The impact of CRM in Customer Relationships

Author(s): Alexander Artman,
Marketing programme

Anton Brunnberg,
Marketing programme

Jesper Westerlund,
Marketing programme

Tutor: Dan Halvarsson

Examiner: Rana Motaghel

Subject: Customer Relationship Management

Level and semester: Bachelor's Thesis, Spring 2013

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Acknowledgements

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Abstrakt

CRM (Customer Relationship Management) are systems that in an efficient way help suppliers to support and keep a personal relationship to their customers. The purpose of this thesis was to investigate the role of CRM in the relationship between customer and supplier in a B2B context. The research was conducted within the banking industry.

With help from previous research a model was created and three hypotheses were made. These hypotheses were used to measure CRMs impact on trust, satisfaction and commitment which was the three concepts used to represent relationship. A questionnaire was conducted and distributed by Email to companies within the area of Kronoberg. 902 companies got the chance to participate in this study, of which 92 responded. The results of the empirical investigation showed that CRM had a positive impact on all of the mentioned concepts, however the difference in impact on the different concepts should be noted and more research would be required around the area.

Key Words of this study: Relationship, CRM, satisfaction, trust and commitment.

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Chapter 1. Introduction

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1.1 Background

"No business can survive without understanding its customers and having a positive relationship with them" (Motiwalla and Thompson 2009, p. 309). Since it is important to build new relationships as well as maintaining the existing ones for a company, is it also important to know how to interact with the customers in order to strengthen the business relationship (Garbarino and Johnson 1999). A strong business relationship creates a situation where both parties gains value from each other which creates a win-win situation (Nguyen et al. 2007).

A few years back, customer relationship was not considered being associated with increased sales and business success. It was even common that suppliers ignored the customer to the extent that the customers did not return (Nguyen et al. 2007). Today on the other hand, suppliers are well aware that good relationships with their customers are crucial for their business to survive. In order to keep track of customer interaction and customer information the suppliers have access to systems that in an efficient way help the supplier to support and keep a personal relation to the customer. These systems are called CRM systems (Customer Relationship Management) (Nguyen et al. 2007). The CRM system is an efficient way to develop and maintain customer relationships, leading to more satisfied and loyal customers (Wright et al. 2002). If the supplier is able to use their CRM system in a correct way the chances of strengthened relationships are improved and the supplier may be able to retain customers (Nguyen et al. 2007).

The reason for companies to implement CRM is to create and preserve good relationships with their customers (Kim et al. 2012). Garbarino and Johnson (1999) consider three different concepts that are important to build and maintain a relationship, these concept are trust, satisfaction and commitment. CRM may affect these concepts on different levels and thus, long-term relationship with the customer (Ibid). All these concepts are important for the customer in order to build a strong relationship (Garbarino and Johnson 1999).

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1.2 Problematization

"Relationships are two-sided. It takes two for a relationship to exist, and this has to be true for a relationship- based approach to marketing as well" (Grönroos and Helle 2012, p. 344). Even though two parties might have different ambitions and visions about the relationship the main goal is to gain business advantages together (Ibid).

The personal relationship between the customer and supplier is essential. It is important that the company has the right information about their customers in order to know how to interact with them (Sheth and Parvatiyar 2000). Garbarino and Johnson (1999) argue that companies have to focus on trust, satisfaction and commitment in order to build strong relationships with their customers. If the customers are not satisfied or do not trust the supplier, it can be hard to develop and maintain a strong relationship with each other (Ibid). According to Morgan and Hunt (1994), a relationship is based on mutual trust and commitment and thus it is important that both parties experiences that they gain value from each other in order to be satisfied. If the two parties do not succeed with this, one party may feel the need to terminate the relationship with the other and the relationship will fail. (Ibid).

Since most suppliers today consider customer relationships to be such an important part of their goal to reach success, customer service is for most organizations one of the key concepts in their competitiveness where they fight for the customers by providing superior customer service (Watson 2006). By using a CRM system a supplier may decrease the distance between themselves and their customers. They may also improve customer service and increase customer loyalty. CRM systems can be a way for suppliers to maximize their opportunities to integrate with their customers and strengthen the relationship (Nguyen et al. 2007).

The theory about CRM shows that the systems can have huge benefits for the supplier, the customer as well as for the relationship in between (Nguyen et al. 2006; Wright et al. 2002; Watson 2006; Kim et al. 2012). However, there are many difficulties on the journey to this desired scenario and not all suppliers succeeds with improving their relationships through the CRM system the way that the theory describes (Kim et al. 2012). Many researchers have tried to

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sort out this complex problem by comparing different suppliers and their adoption of CRM (Ibid). However, in order to successfully adopt CRM, it is crucial to understand the role that CRM has in the building and strengthening of relationship to the customer (Chalmeta 2006).

1.3 Purpose

The purpose of this thesis is to investigate the role of CRM in the relationship between the customer and supplier in a B2B context.

