tasks that had priority as well that *“CRM did not receive the attention that it needed”* (Benelux Marketing Manager, personal communication, 17 November 2010); only the most important and necessary tasks are carried out.

One person in every boutique is made responsible for analyzing and reporting boutique results on data capturing every month. In this way sales associates are actively thinking about CRM, the generated results of their teams and the factors that influence these results. However, most of the time these reports are handed in too late to the Benelux marketing manager and will only be received after a couple of times asking. By collecting these reports the marketing manager is better aware of CRM execution at the boutiques. The same analysis is executed on country level

by HQ (Benelux Marketing Manager, personal communication, 2010; Retail meeting minutes, personal communication, February 2010).

The CRM project results until January 2010 of FY 2009/2010 are discussed in a meeting at HQ. 10.6% of new customer completed the customer introduction card, 39% of the customer profiles are completed with an e-mail address and 79% of sales transactions are captured. Furthermore, results and key learnings from the marketing campaigns are reviewed. From the charity campaign they learned for example that a high number of contact moments in a relatively short time period did not annoy customer (four mailings within four months), an e-mail should not be too long and should contain a limited number of messages and/or actions. Another lesson learned was that coordination with the organization's communication department would have increased consistent customer experience over the website and dedicated part of the website. Furthermore, after another campaign the organization found out that commercial results could not be calculated due to the marketing agency. Therefore, the effects of this campaign could not be analyzed, which is a point of improvement for future campaigns. Other topics assessed are the subscribers on the special part of the website and collaboration with the marketing agency (CRM@Luxury brand, personal communication, 2011).

Since 2010 CRM is based on three pillars; animation of the relations, development of specific content and monitoring of customer response and database evolutions. Animation of the relation means development of the relationship on a regular basis via personalized communication. Central to this is e-mail communication in which is focused on boutique experience and specific website. Local offices should adapt the content to the local context and translate it into local actions. The specific content is everything which is developed to create added value for specific customer segments; it reflect the organization's core values and 'will make customers feel valued and cared for' (CRM@Luxury brand, personal communication, 2011). Monitoring helps to adapt the CRM program where this is necessary; it is the "*controlling department of the CRM program*" (Marketing Director, personal communication, 17 March 2011). These three pillars allow the organization to tune its customer-oriented communication on its customer life cycle. They call this the 'real CRM program' as targeting and segmentation is applied from now on (CRM@Luxury brand, personal communication, 2011).

HQ mentions four key success factors to manage their CRM vision: 1) the commercial aspect is the driver for CRM, 2) intensive exchange and proximity with markets and boutiques, 3) retail and marketing departments working closely together and 4) flexibility (CRM@Luxury brand, personal communication, 2011). These factors are mentioned in a CRM meeting "*to encourage*

marketing and sales to work together" (Marketing Director, personal communication, 17 March 2011). In the Benelux the marketing and sales departments align their activities by means of a monthly retail meeting where several aspects and issues related to marketing and sales, and thus covering CRM topics, are discussed. Examples of topics are retail marketing events, product knowledge and services of sales associates, training and special customers. However, during the observations of half a year only one retail meeting was arranged because of other things that were going on at the organization (Benelux Marketing Manager, personal communication, January 2011).

Over time the database is developed and supplemented with several functions. The features it had in FY 2009/2010 are storing boutique customers, allowing global, country and boutique views of development of data, tracking purchasing history of boutique customers, allowing segmentation of those customers and permanent further qualifying customer data to improve the customer profile (CRM@Luxury brand, personal communication, 2011).

The organization is thinking about how to include the very, very rich customers (VVRs) in the relationship program. They distinguish two levels of VVRs: 3 to 5 individuals who are treated by the boutique manager and managing director on an individual basis and other VVRs who are served by the boutiques but not in a structured way. The organization argues that these individuals should have an account in the CDB and that they should be addressed with specific actions. Boutique managers should be involved in this process. They also have to be aware of their key role in the relationship with these customers. However, the brand should remain the focus in the relation (CRM@Luxury brand, personal communication, 2011). In the Benelux the boutiques save information about their most valuable customers in 'customer books'. The Benelux marketing manager is questioning whether these customers also have an account in the database as well, because this is important for the CRM program (Benelux Marketing Manager, personal communication, 8 October 2010). In the Netherlands, information about twenty of the most important customers is stored in those books (Sales associate, personal communication, 18 November 2010).

In 2010 HQ decided that they needed someone in the organization who is only occupied with CRM. Although CRM is more comprehensive than marketing, this person is part of the marketing department. This CRM Manager International arranges continuation and improvement of the current CRM program and implementation of new CRM initiatives for the Western countries, including Benelux. The vacancy is fulfilled in the beginning of 2011. This person takes over the CRM activities of the marketing director at headquarters who was responsible for this until that

time. CRM initiatives from this department have to be approved by the executive vice president international marketing and the CEO. This person consolidates CRM in HQ's organizational structure and in its activities. It underscores the importance HQ give to this topic (Benelux Marketing Manager, personal communication, 20 October 2010).

In October 2010 two additional services, meant to improve the service level, are added to the services of the organization; 1) after buying a product customers receive an e-mail to pick up a free accessory and 2) after half a year purchasers of another product receive an invitation for free maintenance. HQ considers this as extra service for the customer, but there was resistance from boutique managers. This resistance was mainly based on privacy related issues (e.g. buying a present for a mistress) and brand image (e.g. can you trust a product when the organization offers maintenance in half a year, while the product should last for two or three years without maintenance?). Although this is discussed with HQ and local offices, HQ did not want to change their new policy (Dutch boutique manager, personal communication, 12 November 2010). These initiatives were implemented besides the additional service that are already offered to the customer such as repair service of ten working days and short delivery time of products.

As mentioned before, every year a new marketing plan is developed. The new marketing plan for next financial year, FY 2011/2012, was disapproved by the marketing managers from the subsidiaries. The focus of the new plan completely changed towards brand image instead of showing a good balance between brand image and products; the current marketing plan has CRM activities mainly based on products and shows good results. In addition, the marketing agency adapted customer segmentation for the third time. The marketing managers argued that it already is difficult for local employees to understand it, and now that they are just accustomed to it, they change again. That makes it too complicated for the subsidiaries to work with. Thus, marketing managers disapproved the plan and the marketing agency had to adjust it. The new plan was not finished in time, so that the Benelux, and other subsidiaries were not able to promote one of the biggest product releases of the new FY (Benelux Marketing Manager, personal communication, 1 July 2011).

For FY 2011/2012 a local incentive plan to improve data capturing is developed by the Benelux marketing manager reflecting HQ's view of data improvement. The idea is that individual results on data capturing are evaluated every month and team results are analyzed every three months based on CRM measurements. When the team reaches the targets, this will be celebrated with a team event. A sales associate has to clean a list of incomplete and incorrect addresses in the CDB when he does not reach the targets during a specific month. This tedious activity is added since

previous activities showed that rewards were not motivating enough for sales associates (CRM bootcamp, personal communication, April 2011).

In May 2011 a new interface of the cash till is implemented, which had to improve the link between the CDB and the cash till and make it more user-friendly. The link between the CDB and the cash till was mentioned as a big issue by Dutch sales associates because sometimes a customer cannot be found in the cash till when he is entered in the CDB, or the other way around. Now and then, this resulted in frustrated customers, because their data is entered into the system two times before and the system still cannot find the customer. Implementation of this new front end application is supported by a visit from an employee from HQ who coached the local boutique members on how to work the new system. In addition, customers were dissatisfied by the repair service and delivery time of new products. In the Netherlands repairing a product often took much longer than the mentioned service time of ten working days. Observations learned that waiting for weeks or months for a repair is no exception. This results in many complaints and non-satisfied Dutch customers. This is a recurring problem. The managing director is aware of these problems and attempts to influence them. Related to the issue with repair service he is searching for a solution to solve the problem. Delivery problems affect all the boutiques as these problems started at HQ organizes production and distribution of products. However, the Benelux managing director negotiates about this with person at HQ which sometimes results in priority for the Benelux market in the delivery order. The Dutch boutique manager mentions that sales associates give incomplete information to the customer due to delivery issues. With the purchase of a writing instrument the customer gets a free accessory, but when these are not on stock, they do not mention it to avoid saying that they cannot deliver that service (Dutch boutique manager, personal communication, 12 November 2010).

Since CDB implementation, sales associates are unhappy with the technical issues they face. During the observation period, Dutch sales associates complained about these problems. An e-mail showed some CDB problems in March 2009; the computer could not consult purchasing history, because the computer froze and subsequently jumped back to the previous screen, and gender is not taken into consideration in mailing lists (E-mail about CRM, personal communication, 2 March 2009). In March 2010, HQ informed the Benelux about problems between the cash till and CDB; in some cases customers could not be found, or wrong details are linked to a customer. The same e-mail mentioned that when an entry has insufficient contact details, which is not complemented the same day, will be blocked, but that this was a problem that they were working on (E-mail about CRM program, personal communication, March 2010).

In March 2011, it is not necessary to add all the required customer data, which is determined by HQ, during first entry. For example, gender classification is a requirement, but this field can be left blank with a new entry. During conversations with Dutch sales associates the problems with the CDB came up often. What they mentioned the most where that the cash till could not find a customer who already had an account and that the system sometimes just froze for a couple of minutes. When the researcher asked them to inform her about occurring problems, so she could handle it with the correct persons, they argued “*we did that before, but it didn't help*” (Sales associate, personal communication, 15 October 2010). Finally they agreed on it. This resulted in receiving a couple of double entries, because customers are added again. While inputting the customer introduction card details or checking the CDB, the customer is found at least two times. Bigger problems were not reported in observation period. When talking about CDB problems with the Belgian boutique manager, he was not aware of any big problems. However, whether this is due to working CRM applications or because of his lack on computer knowledge is unknown, because he was not aware of a common CDB problem either. An additional comment from a Dutch sales associate is about easy cheating with the CDB; for example with the before mentioned dummy account or not entering required basic information. When sales associates face problems with the CDB or with the computer in general, they can address the office, the helpdesk of the CDB or the organization's helpdesk.

As mentioned before, service levels of the boutiques are tested every month by means of a mystery shopper. The reports from October 2009 till September 2010 showed that the overall score on the aforementioned criteria was good (score between 79.4% and 85.6%). From October 2010 till September 2011 the scores were between 77.6% and 87.4%. However, these reports show that every boutique has its strengths and weaknesses. The boutiques can improve on these points. One of the assessment points is for example asking the customer for his data. The report of September 2010 showed that the sales associate in every boutique asked the customer about his data, but in September 2011 none of the mystery shoppers was asked this question (Mystery shopper report, personal communication, September 2011).

Several activities that contribute to the CRM program are organized during the time of observation. In Belgium, the subsidiary participated in a special shopping night. Customers were invited to visit the boutique during that night. A special activity was organized for invited customers and passers-by. In addition, for two special groups of invitees two presentations were given in the boutique that evening. An important event in the Netherlands of that time was a cultural event which shows its cultural commitment. Important relations of the brand are invited to join that evening. In addition, special product events are organized with magazines,

business clubs and important customers. These events are always taken care of to the last detail; everything should be perfect for the visitor, things should not go wrong and the brand should be represented in a perfect way. Although the local plan for such activities is developed before the beginning of the new FY, it will change over time. The marketing manager also decided to stop with one of the relationship activities was a successful initiative for female customers in some countries, but in the Benelux it did not contribute to sales.

During the time from CRM implementation route till now, the internet became more and more important for the brand and its customers. Besides the online campaigns, a website is developed which the customer can contact for product and company information, but which is not used for online shopping offering. Just as with marketing campaigns, the website is offered in several languages, but not in Dutch or Flemish. The website is important in providing product information and as a means for getting in contact. Customers can contact any department through the contact page on the website. He indicates what the topic of his question is, the country where his question comes from and the language he prefers to communicate in (though Dutch and Flemish are not available), and so the appropriate person is answering the question. Using the website for local marketing campaigns is difficult, although it is possible to create a temporary event page for extra costs. Another disadvantage is that the website is not easily available on mobile phones. In addition, an idea from February 2011 to use a QR-code (i.e. a widely used tool for m-commerce) for a promotional campaign in the Benelux could not be executed, because HQ was not aware of the existence of QR codes. Since a while the organization is active on Facebook. They inform interested people about events, products and other potential interesting things. This is an easy and cheap way to reach a lot of customers. However, this is all arranged by HQ. Thus, for local departments it is difficult to use the online marketing. Since the beginning of 2011, the regional offices are provided with some templates to send out uniform mailings to its customers.

4.5 Where to go in the future

As discussed in this chapter, in 2008 the CDB was implemented in most of the European subsidiaries, in 2008 the first marketing campaigns based on collected customer data are executed and in 2009 the 'real' relationship program is launched. The relationship program creates an environment to interact with the customer in a personalized way through every communication channel and to take care of them with the purpose to build brand loyalty and to maintain its luxury position. In the near future the organization wants to add the other subsidiaries over the world to join the CRM program, to establish the link between the CDB and other customer touch points, such as after sales service and the website and to develop

international communication tools permanently. Reaching these goals entails an international scope instead of a European scope and permanent coordination between various players, such as the database agency, creative agency, IT, cash till, legal department, marketing and sales departments and the subsidiaries (CRM@Luxury brand, personal communication, 2011; Benelux Marketing Manager, personal communication, 22 February 2012). Coordination between parties is not always easy. It resulted for example in a delay of implementation of the link between the website, the database and the after sales service.

At the moment the CDB comprises personal customer data, purchases, submitted repairs and received marketing campaigns. Boutiques register the repair where after it is passed on to after sales service. The boutiques are not able to inform the customer about the status of their repair, because after sales service works with its own database which is currently not linked to the CDB. In addition, an observation revealed that a repair was inserted as a zero euro sale while the CDB has the opportunity to insert a repair as a repair. However, whether this is done systematically is unknown. The main challenge in the long run is to create one database which contains customer information from every communication channel between the customer and the organization, so communication of various departments can be synchronized. *'It would be brilliant to know for CRM when a customer has an issue with a repair...'* (Marketing Director, personal communication, 17 March 2011). This ideal situation means that it is possible to view and to analyze the progress on customer data, purchasing history, service, repairs and every other possible contact moment. It allows departments besides marketing and sales to work with a customer-centric approach; the product development department is for example able to design new products based on customer preferences, such as materials and colors (Marketing Director, personal communication, 17 March 2011; Benelux Marketing Manager, personal communication, 1 July, 2011). However, thoughts are already expressed at HQ and at the Benelux that the organization should secure its status. Unless the upcoming Chinese market and excellent sales numbers in that market, the organization should not be associated to as a Chinese brand; the customer should think of the brand as a European brand in the future. Therefore, the organization must continue to serve the European customer, referring to the totally different customer tastes (Retail meeting, personal communication, February 2011).

While the organization tries to reach high service offering to its customers over all the contact points and selling over the internet becomes more and more popular, the organization is not planning to sell its products online. They argue that it does not fit the original philosophy of the brand as a luxury brand. This would lower its status as luxury brand. Although the organization and its dealers inform the customer over the internet, it is not allowed to sell them online, unless

a specific new contract is signed safeguarding the organization's way of selling luxury (Benelux Marketing Manager, personal communication, January 2011; Managing Director, personal communication, January 2011).

In the ideal situation the dealers are also included in the CRM program and thereby working with the database. However, it is not expected that this will happen in the foreseeable future. *"Implementing of the CDB at wholesale (i.e. dealer network – ed.) is very very future music and not easy as well because wholesale is generally not so keen to "loose" customers to retail...."* (Marketing Director, personal contact, 17 March 2011). All these plans require constant coordination between various players mentioned in section 5.2.1 and adaptation are where necessary (Marketing Director, personal contact, 17 March 2011; Benelux Marketing Manager, personal contact, 1 July 2011).

4.6 Summary

This chapter first described the gradual development of CRM at the brand's headquarters. Although every customer is treated as a unique customer in the boutique, the organization wishes a customer-oriented approach of the other parts of the organization as well. To accomplish this, the organization started its CRM project by means of customer database implementation. Around 2006 the CDB was implemented in the Benelux which is followed by changes and additions. The most important changes related to the CDB over the years are the connection to the cash till and implementation of the customer introduction card to collect additional customer data. Subsequently, modifications in the marketing plan are made to approach the customer based on his previous purchases and interests. Until now, especially marketing and sales activities changed. These changes are supported by employee training on the required aspects and making local changes to the global plan. However, the luxury organization faces some problems as well, for example non cooperative customers, database problems and non-cooperative employees. In the future, the project will be extended to after sales service and the remaining customer touch points. CRM should become an organization-wide approach. Thus, the way of doing business changed by the CRM project and things are still changing. The information and knowledge resulting from this chapter is the basis for the identification of critical success factors of CRM at a luxury brand's regional office in the next chapter.

Chapter 5 CSFs for CRM in luxury brand's subsidiary

In this chapter critical success factors for CRM implementation at a luxury brands' regional office are identified. Based on the case description in the previous chapter themes and issues related to CRM execution are identified and linked to the categories of CSFs derived from literature (see section 2.5, figure 1). This is the basis for the search for similarities and differences between CRM execution in a luxury industry's subsidiary and other organizations. Subsequently, a framework for CSFs for CRM execution in luxury industry is developed. In chapter 7, this framework is used to make recommendations on the current CRM practices for the organization of the case study.

5.1 Themes and issues related to CRM execution from the case study

The table below shows themes and issues related to CRM execution identified in the case description. The subjects are categorized based on the research framework depicted in section 2.5.