1.4 Delimitations

This paper investigates the concern about building and strengthening relationships through CRM. Previous studies show that there is a strong relationship between CRM and customer relationship. However, there are different theories about why CRM should be implemented. In order to narrow down the wide topic, the authors decided all aspects presented in this research paper are about the role CRM has in the relationship between customer and supplier only. The study is conducted from the customer point of view and in a B2B context.

The study was conducted on the banking industry since it is a highly service oriented market where the role of CRM is important between the customer and supplier. The competition is fierce and loyal customers are crucial to remain competitive. Previous research within the area is limited and this study will contribute with new knowledge regarding how CRM can be used to strengthen relationships and gain satisfied and loyal customers. The study treat the banking industry in Sweden only and the results will not be applicable on any other market.

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1.5 Outline of thesis

The study is divided into 7 chapters as following:

Table 1. Outline of thesis

Chapter 1 Introduction	The first chapter provides background information to the research problem, leading to the purpose of the thesis.
Chapter 2 Literature review	The literature review provides the reader with an understanding of CRM and its different components.
Chapter 3 Conceptual framework	This chapter presents a theoretical and operational definition of key concepts together with a proposed model and hypotheses based on the literature review.
Chapter 4 Methodology	Provides an understanding of the different methods and a justification of the methods used in this study. Furthermore, in order to measure the theory in reality, an operationalization was made.
Chapter 5 Data analysis	This chapter presents the findings of the empirical investigation together with an analysis of the gathered material.
Chapter 6 Discussion, Conclusion and Implications	This chapter connects the literature review and the empirical findings in order to answer the hypotheses and purpose of the study.
Chapter 7 Limitations and future research	This chapter explains the limitations of the study and provides recommendations for future research.

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Summary

In this chapter adoption of CRM was presented as the subject of interest. It started by discussing the importance of CRM and its role in the relationship between customer and supplier. This followed by a problem discussion that led to the purpose of the thesis. The following chapter will discuss relevant theories about adoption of CRM in a relationship.

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Chapter 2. Literature review

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2.1 CRM System

A CRM system is created to store customer information and can help to improve customer relationships continuously (Ku 2010). The CRM system is created to simplify the dissemination of customer information through the company (Chang et al. 2010). The systems that will be examined in this subheading are CRM software and CRM performance (Ibid).

2.1.1 Software

When CRM first was acknowledged, companies used it as an IT-system to automate customer processes (Motiwalla and Thompson 2009). Later on, a whole other view of the customer appeared. It started out as a system that captured data for analysis, cost control and track preferences, but later it developed to a tool for process efficiency and holistic view of the customer relationship value (Ibid). Companies made a complete turnaround for how to handle customers. The progress continued further and the focus changed into personalized marketing, sales automation and personalized customer service (Ibid).

CRM is often associated as an IT marketing method, but it might be much harder to obtain success in customer relationship (Chen et al. 2009). It consists of a database that helps the salespeople to be updated about customers needs in order to maintain a good relationship with the customer (Hendricks et al. 2007). The purpose with the CRM is to identify potential customer, gather the relevant information about them and try to improve partnership and long-term relationship. Knowing customer´s business makes it easier to communicate and discover their needs. Offer a product that fits the customer is an important tool in the CRM, to know the customer even more and create value for your customer (Valentim et al. 2011). CRM continuously gather and update a huge amount of information in order to effectively communicate with the customer and deliver solutions (Shah and Murtaza 2005).

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2.1.2 Performance

On the current B2B market today it is common that companies use a system for how to handle customers (CRM) (Chang et al. 2010). The system allows development and effectivization of customer management. It is important that the organization knows how to use the system to utilize performance (Ibid). To investigate CRM performance has become an important part in the company, and to be able to do this, the company must understand what factors are important in a CRM strategy and how they relate to the factors which have a direct influence on the relationship to the customer (Kim and Kim 2009). To measure CRM and performance, it is important that the focus is not only on the direct link between CRM and performance, but to understand and investigate how different mechanisms and situations affect companies CRM success (Reimann et al. 2010).

Companies have used some sort of relationship management for a long time. What differentiates CRM from other business systems is that CRM can increase potential technology and use one-to-one relationship with a large number of customers (Payne and Frow 2006). CRM creates value by gathering resources, technologies, knowledge and information. Information that is crucial to store and manage in order to maintain good relationships with new and existing customers (Grönroos 1997).

2.2 Relationship

Companies sometimes invest a lot of money to create, sustain and enhance relationships with their customers in order to gain a positive financial outcome (Mende et al. 2013). It is important that a salesman has a positive relationship with the customer since a sustainable relationship has a positive effect on the financial results (Friend et al. 2011).

Technology is an integral part of CRM. It makes it possible for data collection, spread and use of information throughout the whole organization. However, building and improving customer relationship is a more critical factor in CRM than technology and spread of information (Minami and Dawson 2008).