<i>Category</i>	<i>Themes and issues</i>
<p>1. Strategic management factors</p> <p>(enablers and barriers that have to do with the direction and position of the organization)</p>	<ul style="list-style-type: none"> - CRM strategy reaching over subsidiaries - Enterprise wide approach - Boutiques as main customer points - CRM restricted to retail customers - Incentive plan for regional employees - CRM targets - Indistinctness about CRM targets with Benelux team - Customer segmentation - Benchmark on other luxury organizations - Yearly brand positioning - Personalization of interaction with customer - Targeted communication and marketing campaigns - CRM activities that fit the look and feel of the brand - Segmentation of customer base - Willingness of customers to be part of the organization's community - Performance measures
<p>2. Organizational design factors</p> <p>(enablers and barriers that support the organizational strategy)</p>	<ul style="list-style-type: none"> - Focus on customer service - Mystery shopper - A worldwide program to offer the same look and feel and service everywhere - Delivery times too long for customers - Additional services that are not supported by boutique managers - After sales service disappoints customers - Coordination from HQ - Integrated customer contact channels - Structured relationship program - Customer knowledge available to other departments - Only recently a full time CRM responsible at HQ is hired - Data gathering by sales associates - Not all customer touch points of the Benelux office are involved in CRM project yet - Local cooperation between departments to match marketing and sales activities - External support - Analysis of data development - Analysis of international campaigns - Analysis of local marketing campaigns - Periodical evaluation and feedback on data development - Analysis on data development on a regional level - Results of international campaigns show global results, but local results are not revealed

Table 5: Critical success factors for CRM execution at the Benelux subsidiary

2. Organizational design factors	<ul style="list-style-type: none"> - Customer qualification - Communication materials not available in every language - Over time tasks and responsibilities are adjusted and divided to employees - Local responsibility for coordination and implementation of the strategy - Cooperation of HQ with subsidiaries in marketing and sales plans - Half a year no retail meetings with retail team Benelux - Restricted possibilities for online and mobile marketing campaigns for subsidiaries - Link between databases - Several problems with CDB - Possibility 'cheat' with the customer database - Sales associates do not believe the CDB as being a reliable system anymore - Lots of incomplete entries - The CDB does not fit the requirements set by HQ
3. Employee skills (enablers and barriers regarding the employee's capabilities)	<ul style="list-style-type: none"> - Customer knowledge available throughout the organization - Lack of computer skills - Sales associates provide customer with a high service level - Low scores on data capturing targets in the Benelux - Lots of incorrect/incomplete entries - Skills of local management team - Knowledge about local market for marketing - Language skills Belgian sales associate - CRM training
4. Employee attitude (enablers and barriers regarding the employee's working attitude)	<ul style="list-style-type: none"> - Difficulties to get everybody involved in the project - Sales associates do not see the usefulness of CRM - Management teams were not convinced about the advantages from the beginning - Cooperation of local management team without actual commitment and motivation - No priority for CRM for employees in the Benelux - Sales associates perceive data collection as an extra task - Commitment of sales associates to the CRM project - Continuous data collection is problematic - Sales associates feel uncomfortable to ask the customer for his data - Focus in boutique on collecting new customer data instead of data improvement
5. Implementation project (enablers and barriers that have to do with the implementation project)	<ul style="list-style-type: none"> - Gradual development of CRM project - Learning by doing approach - Evaluation of new initiatives - CDB over time connected to other customer contact points - Involvement of management teams in development of CRM plan - Implementation and coordination by local management who are not convinced about the advantages - Implementation and execution at subsidiaries carried out by the same persons - No project champion at Benelux subsidiary - No full time CRM responsible at the Benelux subsidiary - Keeping the luxury status in mind during all development activities - Initiation of CRM project at HQ

Table 5: Critical success factors in CRM execution at the Benelux subsidiary (continued)

5.2 Strategic management factors

Themes and issues related to the direction and position of the organization that appeared from the case study are discussed in this paragraph. Hereby CSFs for CRM execution in luxury goods are identified and compared with the results in literature.

The luxury organization has always been focused on the customers and service towards them. By offering the customer exceptional products and services at the boutiques the organization already addresses customers in an extraordinary way. With a changing market, changing customer needs and IT developments, the organization adapted its strategy to build customer relationships, because it was not standard for customers to return to the company without any

energy from the organization anymore. This CRM strategy is overarching the subsidiaries. The organization wants all its organizational processes to become customer-oriented in the long term. They started this process by knowing their customers and subsequently by letting the customer experience the look and feel of the brand over other customer touch point. Three important departments that are currently involved in this process are sales, marketing and IT. The organization offers its products and services in the boutiques which always were the main point of interaction with the customer. In the boutique every customer receives individual treatment. The boutiques should remain the most important customer contact points to preserve the luxury status. The boutiques support the organization with customer knowledge. Initially the focus of the program is to express the look and feel over the other communication channels for the everyday customer which did not receive personalized treatment outside the boutique yet. Subsequently, the organization plans to change its internal activities to become customer-oriented, for example product development and after sales service. This new strategy should result in more boutique visits, more purchases and increased customer satisfaction. An overarching strategy to build customer relationships is the first CSF identified for CRM execution within an international luxury brand. CRM strategy is also identified in literature as an important CSF. As a luxury brand is known of its excellent products and services its strategy and processes probably need less change than strategy and processes of ordinary brands. In addition, luxury customers are more internationally orientated, which makes it important to offer the same experience over subsidiaries.

With this strategy the organization gradually interweaves the focus on the customer into all of its organizational processes. Due to several changes offering individual treatment at the boutique is not sufficient anymore. The rest of the organization should adopt this focus as well. This results in CRM as an organization wide approach as the second CSF for CRM execution at the organization. CRM as an enterprise wide approach also resulted as a CSF for CRM execution in literature. The organization is different compared to non-luxury brands as they preserve their luxury status by retaining the boutiques as the most important way to interact with the customer, while ordinary brands switch more and more to the internet for customer interaction and sales. This is in line with literature about luxury CRM. In addition, the CRM project is focused on the everyday boutique customers who are not part of the group of special customers, because there already is special attention for this group. It might be assumed that ordinary companies in first instance do not necessarily focus on their biggest customer group, but on their special customers with the greatest potential for extra sales. Although, special customers are included in the program, focus on everyday customers is specific for this case. Therefore, focus on these

customers and boutique as main customer touch points are mentioned as CSFs for a CRM in a luxury organization's subsidiary.

To support and lead employees in this change, incentive plans and targets are being used. Incentive plans for the management team are developed at HQ's level, while the first incentive plans for sales associates is composed by HQ level and the last one on subsidiary's level. It should motivate the management team to implement and execute the plans as developed at HQ level. Local incentive plans make it possible to fit the incentives plan to local circumstances. However, local incentive plans should contribute to the higher level objectives of the CRM project. It is emphasized that incentive plans really support the CRM strategy in the United Kingdom, but that the Benelux boutique team is not really impressed by the Benelux incentive plans. Incentive plans are based on targets which are developed over time. First these targets were solely focused on data quantity. Later data quality and targets related to the development of the relationship program were added. However, the Benelux team seems not to be on one line regarding those targets. As targets and incentive plans contribute to the direction of the organization these aspects are identified as the next CSFs for CRM execution within this luxury brand's organization. This is in accordance with literature where targets and incentive plans are also distinguished as being influential on CRM execution. Incentive plans and targets guide actions of employees in every organization independent of the industry.

A benchmark on CRM activities of other premium brands was executed to see what was going on in the luxury industry related to building customer relationships. Knowing and understanding customers in combination with knowledge about CRM programs of competitors gives important information about the market and the organization's position in it. In addition, the organization determines the position of product categories every year in relation to other luxury brands and where they want to be in the future. Luxury brands have to distinguish themselves by brand positioning. Being familiar with the market is important to do this. Therefore market orientation is identified as the next CSF for luxury CRM. This CSF is also mentioned in literature, although it is expected that brand positioning is more important for luxury brands than for ordinary brands.

Customer segmentation and targeting of communication activities are important aspects in the current CRM program of the case study. These are the first steps of personalizing communication over other communication channels. Through customer segmentation and targeting, the organization influences the position of its brand; customers have to feel special by means of these tools. Thereby it is expected that they perceive the luxury status of the organization through communication activities which strengthens its luxury status. Although

customer segmentation is developed by the marketing agency in cooperation with HQ, targeted communication activities are partially adaptable to the specific regions. Customer segmentation is identified in literature, but targeting is not expressed as CSF in literature. However, without targeting of activities, customer segmentation is useless. Therefore, customer segmentation and targeted communication and activity plans are both mentioned as CSFs for luxury CRM.

To keep track on the progress of the CRM strategy, to make sure that the developments are in line with the objective and to make necessary adjustments in time, performance measures are developed by the organization. The most obvious performance measures are the quantitative performance measures to see whether data development targets are reached. These results are measured on boutique, country and global level. In the Benelux, one person per country is made responsible for the analysis of the results and argumentation about their results. Other targets were for example developing an up and running customer segmentation system and continuous improvement of the marketing and communication activities. Communication and relationship activities are analysed on available quantitative results, for example opening and click through rates of international e-mail campaigns and extra sales due the activity. Lessons learned from this analysis are described in a qualitative way and being used to improve upcoming activities. However, performance measures of relationship activities are at global level. Examples of strengths and weaknesses of executed campaigns are for example that it does not drive the customer crazy if he receives a high number of communications in a relatively short period of time and no availability of commercial results on a campaign due to an external party. Thus, the organization measures the progress on the CRM program in several ways. Therefore, just as in other industries, performance measures are argued to be a CSF for CRM execution in luxury industry.

Another factor that might influence the strategic intentions of the organization, is the willingness of customers to become part of the organization's community. The case shows that the willingness of the customer differs per region. Although it should be taken into account in strategy development, willingness of customers is not an internal organizational factor which the organization is able to influence. Therefore it is not identified as a success factor.

It can be argued that on strategic management level CSFs in luxury industry generally correspond with the CSFs found in literature; organization wide approach, incentive plan, CRM objectives, market orientation, customer segmentation and performance measures. Strategy is specified towards overarching CRM strategy. Additional CSFs for CRM execution in luxury industry that position the organization are identified; boutiques as main customer touch points,

focus on normal customers and targeting. Although these factors are mainly developed at HQ level, some of these CSFs are sensitive to regional differences, for example incentive plans, performance measures and targeted communication.

5.3 Organizational design factors

As mentioned in the previous section, the organization has been focused on the customer for a long time, especially in the boutiques. Their strategy is to spread this focus over the whole organization. To implement this strategy, the organization should be built around it. Therefore, this section identifies CSFs that are necessary for CRM execution in organizational design.

Customers should always have a great experience at the boutique. Sales associates emphasize the importance of customer service. Customer services at the boutiques are assessed by means of a mystery shopper. Exclusive events are organized to let the customer experience the look and feel of the brand and additional services are added to the existing services to improve customer experience. Dutch customers are not always satisfied with the repair service. This service is often not delivered within guidelines. The delivery times of products also influence customer experience as sales associates adapt their services to avoid issues with customers (e.g. not mentioning a free accessory to avoid dissatisfied customers). The Benelux managing director is concerned with this topic and attempts to find a solution for this issue, because dissatisfied customers are not good for the brand. In case customers are complaining, sales associates attempt to solve it. When it is necessary the Benelux managing director or HQ are involved in finding a solution. As described above HQ wants to expand the delivery of great customer experience over the other customer contact points. The first positive signs of this strategy convinced local management teams about the advantages of this strategy. However, it occurred that HQ decided to implement additional services which are not supported by the Dutch boutique manager as these services do not increase customer experience. Although encouraged by developments in the environment, this customer-oriented culture and philosophy are at the basis of the CRM strategy; the customer should experience the same look and feel over the different channels. Thus, a customer-oriented culture and philosophy of the organization and the Benelux subsidiary enable CRM. This is in line with literature where a supporting culture and philosophy are identified as success factors for CRM execution.

Development, implementation and execution of the CRM project require several changes. HQ coordinates the overall project. The local marketing department became responsible for CRM in the Benelux. When a subsidiary has an idea related to CRM, HQ has to approve it. Later on in the process a full time CRM coordinator is hired. New tasks and responsibilities are allocated to

employees at the Benelux subsidiary and at HQ. Employees have learned new working methods and systems. The organization involved two external parties in this project to support the organization and its subsidiaries with the necessary knowledge. Organizational activities become more and more interrelated requiring closer cooperation of the departments, for example the Benelux marketing department and the sales team who have frequent retail meetings, and the IT department and marketing department at HQ. Over time, the Benelux subsidiary finds its way in designing an appropriate structure at the local level. It is expected that other subsidiaries have the same experience. Subsidiaries exchange experiences and ideas, but they have to find their own way in shaping their subsidiary in order to contribute to organizational goals. Every subsidiary is unique. For example, the Benelux marketing team is smaller than the German or English marketing departments, which means that CRM tasks related to the marketing team have to be divided in another way. These are some examples of changes that are made in organizational structure. An appropriate organizational structure is necessary to reach organizational objectives. This is applicable to the subsidiary itself, but also to the structure within HQ and between the subsidiary and HQ. Consistent with findings in literature, organizational structure is mentioned as the next CSF for luxury CRM.

As mentioned above, global departments have to work together more closely to attune their activities (e.g. development of the program by HQ and the CDB which has to meet the requirements of this program) and external parties support the organization in the development and execution of its CRM project. In FY 2010/2011 local marketing managers disapproved the marketing plan developed by the marketing agency. Since this agency was not able to adjust the plan before the start of the new FY, the organization could not promote an important product launch. As CRM is initiated as an organization-wide approach and thus will be expanded further, cooperation on CRM between different departments becomes more important. Cooperation also happens at subsidiary level. An example from the Benelux subsidiary is the monthly retail meeting. Another example is collaboration with the IT company to solve locally occurring database problems and collaboration with the marketing agency on marketing activities. Cross-functional cooperation is definitely necessary at local and HQ level for effective CRM execution within a luxury brand's regional office. Cross-functional cooperation is also mentioned as a CSF for CRM in literature.

Subsequently, several customer-oriented processes at the boutiques can be distinguished, for example short delivery time of products, individual service at the boutique, repair service of maximum two weeks, data gathering and customer qualification. The worldwide program to offer the same look and feel of the brand and offering communication materials in several

languages are also examples of customer-oriented processes. These activities are linked to marketing and communication at local and HQ level. These processes are more specified as customer-oriented processed in direct interaction with the customer. These processes directly affect the customer and thus customer satisfaction. Customers from the Benelux subsidiary for example complain about long delivery times and long repair service or show a received marketing mailing to the sales associate. Furthermore, there are internal customer-oriented processes such as local analysis of local campaigns and events, global analysis of international marketing campaigns, analysis of data development on local and global level, local retail meetings to adjust activities and the availability of customer knowledge to other departments. Internal customer-oriented processes support the processes in direct interaction with the customer and help to improve and adjust these activities. The marketing manager for example mentioned that analysis of an international marketing campaign showed the advantaged of the CRM to the local managers. Another example is that HQ's marketing departments provides the subsidiaries with the content and guidelines for marketing and communication purposes. Ideas about e- and m-marketing cannot be executed in the Benelux as these possibilities are restricted by HQ. Literature distinguishes customer-oriented processes in several ways. Most common is differentiation between operational and management processes. However, for this case it is more logical to distinguish processes in the proposed way, because luxury customers expect high level service and processes in interaction with the customer (e.g. boutique, local marketing and international communication) are spread over the subsidiary and HQ. The processes in interaction with the customer should be perfect. Other processes should be supportive to these activities. This includes both management processes and operational processes, for example adjusting tasks and responsibilities, insertion of a completed CUSTOMER INTRODUCTION CARD and local cooperation between marketing and sales.

The CRM program is all about knowing the customer and adapting communication based on this information. Therefore customer knowledge should be available throughout the organization and everybody should have access to the information which is useful for his position. For the Benelux subsidiary this currently means that the local marketing department and the HQ's marketing department use the collected data for the marketing activities. The sales department can consult the purchase history of the customer or seek for contact data. Within the organization the importance of correct customer data is emphasized. The company should make mistakes on this as it does not show professionalism. Thus, possession of correct customer knowledge is a final CSF in organizational design for luxury CRM. The possession of customer data is in line with literature on critical success factors for CRM. The addition of errorless

customer information is specific for luxury industry. This is also expressed by the article about CRM for luxury brands.

Information technology is at the heart of CRM at the organization. CRM started as a database project. Currently information technology is still the 'backbone' of CRM. Over time the program is expanded over other topics and the database is connected to other systems. In the future the link with more systems will be made. A linkage between all customer contact points is important to deliver the service as the organization has in mind. For the CDB, the organization defined some required basic information when a new customer account is entered into the system. However, it is possible to input a customer account without entering these required fields or to fill in a dot instead of an initial. Using dummy accounts in combination with the CDB not fitting the requirements and sales associates' behavior resulted in my incomplete and incorrect entries. The database is adaptable to local circumstances. However, it currently does not fit the circumstances of the Benelux market. In addition, the database should provide the organization with the necessary information on their CRM activities. As the database stores customer information, purchase history and international marketing information the organization is able to analyze data development and marketing effects. As far it is not possible yet, it would be good if the effects of local marketing campaigns and events can be calculated too. Thus, information technology should fit the requirements of the CRM project which for example be related to data insertion and analysis of marketing results and it should fit the local ways of working. This CSF is called technological alignment. Technological alignment is not directly mentioned in literature as a success factor for CRM. Information technology should meet the strategy as well as the working habits. Currently, this is not the case in the Benelux.

Since the beginning of the CDB, the system and its link to the cash till caused some issues of which some were more serious than others. Although there were only some small problems, the sales associates argue that they cannot serve the customer this way. They cannot always trust on the database as it does not always show the (correct) customer information unless it is correctly inserted. In the beginning of the project there were some bigger problems that were solved as soon as possible, which affected the reliability of the system and still influence employees thinking about the system. A CSF for CRM execution at a luxury brand's subsidiary can be identified here, namely reliable information technology. Reliable information technology is not mentioned as a CSF in literature. However, bad experiences with information technology have negative effects on sales associates and customers in this case. This disadvantages data collection results and therefore it is classified as a critical success factor.

Literature also mentioned internal communication as a separate CSF for CRM execution. Although internal communication is important for every organization to work well, it is not identified as a CSF for CRM execution within the Benelux subsidiary. Cross-functional cooperation covers a lot of the internal communication aspects for CRM execution within the Benelux subsidiary. However, within bigger subsidiaries it might be expected that internal cooperation is a separate CSF due to the importance of communication within departments.

In the basis CSFs in this category are comparable with the CSFs found in literature, such as customer-oriented culture, structure, philosophy and cross-functional cooperation. There are some notable differences. First, internal communication is not identified as a separate CSF. Second, customer-oriented processes are separated in a way that was not found in literature, namely customer-oriented processes in interaction with the customer and internal customer-oriented processes. Fourth, customer knowledge should be correct and up to date. Customers expect high services and special treatment. Mistakes in communication do not contribute to this. Fifth, information technology is more specified into reliable information technology and technological alignment. The reliability of the systems affected employee behavior which negatively influences CRM results. Technological alignment supports CRM for example by forcing employees to enter basic customer data. Finally, differences in subsidiaries influence the organizational design factors in how the organization is or should be created.

5.4 Employee skills factors

This category represents the enablers and barriers related to an employee's capabilities. Issues and themes related to employee's skills are the basis to identify CSFs for luxury CRM. The strategy can be thought out really well, the organization can be designed in the way it support the strategy, but the employees are the ones who have to make it happen.