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Relationship marketing is regarded as one of the key developmental areas of modern marketing and has generated great research interest the last few years (Sheth and Parvatiyar 2000). The origin of relationship marketing can be traced back to earlier times where it served a function in the development of marketing theory at one time. Relationship marketing cannot be applied on only one department in an organization, it is crucial that it has support of people in other departments and business functions as well to be effective and successful. Today this is not easy to achieve (Grönroos 1994). Relationship marketing should attract, maintain and enhance customer relationships (Berry 1995). CRM might be seen as an efficient way to extend and maintain the profitable customers by trying to keep good relationships with them (Payne and Frow 2006). Grönroos and Helle (2012) takes it one step further, they believe that the focus should go from exchange of value with each other, to a process of mutual value creation and a win-win situation.

Relationship marketing is about how organizations manage their relationships with customers for long-term profitability. Customer relationship management on the other hand is more about how to use information technology in the implementation of relationship marketing strategies. Relationship marketing is concerned with relationships with multiple stakeholders, while customer relationship management is foremost on the customer (Ryals and Payne 2001).

A crucial part not to miss in the implementation of a CRM strategy is the employees. The company is wise to invest in education of employees for how to use the system because they are the part that determines the system´s success and therefore should not be underestimated (Chalmeta 2006). When the employees are satisfied with the company's system it leads to a positive result in the work. However, if the employees are not satisfied it affects the whole company in a negative way (Po-An Hsieh et al. 2012).

The CRM system helps the employees and sellers to obtain relevant information about the customer in order to meet their expectations (Po-An Hsieh et al. 2012). It is important that the communication between the employees and customers are good. It does not matter how good the CRM system is if the communication fails. Instead the company risks that the customer perceive the CRM system as unnecessary and redundant (Kim et al. 2012).

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2.2.1 Trust

Trust is a vital concept in order to have a successful relationship. Building relationship is about acquiring trust to another person or company (Garbarino and Johnson 1999). Personal integration between buyers and sellers reduce distance between them and increases trust between the two parties (Friend et al. 2011).

What defines a buyer's trust in the supplier is the faith the buyer have in that the actions undertaken by the supplier will be fulfilled (Friend et al. 2011). Trust is contextualized similarly by Moorman et al. (1992) as the buyer's volition to depend on, and have confidence in the supplier. Further, trust has been studied in a similar context of the buyer's intentions of future purchases where trust plays an important role in influencing constructs which are central in building long-term relationships with the customers (Doney and Cannon 1997).

2.2.1.1 Loyalty

"Customer loyalty is defined as a deeply held commitment to rebuy or repatronize a referred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior" (Oliver 1999, p. 34). Customer loyalty and CRM performance can connect to customer expectation (Hillebrand et al. 2011). The concept of Customer Relationship means how an act from the company can give a positive effect on the customer. This can be expressed in three different variables and are called: Causes that lead to customer satisfaction, customer loyalty and customer profitability (Helgesen 2006). It is important to balance the company investment and the customer satisfaction to maximize corporate profit (Gebert et al. 2003).

The extent of loyalty programs is growing every year in order to increase and maintain the customer loyalty to the company so the company can keep their profitable customers (Evanschitzky et al. 2012). It is important that firms recognize that customers are loyal due to different reasons: Because they want to be, because they feel that they should be and because they feel that they have to be. All these kinds of loyalties can develop in different ways and managers should be aware of this so they can develop strategies based on any of these

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commitment behaviors (Hur and Kang 2012). Company loyalty is driven by the quality of the existing relationship and more emotional positive factors such as trust, satisfaction and commitment. Trust and commitment are in this case more important for the customer than satisfaction (Evanschitzky et al. 2012).

CRM is a good way to increase customer loyalty to the company. However CRM systems is not always a good and effective system, the study of Hillebrand et al. (2011) indicates that the system can have difficulties living up to the expectation from the company, it can also be very expensive. It confirms that companies implementing CRM mostly because competitors are using it, likely results in fewer customer insights instead of more (Hillebrand et al. 2011).

The expectations of a CRM system have evolved over time and today CRM is evolving once again (Motiwalla and Thompson 2009). Companies are being forced by the market to re-evaluate how to deliver value to the customer. There is a shift in the CRM focus, from cost reduction to building brand loyalty and growth. Information that is being collected by a CRM program can be analyzed and used to create a unique branded experience for each client (Ibid). The expectations of CRM are that if the company can create a unique experience for the customer, they will remain loyal to the brand and this will in turn increase sales (Ibid).

2.2.1.2 Expectations

Li-Hua (2012) argues that expectations are an indicator for how to predict satisfaction. He also mentioned that a customer with high expectations often tend to be dissatisfied with the supplier. It is important to keep a customer satisfied with a supplier in order to maintain their trust (Garbarino and Johnson 1999). If a customer has certain expectations on the delivered product or services and the supplier continuously fails to reach them the customer will start to search for other options (Ibid).

2.2.1.3 Reliability

It is crucial that suppliers always operate with high reliability and have it as a key word in their organization to be able to compete in a business with high competitiveness. Reliability has a direct effect on profitability which definitely is a driving force in the industry (Klaus and Maklan 2013).