The case study described four aspects that are at the basis for the current CRM project; the CDB, customer qualification, data mining and clustering. The boutiques are the main points that provide the CDB with the input and customer qualification which the organization needs for their CRM plans. Besides the services the sales associates provide to the customer, they should be able to work with the database. Some sales associates in the Benelux seem to struggle with the system in greater or lesser extent. Although they understand the goal of the CRM project, lack of computer skills decrease the effect of data collection and qualification. In the Benelux this resulted in lots of incorrect and incomplete entries and low scores on data capturing. In addition, sales associates should provide the customer the service which is expected at the organization. Therefore they need knowledge about the products and the expected processes and services.

Boutique managers have to secure CRM execution at the boutiques wherefore they need different skills and knowledge which are related to managing and supporting the sales associates in their tasks. The local marketing manager has to understand the market to adjust the marketing plan to it. In the Benelux understanding the market is complicated as the two markets differ. This requires different approaches. In addition, the Benelux marketing manager needs skills to coordinate CRM implementation and execution. All employees who are related to the CRM project in one way or another need to have specific skills. This concerns operational employees, the boutique members and the local marketing team, but also employees at HQ who are occupied with the development and/or execution of the CRM plan. The skills they have for the execution of their specific tasks can be called CRM capabilities. Literature distinguishes operational and management capabilities. This distinction can also be made in this case. Operational capabilities are for example data collection, service delivery to the customer and local marketing. Give guidance to sales associates by boutique managers and development of the CRM program are examples of management capabilities. As the Benelux team is a small team, management and operational capabilities are intertwined a lot, especially for the management team. It is assumed that subsidiaries with more employees have clearer task division which makes the CRM capabilities needed for that job clearer. Operational and management CRM capabilities will be mentioned as distinct CSFs for luxury CRM.

Not all employees seem to possess the required capabilities. In what way is the Belgian boutique manager for example able to manage the Belgian sales associates in their data collection and qualification tasks if he does not fully understand it himself? Computer skills in the Benelux do not support the CRM project in general in the Benelux. There seem to be a difference in computer skills between the Netherlands and Belgium, although the employees all got the same training on the database. In the Netherlands they found a way to coop with it. Another example is a Belgian sales associate who is following Flemish classes to be able to speak the language. In addition, sales associates, marketing managers and boutique managers are trained on new topics related to CRM, for example a new database, the customer introduction card and the marketing plans. So, training on CRM related topics is an important aspect at the organization. Therefore CRM training is mentioned as the next CSF for luxury CRM. However, local differences may require different approaches. CRM training is also identified in literature as an important aspect of CRM, although possible local differences are not taking into account. Training should build and improve the capabilities that are needed for managing and executing CRM within the subsidiary.

In literature data collection was found as an important CSF for CRM execution. Although data collection is definitely an important factor in its CRM project, it can be seen argued to be part of two other aspects which are already mentioned; an operational CRM capability if it is seen as a skill or a customer-oriented process. To be more specific data collection is a customer-oriented process in direct interaction with the customer (see previous section).

Operational and management CRM capabilities and CRM training are identified as CSFs for the Benelux subsidiary's CRM activities. Data collection, which resulted as a CRM CSF from literature is not specified as a separate CSF for luxury industry. Just as with the CSFs in previous two categories of CSFs, employee skills factors depend per region. However, related to training offered by HQ, subsidiaries receive the same training, while the effects are clearly different per region.

5.5 Employee attitude factors

The fourth category of success factors is also directly related to the employees; employee attitude factors. Together with an employee's capabilities, an employee's attitude determines his working behavior.

In the beginning it was difficult to involve everybody in the CRM project as they did not see the advantages. Over time HQ and local management teams became aware of the advantages of CRM. For the Benelux management team the results of the first international marketing campaign changed their thoughts. As the CRM project is developed in cooperation with some subsidiaries, including the Benelux team, it can be argued that this team was not fully committed or motivated to the project. The current Benelux marketing manager mentioned that she accomplished the necessary CRM tasks, but that she should have given more attention to it in the beginning. Sales associates seem to be willing to serve the customer in best way, but they still perceive data gathering and qualification as an extra task. One sales associate mentioned that the goal of being a sales associate is to serve the customer. However, besides the usual immediate service, data collection in the boutiques is an important factor in long term relationship building. Boutiques decided to skip the data collection part during busy days and periods. These things make continuous data collection difficult. In case sales associates are not committed to this aspect of relationship building, they miss the overall thought of the current CRM program. The management team made clear that the boutiques cannot set their own priorities; CRM is a shared priority and the boutique members should behave in this way. In addition, especially Belgian sales associates feel uncomfortable to ask the customer about his private data. Two CSFs that can be distinguished from this information are management attitude

and operational employee attitude. This is a bit more specified than in literature where employee behavior/attitude and management attitude are specified, but which are partially overlapping.

Not having the same priorities is an issue that is described before. Boutique members decide themselves which priorities they set. Other examples are the Dutch sales associate who rejected data collection for a while and sales associates who are talking about the target of data capturing instead of the other two targets. It seems that they are focused on collecting data of new customers instead of increasing data quality, although before this is emphasized by the boutique manager and marketing manager and is reflected by the data development targets. When data gathering is being discussed at the boutiques, the topic is about data collection and the 80% target set by HQ. This is supported by observation in the boutiques that only showed that customers are asked whether they were in the database. When they had an account, sales associates did not take the energy to ask whether their data was still up to date. However, this can be due to other reasons than motivation too. Benelux employees are not on one line regarding CRM and its targets. The local management team participates at meetings at HQ where the development and future of CRM is discussed. Although this does not always align the employees (e.g. the implementation of two additional services not supported by Dutch boutique manager), these meetings contribute to alignment of the management teams to the overarching strategy and plans. Alignment is required to work towards the same goals and it influences employee attitude towards the CRM program. This means that employee alignment is the next CSF for luxury CRM. Employee alignment did not result as a CSF from literature.

In this section three CSFs related to employee attitude are identified. These are management attitude, operational employee attitude, and employee alignment. The two aspects of attitude as CSFs in the case are partially reflecting the CSFs found in literature, but these are more specific. Employee alignment is found as a specific success factor for this case, which is currently holding back the results on CRM in the Benelux. Employee attitude is found to be different over regions.

5.6 Implementation related factors

Implementation related factors are important factors that are related to the CRM implementation project itself. By means of an implementation project the organization will be changed in the way it supports the CRM strategy.

The organization is implementing CRM slowly. They started with the database to reach the goal of company-wide CRM. The organization evaluates initiatives and takes additional steps, for

example customer introduction card implementation and analyzing the results on marketing campaigns to improve these campaigns. Additional steps are made by HQ (e.g. incentive plan for data capturing), but also by the subsidiary, for example the local incentive plan. In the future the organization keeps on improving and expanding the project until CRM is an organization wide approach. From this information, gradual development of the project and organizational alignment are two important success factors for CRM in this luxury brand. Gradual development is new for this case, while organizational alignment was mentioned in literature.

The CRM program started with the CDB which is subsequently linked to the cash till. In addition, the contact moments of the international marketing campaigns are stored by the system. Currently, the organization is working on a connection between the CDB and the website, and the CDB and after sales system. By connecting all the systems they want to provide the same services and information over all the channels. This gives the organization an overall picture of that specific customer. Customer systems integration can be seen as a success factor for CRM at the Benelux subsidiary. This CSF is also recognized in literature. Channel integration is another CSF recognized by literature. Although the departments who are communicating with the customer are more cooperating to attune activities, the channels will not be integrated. They remain to execute their separated tasks, although in closer collaboration. The aim is to provide the different channels with a full customer profile.

The case mentioned that it was difficult to convince everybody to join the CRM project in the beginning. However, cooperation was necessary before they could continue; local management teams were needed for implementation at the subsidiaries, IT had to support in the IT elements and marketing at HQ should develop the relationship program. These are some examples of departments who are needed for success. Thus, before the organization could implement and further develop stakeholder groups had to be aligned. Alignment of key stakeholders is how literature mentioned this CSF for effective CRM execution.

Implementation in the Benelux is coordinated by the marketing manager who was not convinced about the benefits of the program in the beginning. This person was not full time responsible for the project. In the Benelux it is a project what employees have to do besides their original tasks. There was nobody else who was taking the lead either. Besides leading the implementation project in the Benelux, the local marketing manager is also responsible for the marketing part of the project. A project needs a project champion; someone who is convinced about the advantages and who keep things going. This is not necessarily the responsible person. It can also be someone else. However, a person like this was not available in the Benelux

subsidiary. A project champion in the beginning would have improved the results from scratch, but also current results. Missing stimulation on CRM from the beginning on might have given them the impression that it was not necessary to work towards the set goals. The management team emphasizes that CRM results deteriorate when the boutique managers do not stimulate sales associates on this topic. Thus, a project champion therefore is identified as CSF which is consistent with literature.

The implementation project needs organizational alignment, alignment of stakeholder groups, customer systems integration and a project champion. These aspects are also recognized in literature. Channel integration is not found in literature as the different channels remain working separately, although in closer collaboration. The complex and comprehensive CRM implementation project also needs gradual development which is found specifically for this case.

5.7 CSFs for luxury industry

<i>Category</i>	<i>Critical success factors from literature</i>	<i>Critical success factors from the case</i>
1. Strategic management factors	<ul style="list-style-type: none"> • CRM strategy • Market orientation • CRM goals/objectives • Performance measures • Incentive system • Customer segmentation • Company-wide CRM 	<ul style="list-style-type: none"> • Overarching CRM strategy (specified) • Market orientation • CRM objectives • Performance measures • Incentive plan • Customer segmentation and targeting (<i>supplemented</i>) • Organization-wide approach • Boutique as main customer touch points (<i>new</i>) • Initial focus on everyday customers (<i>new</i>)
2. Organizational design factors	<ul style="list-style-type: none"> • Organizational structure • Customer-centric culture • Customer-centric philosophy • Internal communication (<i>not found</i>) • Operational and management customer-oriented processes (<i>divided in another way</i>) • Cross-functional cooperation • Customer knowledge • Information technology 	<ul style="list-style-type: none"> • Customer-oriented structure • Customer-oriented culture • Customer-oriented philosophy • Internal customer-oriented processes • Customer-oriented processes in direct interaction with the customer • Close cross-functional cooperation • Correct customer knowledge (<i>specified</i>) • Reliable information technology (<i>specified</i>) • Technological alignment (<i>new</i>)
3. Employee skills factors	<ul style="list-style-type: none"> • CRM capabilities (operational and management) • Training program • Customer data collection (<i>not found</i>) 	<ul style="list-style-type: none"> • Operational CRM capabilities • Management CRM capabilities • CRM training
4. Employee attitude factors	<ul style="list-style-type: none"> • Management attitude • Employee behavior/attitude 	<ul style="list-style-type: none"> • Management attitude • Operational employee attitude • Employee alignment (<i>new</i>)
5. Implementation project factors	<ul style="list-style-type: none"> • Organizational alignment • Alignment with key stakeholder groups • Customer systems integration • Channel integration (<i>not found</i>) • Project champion 	<ul style="list-style-type: none"> • Organizational alignment • Alignment with key stakeholder groups • Customer systems integration • Project champion • Gradual development (<i>new</i>)

Table 6: Critical success factors for CRM execution within a luxury brand's subsidiary

The five areas of critical success factors for CRM execution displayed in section 2.5 are definitely applicable to this luxury brand’s subsidiary for effective CRM execution although there are some differences. The differences in CSFs within the categories are shown in this table.

The table shows which CSFs are new, which are specified, which are supplemented and which are not found in the case. Although, what is not shown by the table, is that the model should be complemented by differences in these factors on the local levels that appear throughout the results. HQ gives this opportunity in several parts of the CRM program such as with the customer database and the marketing plan. This is important because one of the organization’s qualities is individual treatment. Developing an overarching strategy with the same design and interpretation in all countries will not express this. In addition, the circumstances are different which makes it impossible to do it in such a way. However, the Benelux subsidiary should not only adjust the things offered by HQ. They should also take their own initiatives, because their subsidiary might need additional steps to make CRM working.



Figure 3: Critical success factors for CRM execution within a luxury brand’s subsidiary

These differences appear in every of these categories and subsequently effects on effective CRM execution vary based on these differences. Thus local level differences are affecting every aspect in the research framework and therefore are argued to be overarching.. These results are placed

in an adjusted framework that represents the critical success factors of effective CRM execution within a luxury brand's subsidiary reflecting that all categories are influenced by environmental circumstances (see figure 3).

5.8 Summary

In this chapter several critical success factors related to effective CRM execution in a luxury brand's subsidiary have been identified. It became clear that many success factors are comparable with the success factors that are found in literature. Thus, the categories of the CSFs remain the same. However, some CSFs are not applicable to the case or new ones are added to the categories of CSFs and some are specified and supplemented. An overarching topic, which is not previously identified in literature, are the environmental circumstances which affect the CSF. The Benelux subsidiary should always keep the local environment in mind which is already partially done. Based on these findings a new framework is developed which is depicted in the previous section.

Chapter 6 Conclusion

The objective of this report is to identify critical success factors for CRM execution within a luxury brand's regional office; thus, which aspects contribute to effective CRM execution at the subsidiary's level. The research question resulting from this objective is *“What are critical success factors for CRM execution at a luxury brand's regional office?”*.

From literature five categories of critical success factors are identified which serve as the basis to explore the success factors for CRM execution at a luxury brand's regional office. These categories are strategic management factors, organizational design factors, employee skill factors, employee attitude factors and implementation related factors.

The analysis showed that this categorization is applicable to CSFs for CRM within a luxury brand's subsidiary. Although most of the CSFs found in the case study are comparable with the CSFs found in literature, there are some differences. A table of the CSFs for CRM in this case study is given in section 5.7 where the differences between literature and the case study are shown. A recurrent topic in these categories is the difference in regions. the Benelux subsidiary already faces differences in the two markets it serves. Examples are task division in the boutiques related to data input, task division in the local marketing teams and targeted marketing in the two markets.

The first category that resulted from literature is the category that comprises factors that determine the direction and position of the organization. Overarching CRM strategy, CRM objectives, incentive plan, organization wide approach, boutique as main customer touch points, focus on everyday customer, market orientation, customer segmentation and targeting and performance measuring are determined as success factors for CRM execution within a luxury brand's subsidiary. CSFs for CRM at this luxury organization's regional office which differ from literature are the boutiques as main customer touch points, initial focus on normal customers, segmentation and targeting and overarching CRM strategy. The other factors were also found as CSFs in other industries and organizations.

An overarching CRM strategy determines the direction the organization wants to go. In the view of the brand every organizational activity should become customer-oriented whereby the boutiques keep their main function in customer contact and whereby the everyday customer gets additional attention over other customer touch points. Market orientation supports the organization in assessing their position in relation to CRM activities of competitors. CRM activities and campaigns are based on customer segmentation and targeting. Targets and

incentive plans should steer the employees to adopt this modified way of working. Finally, developments are calculated based on performance measures enabling the organization to intervene where necessary.

The second category represents organizational design factors. These factors support an organizational strategy. Factors found in the case that support the organization's CRM strategy are a customer-oriented culture, customer-oriented philosophy, customer-oriented structure, cross-functional cooperation, internal customer-oriented processes, customer-oriented processes in direct interaction with the customer, correct customer knowledge, reliable information technology and technological alignment. In this category another division is made in customer-oriented processes compared to literature where the division is made between operational and management processes. Correct customer knowledge, reliable information technology and technological alignment are CSFs specific for this case and internal communication which is represented as CSF in literature is not found as a particular CSF in this case.

A customer-oriented culture and philosophy should be adopted before a CRM strategy will work. These shared assumptions and thoughts determine appropriate behavior within the organization, thus thereby also behavior towards the customer. These two aspects were already available in the Benelux subsidiary. The local teams had to be convinced about the contribution of CRM to customer experience. All the changes in the organization are made to gather and apply customer knowledge. Organizational structure, customer-oriented processes (both internal and in interaction with the customer) and cross-functional cooperation are aspects that make it possible to bring the strategy into practice, thereby using customer knowledge. With technological alignment the IT infrastructure is developed and implemented in the way it fits the strategy and ways of working within the Benelux subsidiary. Currently, this shows a clear point of improvement; the fields of the required basic information which is necessary for the execution of CRM activities are not required to be completed by the sales associate. As this does not fit, completeness of this basic data is not guaranteed. Reliable information technology improves trust in the system by employees which they currently do not.

In the category of employee skill factors operational CRM capabilities, management CRM capabilities and CRM training are mentioned as success factors for CRM in a luxury brand's subsidiary. These factors are also found in literature. Customer data collection which resulted as success factor in literature is definitely important for the success of luxury brand's CRM, but

related to the employee, it is argued to be an operational CRM capability. However, it can also be argued to be a customer-oriented process.

Operational and management CRM capabilities have to be available to bring the customer-oriented processes into practice. Operational capabilities are necessary to execute the tasks like data collection, service provision, working with the database and organizing marketing events. Management capabilities contribute to direct operational personal in their tasks, such as motivating sales associates to follow the CRM guidelines and procedures and guiding implementation of new CRM initiatives.

The fourth category of CSFs for CRM is related to employee attitude. Determined CSFs in the case for this category are management attitude, operational employee attitude and employee alignment. Literature divided management attitude and employee behavior/attitude.

Employee attitude determines an employee's behavior together with his capabilities. He might have the necessary capabilities, but without the right attitude he will not put his effort in the CRM strategy. Through employee alignment, the Benelux subsidiary might influence the attitude an employee has towards the CRM plans and make them work towards the same goals.

The abovementioned categories show aspects that have to be attuned to the new strategy. This should be done during the implementation project. The Benelux subsidiary needs organizational alignment, gradual development, a project champion, alignment with key stakeholder groups and customer systems integration to do this successful.

Organizational alignment secures that customer-oriented processes, organizational structure and cross-functional cooperation are designed in an appropriate way. The project champion takes care of enthusiasm about the gradual developing project which stimulates support and motivation for that initiative. During this project, customer systems are integrated to provide the various departments with full customer profiles.

Comparing these results with the literature shows that the five categories of critical success factors are all identified in the analysis of which some enabled CRM performance and others disadvantage it. However, these aspects are not influencing every subsidiary in the same way. Local differences have to be taken into account in CRM at a luxury brand's subsidiary in all of these categories. The organization is aware of this in their CRM strategy as several aspects can be adapted to local circumstances, for example the customer database and the marketing

campaigns. With this knowledge a new framework is developed which expresses the five areas (strategic, organizational design, employee skills, employee attitude and implementation) of CSFs supplemented with the differences at the subsidiaries level. This model is depicted in section 5.7. Current and future success on CRM at regional offices depends on these factors. At the moment, the results at the Benelux office of the organization can be improved by making changes in these categories.