Reliability is closely related to trust. Trust is built when one party has confidence in the other party's reliability and therefore reliability is what determines if one part is able to trust the other or not (Morgan and Hunt 1994). Reliability is gained through integrity within the firm and trustworthiness to perform reliable and intentional in all situations. Reliability is necessary to build confidence in order to maintain and gain trust in a relationship between two parties (Garbarino and Johnson 1999).

2.2.2 Satisfaction

Buyers and sellers want to be able to share and spread information between each other. Through CRM it can be possible for the customer to easily take advantage of what product or service the supplier offers (Hsu et al. 2008). This helps to create a good relationship with the companies involved and makes it easier for future businesses (Ibid).

CRM is often implemented to improve customer satisfaction and the employees' service quality (Po-An Hsieh et al. 2012). Organizations have discovered the economic benefits associated with satisfied customers (Ibid). As the competition increases, the supplier need to keep their customers satisfied in order retain them (Helgesen 2006). A satisfied customer could become a loyal customer due to the fact that a satisfied customer often returns to the company (Ibid). The two concepts of customer profitability and customer satisfaction are important for the marketing concept. But the relationship between these two concepts tends to be taken for granted by several companies (Ibid). Even though two parties might have different ambitions and vision about the relationship the main goal is to gain business advantages together (Grönroos and Helle 2012).

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2.2.2.1 Experience

Customers tend to consider the past experiences of a product more than the quality of a product (Klaus and Maklan 2013). Klaus and Maklan (2013) define experience as "the customer's cognitive and affective assessment of all direct and indirect encounters with the firm relating to their purchasing behavior". It is likely that a customer continues their purchase of a product if they consider the purchase as successful (Garbarino and Johnson 1999). Previous experience may affect the overall satisfaction (Ibid), this has led to that experience has become a higher priority for companies due to the fact that experience seems to affects satisfaction to a higher level than before. (Klaus and Maklan 2013; Chen et al. 2012)

2.2.2.2 Profitability

Customer profitability is an important concept in the measurement of customer relationship management (Holm et al. 2012). Customer profitability can be seen as a connection between customer loyalty and customer satisfaction. The company should always strive to satisfy customer needs and wants in order to increase customer profitability and satisfaction. Positive relationship between profitability and satisfaction is often taken for granted by many companies (Helgesen 2006). This is something companies must prioritize to a greater extent (Ibid).

2.2.2.3 Communication

Maintaining communication is crucial at the beginning of any relationship (Theron et al. 2008). To have a positive impact on customers loyalty it is important that the communication between them is good (Peelen et al. 2009). To use different communication channels like face-to-face, Email and internet the company is able to improve the assets to the customer and gain an understanding of their needs (Ibid). Each channel must be integrated and managed to make the dialog continuous between the company and their customer (Ibid). The main function of the communication is to reduce uncertainty and misunderstandings, in order to solve this, the company can provide the customers with the information relevant to them. Efficient communication with the customers can be obtained through high quality communication within the company (Theron et al. 2008).

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2.2.3 Commitment

Commitment is an important concept to build and maintain the relationship (Morgan and Hunt 1994), it is defined as *"an enduring desire to maintain a valued relationship"* (Moorman et al. 1992, p. 316). Both buyer and seller should have the same amount of commitment in order to build a long-term relationship (Garbarino and Johnson 1999).

Commitment can occur when the customer feel they have a mutual trust with the supplier, it can also occur when the customer feel that it is inconvenient or complicated to change supplier (Menon and O'Connor 2007). Menon and O'Connor (2007) argue that commitment preferably should be based on mutual trust understandings. However, high dedication from both parties is an important factor when building a strong relationship (Frow 2007).

2.2.3.1 Relationship termination costs

Relationship termination cost is the expense and difficulties to switch to another supplier (Morgan and Hunt 1994). Morgan and Hunt (1994) also argue that if there are clear switching costs, it makes it difficult for customers to switch between companies. According to Jones et al. (2002) there are different types of switching costs that may affect the customer. Continuity cost explains the risks for switching from known companies to unknown ones. Searching cost describes that it takes a lot of time as well as effort to search for other options and partners (Ibid). Sunk and setup cost means that the customer is emotionally involved in the company and that if they were to change to another that would be an emotional transformation as well (Ibid).

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2.2.3.2 Shared Values

Morgan and Hunt (1994, p. 25) defines shared values as "To the extent to which partners have beliefs in common about what behaviors, goals, and policies, are important or unimportant, appropriate or inappropriate, and right or wrong". Shared values can work as guidelines for how members in a supply chain should establish their policies, goals and strategies (Kashyap and Sivadas 2012). By defining an organizational relationship and share values between companies leads to improvements of the performance and enhancing the final result of the collaborations (Ibid). However, sharing mutual values increases the trust and commitment between the companies which often leads to beneficial and sustainable relationships (Morgan and Hunt 1994).

2.2.3.3 Relationship benefits

Relationship benefits is an important concept in today's markets, it means that companies should constantly strive towards creating profitable offers in order to provide higher values to their customers (Morgan and Hunt 1994). Communication is an essential part to maintain relationship benefits, it must be a form of two way communication to create a strong relationship to the customer (Ibid). There are different types of relationship benefits, Gwinner et al. (1998) talk about confidence benefits, it means that companies must maintain their commitment to the customer to create confident relationships to the companies. The second type of benefits is social benefits, company must support and help their customer with the buying decision in order to create confidence (Ibid).