Chapter 7 Recommendations for the organization

From the results on critical success factors regarding CRM implementation at a luxury brand's regional office several recommendations can be made for the organization, both for headquarters as the Benelux subsidiary. These recommendations are described based on the framework for CSFs for CRM within a luxury brand's subsidiary

7.1 Recommendations at strategic management level

HQ thought out a clear overarching strategy. Step by step the organization is working towards the creation of the organization wide customer-oriented organization they have in mind. Regarding recommendations at the strategic level a couple of things can be proposed to improve CRM execution at the Benelux subsidiary. First, the organization emphasizes the importance of local adaptability of the CRM activity plan. Materials are offered in several languages. In addition, the Benelux subsidiary hired a new colleague under the condition that she would learn Flemish in order to serve customers in their own language. However, communication materials are not available in the language of the Dutch and Flemish customers. It is advisable for the organization to discuss this topic with HQ. As it is expensive for the Benelux subsidiary to translate everything themselves, they might find a good compromise. A possible option for HQ is to offer for example the required marketing campaigns and the pages with the fixed content on the website in Dutch.

Second, targets and performance measures are meant to give insight in the results of both the subsidiary and HQ. People are working towards a goal of which they will see the results. If they do not see the outcome of their efforts, they stop to put effort in something. Assessing data capturing is organized in a good way as the subsidiaries analyze their results by themselves and thus see their results on this important aspect of CRM. Regarding the marketing campaigns this is a bit different; results of international marketing campaigns are analyzed on a global level. Because there are no results available of the campaigns performed in the Benelux that are part of the bigger communication plan, the subsidiary does not know the effects of the campaign. Especially for boutique employees it can be stimulating to see the effects of their efforts; then they understand why collecting customer data is important for the organization. Therefore it is advised that the results of the subsidiaries are calculated by HQ and subsequently being communicated to them.

Third, related to the CRM targets is the indistinctiveness on these targets in the Benelux. Targets are good means to steer employee's behavior, but then they should be aware of it. However, somewhere in the process in the Benelux it went wrong. The local management team should be

on one line and should be sure that the sales associates are aware of the targets for the boutiques (data quality versus data quantity). These targets should be repeated once in a while which reminds them of where they have to put their efforts. A minor effort would be to mention the use of 'data collection and qualification' in communication instead of 'data collection'.

Fourth, the Benelux marketing manager emphasized the usefulness of incentive plans to stimulate sales associates in their activities. Although an incentive plan for FY 2011/2012 is developed and in progress for Benelux sales associates, it also needs frequent follow ups to be effective. In the future incentive plans for sales associates should become more structured. As HQ argues that the CDB is the backbone of their CRM strategy, they should carry this out to the boutiques that have to take care of the input of the CDB, so maybe HQ can coordinate a sales associate incentive plan system in cooperation with the local offices.

7.2 Recommendations on organizational design

Recommendations on the design of the organization to support the strategy can also be made from the analysis. It is argued that the culture and philosophy are in line with the strategy; offering excellent products and services to the customers. The first recommendation is related to customer knowledge. Gathering customer data is still problematic in the Benelux boutiques. It should become a routine; sales associates should see it as part of their normal tasks instead of something extra. The boutique manager has to guide sales associates in this process more structured. Based on the person this can be support on the skills of the employee or on motivation.

In line with data gathering is the correctness of the customer data. Data quality and quantity are both not reaching the targets in the Benelux. The sales team and the marketing team should be aligned on these targets. To improve data quality and quantity, the local marketing manager implemented an incentive plan to motivate sales associates to reach these targets. Structured and frequent follow up of this incentive plan by the boutique manager is required. The boutique manager should also be sure that sales associates check whether an existing customer account is up to date and complete, especially regarding contact information. Although expressed by the management team, this step is not observed during observations.

Thirdly, the meetings between the management team and sales departments should be scheduled more frequent again. Because CRM related topics are part of the meeting, the local management team becomes more aware of the situation in the boutiques and is able to give support. In addition, the boutique managers meet each other at this meeting which gives them

the opportunity to talk about and discuss those topics with each other. As CRM is being discussed in these meetings and points of action are written down, boutique managers are more actively thinking and acting on this topic.

Fourth, the after sales department currently does not contribute to relationship building with the customer. The person at this department is completely working solo. There is no control on his work and complaints only reach other parts of the organization when a customer's phone call is answered by someone else in the organization or when the customer complains in the boutique. In the future the CDB will be linked to the after sales database, but until that time another way of control is necessary. At the end of the week somebody of the boutique can for example randomly check some repairs, for example its registration and status. In the future, with the connection between the databases the sales associates should systematically use the CDB for inputting repairs. Otherwise the control system would not work.

Fifth, as the marketing plan is rejected shortly before it actually had to commence, it is assumed that the development of this plan is not done in close cooperation with the organization. In order to be on the same level, it is argued that the development of the marketing plan should be in better cooperation with the organization. Thoughts and wishes of the organization about the new activity should be discussed with the marketing agency before they actually start with this development. These thoughts and wishes should also be aligned with the local marketing managers in advance. Consulting them during the development will increase the change of adoption.

Information technology is argued to be the backbone of CRM. As the whole project relies on this it should be good. In the beginning there were some problems with the CDB which the IT company solved as soon as possible. Currently, once in a while small problems occur related to the link between CDB and the cash till, but these are solved the same day. The Benelux subsidiary should keep track on problems with the database and the link between the cash till. The boutique manager should discuss this actively with the sales associates and communicate with the IT company to solve those problems as soon as possible.

Finally, the CDB in the Benelux should be adapted to the requirements on data gathering from HQ. The required basic information should be mandatory with the first entry and dots and spaces should not be accepted by the CDB. This should be done in cooperation with the IT company. This action in combination with an increase in computer skills will definitely improve data quality.

7.3 Recommendations for employee skills

Regarding employee skills the Benelux subsidiary can gain big improvements. Currently not all employees have the appropriate capabilities to execute their tasks. It is recommendable for the Benelux subsidiary to assess the strengths and weaknesses of the employees and base a training and development plan on these skills. This should become a continuous process. They can for example start a personal development plan which is coordinated by the Benelux management team and the HR department. A personal development plan provides the opportunity for individual training and development besides the general training which is currently mainly provided by HQ.

7.4 Recommendations on employee attitude

A good strategy with appropriate organizational design does not result in effective execution of this strategy by itself. Therefore committed and motivated employees are needed. Employees cannot be forced to be motivated to execute their job or part of their job, although the organization can create the conditions to increase motivation, thereby improving their attitude. To create these conditions, several things can be undertaken. The managers themselves should show their commitment. This is one of the most important factors. These managers should attend other employees, such as the sales associates on their behavior if they are not acting upon the guidelines, but they also should give compliments. Thus, not only negative things should be emphasized. This should be done structural. In the Benelux, this is especially applicable to the boutique managers and marketing as they have to guide the sales associates in their CRM activities. The incentive plan that is developed in the Benelux is a good initiative to influence employee attitude. This should become a yearly recurrent plan; it manages and monitors employee behavior. Another motivator can be local results. Currently, sales associates only see the data development rates are proof of their efforts, while the overarching goal is bigger. Although the difficulty to measure regional results is emphasized, a way should be found to calculate the influence of the marketing campaigns for the Benelux market. Local results will influence thoughts about the effects of the CRM strategy more on a local level. These results have to be available and should be discussed and emphasized in the boutiques and the subsidiaries. Being confronted with the additional regional sales should stimulate motivation and commitment positively.

7.5 Recommendations for implementation

CRM implementation is coordinated by the marketing manager who has to execute a part of this project herself at the same time. Therefore the line between implementation and execution is vague. She follows instructions from HQ, but, according to herself, she could have given CRM a

higher priority. It can be assumed that a follow up to evaluate and adapt changes is not done in a structured way. CRM needs more attention in the local office in order to give the expected results. With better follow up and evaluation, it is easier to identify problems areas and to intervene. Therefore, it is advised to spend time on local CRM themes and issues besides the required CRM actions. This gives the opportunity to solve local CRM issues and to improve CRM execution.

Chapter 8 Discussion

Every study has its strengths and weaknesses. The strengths and weaknesses of this study are discussed in this chapter. In line with this, some options for future research are explicated.

8.1 Limitations of research approach and results

This research and its results are limited in several ways. The limitations of the research setting are already discussed in section 3.4. First of all, there was no knowledge available which is related to critical success factors of CRM implementation in luxury goods industry. Literature on CRM in other industries helped to structure data analysis. However, because luxury is based on other principles apart from many other products and services, current theories cannot just be tested in a deductive way. Therefore, this study is applied an inductive approach whereby empirical data are used to structure the case in the search for critical success factors for CRM execution in a luxury brand's regional office. This adds to the emerging knowledge on CRM specifically for luxury industry (Eisenhardt, 1989; Saunders et al, 2009; Langley, 1999). Although the main factors from this study support the results in current literature in other industries, some details within the categories are different. In addition, regional differences appeared to influence CSFs in every category for a luxury brand's subsidiary. Other authors (Mendoza et al, 2007; Boulding et al, 2005; Zablah et al, 2004) mentioned the effect of a factor is context dependent without taking this into further account in their frameworks. Ramaseshan et al (2006), approaching CRM from a marketing perspective, are the only ones who argue that regional differences actually influence CRM. Although the results are empirically true for this case, it is a narrow and idiosyncratic theory. It can be assumed that the same issues are felt by other luxury brand's regional offices too as the industry is the same and as they are part of an international organization. This limitation can be overcome by deductively testing the results from this research in other case studies (Eisenhardt, 1989; Saunders et al, 2009; Langley, 1999).

The researcher participated in daily business for half a year, whereby in-depth research is gathered. To remember important points, remarkable observations are written down in a weekly report during observation. However, observation as a method may reduce objectivity of the findings. To overcome these issues triangulation is executed in several ways, for example by interviewing Dutch sales associates and the marketing manager. In addition, the researcher took advantage of existing reports, presentations and analyses. Not having Belgian sales associates as interviewees is another limitation because this could have discovered more about working in the Belgian boutiques and issues they face. The interviews of Dutch sales associates were conducted at the boutique, where colleagues were around, which may influence their responses. To minimize this influence, the interviews took place at the most quiet place of the boutique. The

interviews were semi-structured so that it was possible to ask further questions on interesting aspects which is useful in inductive research. A final limitation of data gathering is that only one interview has been recorded; during the other interviews only notes were made. Recording may improve interpretability (Eisenhardt, 1989; Saunders et al, 2009).

In summary, the results of this empirical study are only based on one case, which means that it is not generalizable to the entire population of luxury brands' regional offices. This needs more research on this topic.

8.2 Future research

Since this research is only the first study in this context, there are many possibilities for future research to extend and strengthen the assertions. First, a cross case study can be executed amongst other subsidiaries of luxury brands. This case study is not exactly repeatable due to observation and semi-structured interviews, but the results from other studies can be categorized in the same way as the case study. The current case study can be used as the first for this cross case study as the case description is elaborated extensively. A cross case study may be executed in luxury brand's subsidiaries in the Benelux to see whether the results are generalizable over this region or it can be performed at the subsidiaries in other countries or regions, for example Italy or China to assess the applicability to the organization. The region of study probably yields different results.

In addition to these qualitative future research opportunities, it would be interesting to examine changes in the critical success factors and thereby calculating to what extent they really add to effective CRM execution within a luxury brand's regional office. For example, what is the effect when Dutch speaking customers are approached in their own language instead of in English or French. Or, what is the result of improving the Dutch after sales service? Does more commitment of sales associates to the CRM program really yield better database results?

Thus, besides improving the outcomes by performing more case studies, deductive quantitative research gives more insight in the success factors and its results. This research provides a basis for both qualitative and quantitative research.

8.3 Implications for business and science

Although the outcomes are only based on one case study, the results are definitely useful for both business and science. The organization can directly act upon these results as the results are empirically true for the Benelux subsidiary. The results are practically applicable, so when they

want, they can use it to improve their CRM practices. This influences development of their CRM program and consequently strengthens its customer relationships. Other luxury brands may use the results to evaluate whether their CRM implementation takes these critical success factors into account enough. This will give them more insight in their own CRM practices.

For science the results of this study are only a starting point for research on this topic. It is the first research which takes into account a comprehensive CRM approach with an international perspective. The possibilities for future research are not only limited by the ones discussed above. New research will come up with more and probably more in-depth research about CRM in luxury industry. It would be good to first attempt to work towards a more generalizable theory by conducting case studies in luxury organizations. Subsequently this theory can be tested deductively and furthermore in a quantitative way.

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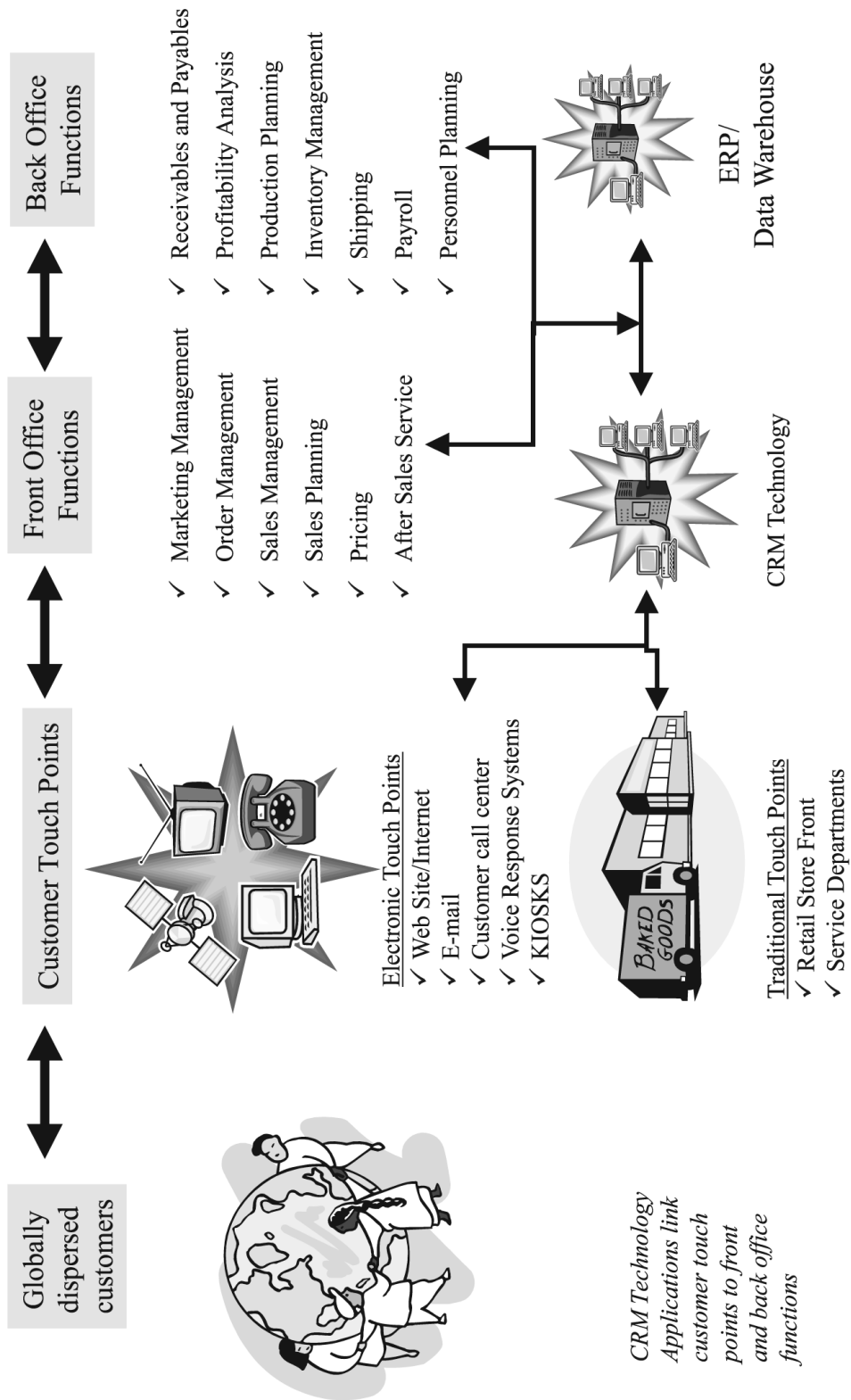
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Appendix 1 functions

CRM applications linking front and back office



Source: Chen and Popovich, 2003, p. 674

Appendix 2

Overview critical success factors for CRM

<i>Reference</i>	<i>Critical success factor</i>	01. Becker et al, 2009	02. Bohling et al, 2006	03. Callieux et al, 2009	04. Campbell, 2003	05. Chen and Popovich, 2003	06. Eid, 2007	07. Helander and Moller, 2007	08. Keramati and Mehrabi, 2009	09. Keramati et al, 2009	10. Kim et al, 2002	11. Kim and Kim, 2009	12. Lindgreen et al, 2006	13. Mendoza et al, 2007	14. Payne and Frow, 2005	15. Radcliff, 2001	16. Rigby et al, 2002	17. Ryals and Knox, 2001	18. Shah et al, 2006	19. Teo et al, 2006	20. Wu, 2008	21. Yu, 2001	22. Zablah et al, 2004	
Project champion						√					√												√	
Channel integration						√					√							√						
Customer systems integration							√				√	√		√	√									
Alignment with key stakeholder groups		√										√											√	
Cross-functional cooperation						√								√				√						
Customer data collection				√									√							√				√
Customer knowledge			√	√		√							√	√		√	√							√
Customer segmentation			√										√											√
Information technology	√			√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Company-wide CRM		√				√							√											
CRM capabilities employees (operational and management)						√			√	√		√	√			√								
Customer-oriented processes (operational and management)			√	√	√	√				√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Training program						√	√		√	√			√					√						
Internal communication						√								√		√		√						
Incentive system				√	√				√	√			√			√		√						
Performance measures			√	√	√	√										√		√	√					√
Employee behavior/attitude	√					√	√		√	√	√	√	√	√			√							√
Management attitude	√	√		√	√	√			√	√	√	√	√	√				√				√	√	
CRM goals/objectives						√			√	√		√	√	√								√		√
Customer-centric philosophy						√	√		√	√						√				√				
Organizational alignment	√							√				√				√	√		√					
Market orientation						√						√				√								
Organizational structure													√			√			√					
Customer-centric culture						√	√						√			√		√	√				√	√
CRM strategy						√	√				√		√			√	√							√