2.2.3.4 Attractiveness of alternatives

"Attractiveness of alternatives is defined as the client's estimate of the likely satisfaction available in an alternative relationship" (Sharma and Patterson 2000; cited by Theron et al. 2008, p. 1000). How attractive it can be for customer to switch suppliers, Theron et al (2008) mean that if other options are very attractive the customer are not likely to be committed to the company. It is important that the customer is attracted enough to the company so no other options are more attractive (Ibid).

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Chapter Summary

This chapter presents a summary of previous research regarding CRM and its role in the relationship between the customer and supplier. A connection was made between CRM and trust, satisfaction and commitment, as representative concepts for the Relationship. The following chapter will further treat these concepts to create hypotheses and provide a proposed research model.

Chapter 3. Conceptual Framework

3.1 Conceptual and Operational definitions of the concepts

Based on the literature review Adoption of CRM, trust, satisfaction and commitment was chosen as representative concepts for the Relationship between the customer and the supplier. Table 2 presents theoretical and operational definitions of the key concepts.

Table 2. Theoretical and operational definitions of key concepts

Concept	Conceptual Definition	Operational Definition
Adoption of CRM	"CRM is 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 cocreate 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 and Frow 2005, p. 168)	A measure that reflects customer relationship management in a B2B context.

Trust	"Trust is defined as a willingness to rely on an exchange partner in whom one has confidence." (Moorman 1992, p. 315)	A measure that reflects trust between customer and supplier in a B2B context.
Satisfaction	"Satisfaction is the consumer's fulfillment response. It is a judgment that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment." (Oliver 2010, p. 8)	A measure that reflects the customer satisfaction with CRM in a B2B context.
Commitment	"Commitment to the relationship is defined as an enduring desire to maintain a valued relationship." (Morgan and Hunt 1994, p. 23).	A measure that reflects commitment in a B2B context.

3.2 The role of CRM in the relationship between customer and supplier

3.2.1 CRM and Trust

Previous studies have indicated that personal integration between buyers and sellers, often guided by CRM systems, reduce distance between them and increases trust between the two parties (Friends et al. 2011; Doney and Cannon 1997). According to Doney and Cannon (1997); Friends et al. (2011) as well as Moorman et al. (1992) trust is influencing constructs which are central in building long-term relationships with customers. Further they emphasizes that CRM has an important role in trust.

H1: CRM has a positive impact on trust.

3.2.2 CRM and Satisfaction

Previous studies have shown that CRM can be implemented to enhance the quality of the suppliers services and improve customer satisfaction (Po-An Hsieh et al. 2012; Kavitha and Palanivelu 2012; Hsu et al. 2008; Grönroos and Helle 2012). Kavitha and Palanivelu (2012) as well as Motiwalla and Thompson (2009) believes that there is a paradigm shift in CRM from 'product centric' and 'mass marketing' to a customer centric business strategy where CRM is used to optimize customer satisfaction.

H2: CRM has a positive impact on satisfaction.

3.2.3 CRM and Commitment

CRM is about how to handle the relationship to customers and to support long term relationships (Wright et al. 2002). Peelen et al. (2009) as well as Wright et al. (2002) believes that this leads to a higher level of commitment. Menon and O'Connor (2007); Morgan and Hunt (1994) as well as Garbarino and Johnson (1999) believes that a CRM strategy is important in order to develop

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affective commitment among the customers. They further implicates that there is a relationship between CRM and commitment.

H3: CRM has a positive impact on commitment.

Figure 1, illustrates the proposed research model along with the hypotheses. A model was created to suit the three hypotheses and will function as a guide for how the study will proceed. The model explains how the independent variable CRM affects the dependent variables trust, satisfaction and commitment.

Figure 1. Proposed research model
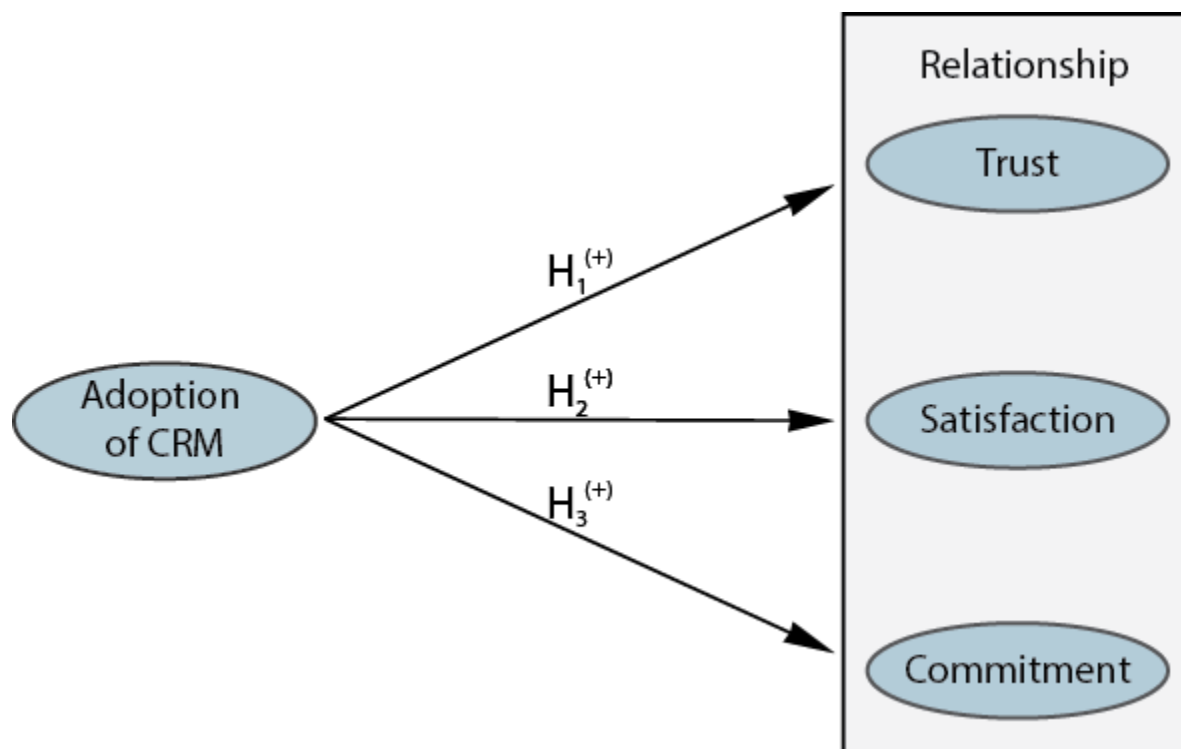
Summary

This chapter provides conceptual and operational definitions of the key concepts used to create a proposed model based on the literature review. Three hypotheses have been developed to answer the overall purpose of the study. The following chapter concerns the methodology practiced to answer the hypotheses and purpose of the thesis.

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Chapter 4. Methodology

4.1 Research approach

4.1.1 Inductive vs. Deductive research

To search for new knowledge there are two general approaches, inductive and deductive (Hyde 2000). A deductive research is when earlier research is being tested in practice while an inductive research is an area that has not been researched before (Hyde 2000). A deductive research starts with establishing of theory, the theory is then being tested to see if the theories applied in specific cases (Ibid). The deductive approach is based on an already existing theory and is examined through hypothesis and empirical framework. After the final result the theories can be analyzed and thereafter either be confirmed or discarded (Bryman and Bell 2011). If the theory is discarded it should be revised or reformulated (Ibid). The Inductive method is a theory building process that starts with observation of specific instance and strives to establish the overview over the investigated area (Hyde 2000). The result from the observations should lead to generalized conclusions which may lead to new theories (Bryman and Bell 2011).

This study links the relationship between CRM and trust, satisfaction and commitment. Since the research was based on already existing theories and are examined through hypothesis and empirical framework a deductive research approach was the appropriate way to answer the purpose of the study.

4.1.2 Qualitative vs. Quantitative research

There are two different methods that can be used when gathering data; qualitative research and quantitative research. One method is selected depending on the type of information the study requires (Saunders et al. 2009; Bryman and Bell 2011).

Quantitative research quantifies data and gives generalized results (Saunders et al. 2009). It provides a numerical and structured outcome with a general view over the population. When researching the populations overall opinions a quantitative approach is to prefer. It may be difficult to capture the real values of the respondents without the closer interaction from the researcher (Ibid). A quantitative research is a formalized research. The results are assumed to be

measurable and presentable in the form of numbers and statistics. A quantitative research quantifies data and generalizes a result from a sample to the population of interest (Bryman and Bell 2011).

A qualitative research is less formalized and is good when a complicated situation needs to be described (Bryman and Bell 2011). A qualitative research strives to gain deeper understanding of underlying reasons and motives and also the relationship between them (Saunders et al. 2009). The conclusions are primarily based on attitudes and beliefs and are not quantified. In a qualitative research there is no need to draw a general conclusion (Bryman and Bell 2011). Due to the possibility of closer interaction and deep questions the respondent's underlying values and opinions will be shown. However it is time-consuming and often more expensive compared to quantitative research (Saunders et al. 2009).

A quantitative method was used to answer the purpose. The focus of the study was not foremost to obtain a deeper understanding of the chosen variables but instead measure the concepts trust, satisfaction and commitment within relationship in order to gain a comprehensive understanding within the chosen area.

4.2 Research design

A research design is the plan of action to answer the research aim and objectives, it is used as a guideline to gather and analyze data correctly in accordance to the research in question. The research design gives the structure and framework to resolve the problem (Churchill and Iacobucci 2010).

4.2.1 Exploratory research design

Exploratory research design is a fact finding research that normally are carried out at the early stages of a major project to clarify the research problem and research direction (Oghazi 2009). Exploratory research is the approach where research is to obtain insights and ideas within a specific research field that has been problematized (Ibid). It deems phenomenon's in a new way.

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When the research area has been unclear defined and distinguished this is a very usable research approach. The goal is to break wide and unclear problems into more precise and smaller sub-problems (Ibid). Since an exploratory research is exploring vague problems and theories to gain new insights within the particular area of research, the design is very flexible and there is no need for a detailed structure (Churchill and Iacobucci 2010).

4.2.2 Causal design

Casual design describes how one variable affect another variable. This research design is a way to expect how one change can affect different variables (Bryman and Bell 2011). This method requires that the researcher have control over the independent variables so the reliability of the investigation can be maintained (Ibid). With the causal design the study gets more credible and convincing than an exploratory and descriptive design since this research is more controlled by the researcher (Churchill and Iacobucci 2010).

4.2.3 Descriptive research design

Descriptive design is about all that can be measured and listed numerically in the study, therefore the research is called statistical research. The purpose of a descriptive design is to answer *how*, *why*, *what, when*, *where* and *who* questions (Bryman and Bell 2011). The choice of research design should be based on the structure of research problem and study objectives, the amount of control over study variables and the amount of research in the area, and constraints in time and resources (Ibid). Descriptive research can be performed in two different ways, cross-sectional and longitudinal study (Churchill and Iacobucci 2010). Longitudinal research is a study of repeated observation of the same variables over time on the same sample that then can be examined, the possible changes can be studied and a conclusions can be made. Cross-sectional design is when data is collected from several cases at one specific time in order to compare these samples towards each other and draw conclusions from these findings (Ibid).

A descriptive research design was used in this study since the question the study was to answer was *what* or *how* CRM affect relationships. The aim was to measure CRM's role by collecting

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data from several companies and compare them with each other. The results were presented in form of number and statistics.

4.3 Data sources

There are two types of data sources, secondary data and primary data (Saunders et al. 2009). Secondary data are data that are not collected first-hand, it is collected from an external source and has already been collected for another purpose (Hollensen 2007). Secondary data can help the researcher find potential problems with the research problem. It can also provide other necessary background information and provide alternative primary research methods. The secondary data can build creativity for the project and it can also validate results from primary data (Saunders et al. 2009). However, secondary data may lack relevance, it is not always available and there is a risk that the data is insufficient or inaccurate (Ibid).

Primary data is collected first-hand, it collects specific information gathered to answer the specific research question (Hollensen 2007). This data is tailor-made, up-to-date and always specific information (Ibid). Primary data is often necessary to examine attitudes and intentions. Disadvantages with primary data are that it is time consuming and requires a lot of resources (Saunders et al. 2009). It can also be difficult to find willingly respondents within the targeted population and the researcher is fully dependents on the fact that he has cooperating respondents (Ibid).

Only primary data was used in this study since secondary data for how customers experience the bank industry's CRM is very limited. The primary data that is collected is up-to-date and tailor-made for the investigation. That is why primary data was both easier to obtain and also led to a more accurate investigation.

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4.4 Research strategy

There are five different types of research methods; experimental, survey, archival analysis, historical and case study. Most common out of these are survey, archival analysis and case study (Bryman and Bell 2011).

An experiment is a methodological procedure carried out with the goal of verifying, falsifying, or establishing the validity of a hypothesis where one or more variables are altered to establish the differing effects (Yin 2009). A survey gathers data from questionnaires and gives statistical data of a population from more than one variable. The questionnaire gathers a sample of individuals from a population and makes a statistical inferences about the population using the sample, this creates a general understanding of the subject (Bryman and Bell 2011). Archival analysis uses observations and examines accumulated documents of the unit of analysis. One form of archival analysis is to make a content analysis (Ibid). A historical research strategy is similar to the archival analysis but describes the past and what has happened before. It uses historical documents and cultural and physical artifacts as its primary foundation (Yin 2009). A case study examines an individual unit and strives to gain deeper understanding of the specific unit. It can be either a single or multiple case study where a multiple case study compare different cases with each other and a single case study does not (Bryman and Bell 2011).

Table 3 presents the different research methods and what distinguish the methods from each other.

Table 3. Research Strategies. Yin (2009), p. 8

Research Strategy	Form of Research Questions	Requires Control Over Behavioral Events	Focuses on Contemporary Events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much.	No	Yes
Archival analysis	Who, what, where, how many, how much.	No	Yes/No
Historical	How, why?	No	No
Case study	How, why?	No	Yes

The purpose of this study was to answer to questions with the character of *how much*, which according to Yin (2009) leads to that a survey is the most suitable approach for this research project. Further the strategy chosen was an internet based survey spread by Email. The approach of an internet based survey was based upon the fact that it is easier for the respondents to be absolutely anonymous, in that way more answers could be collected and with a bigger accuracy of honesty.

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4.5 Data collection method

Since the research method was decided to be quantitative, this chapter discusses the different quantitative methods and motivate why the strategy used was decided to be a survey design.

There are more than one approach to survey data collection and how the data is collected. This is what decides the design of the survey (Ghauri and Grønhaug 2010). A survey can be formed either as a structured interview or a questionnaire. In a structured interview the survey is conducted with the researcher asking the questions either face-to-face or by telephone (Ibid). The advantage of this method is that the researcher is able to answer any questions that the respondent may have meanwhile. The disadvantages with the method is that it is very time consuming and expensive to have a researcher present during each survey (Ibid).

A questionnaire survey is when the respondents receives the survey as a document and conducts the survey without the researcher necessarily presents (Bryman and Bell 2011). This can be done either in person, digitally or by mail (Ibid). Highest response rate have the questionnaires handed out in person since people feel obligated to help and generally want to be perceived as helpful persons. The disadvantage with this method is that it can be very expensive (Ibid.). A questionnaire sent out digitally on the other hand, can be handed out to many respondents in a short amount of time and very cost efficiently (Ibid). The disadvantages are that questionnaires sent out digitally and by mail can have a lower response rate. However, by making the survey easy to complete, point out the importance of the research and address the respondent in a good way with the right words can increasing the response rate (Ibid). Further a disadvantage with questionnaires in comparison to structured interviews is that the respondents must interpret the questions as the researcher intends since misinterpretations can not be sorted out since the researcher is not present (Ibid).

In this research, a digital questionnaire sent by Email was used due to the fact that companies sometimes tend to be secretive regarding their businesses and a web-based questionnaire facilitate for the respondent to be anonymous. Another advantage with a web-based survey sent

by Email is that it is easy to reach out to many respondents and additionally it facilitates the work when the data is compiled.

4.6 Data collection instrument

4.6.1 Operationalization and measurement of variables

Operationalization is a process where concepts become measurable in form of variables consisting of a given observation (Bryman and Bell 2011). Theoretical concepts are turned into measurable items. This was made in order to understand them in a real world context. It is required since a theoretical concept or phenomenon have no measurability in itself (Bryman and Bell 2011; Saunders et al. 2009; Ghauri and Grønhaug 2010). These measurable items, can be addressed as questions to represent the theoretical concepts in a study (Ibid).

In this study the concepts Adoption of CRM, trust, satisfaction and commitment were operationalized into measurable items. Table 4 presents each concept decomposed into variables.

Table 4. Operationalization table

Concepts	Measures	References
Adoption of CRM	Frequency of Email Relevance of Email Frequency of phone calls Relevance of phone calls	(Kim et al. 2012) (Kim et al. 2012) (Kim et al. 2012) (Kim et al. 2012)
Trust	Loyalty Expectation Reliability	(Morgan and Hunt 1994) (Garbarino and Johnson 1999) (Garbarino and Johnson 1999)
Satisfaction	Experience Profitability Communication	(Garbarino and Johnson 1999) (Holm et al. 2012) (Morgan and Hunt); (Theron et al. 2008)
Commitment	Relationship termination cost Shared values Relationship benefits Attractiveness of alternatives	(Morgan and Hunt 1994) (Morgan and Hunt); (Theron et al. 2008) (Morgan and Hunt 1994) (Theron et al. 2008)

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4.6.2 Questionnaire design

The survey in this study was sent out through Email, in which the respondent answered the questionnaire on his or her own computer. All of the questions were mandatory so that no information was lost, the questionnaire was completely anonymous so that companies could answer as honestly as possible. The respondent was offered to additionally provide their Email address in order to get the result of the study. According to Bryman and Bell (2011) to offer the respondent something back often increases the response rate. The questions were carefully chosen with inspiration from other authors in order to make the survey more credible. The questionnaire was designed with the use of a likert scale of 1-7, where (1) equals *strongly disagree,* (4) *neither agree nor disagree* and (7) *strongly agree.* The questionnaire was translated to Swedish since the study was conducted on Swedish companies. A brief presentation and description about the survey was sent in the Email together with the questionnaire. The complete survey in Swedish together with the translated version can be found in appendix 1 and 2. The presentation and description of the survey provided to the respondents is presented in appendix 3 and 4.

4.6.3 Pretesting

Before sending out the questionnaire it is crucial that a pretest is made (Bryman and Bell 2011). This is made to identify potential factors that can be improved in order to get more reliable research. There are different ways to conduct the pretest. One way is to let an expert within the specific concept judge and give their opinions and suggestions of improvements. Another way of conducting a pretest is to try it on a few individuals within the targeted population to examine how well they understand the survey (Ibid).

The survey was pretested by letting four different experts review the questions. First three experts within the field of research was consulted, making sure the questions were to correctly measure the chosen concepts. It was also made sure that the questions were addressed in a non-leading way. A fourth expert within the area was consulted to make sure the language was adapted to the industry and the survey would be understandable.

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4.7 Sampling

According to Bryman and Bell (2011) there are two different types of surveys; Census and sample survey. Census survey means that the study involves the whole population while sample survey is a study that involves a representative group of the population. The advantage to use a sample survey rather than census is that it saves both time and money for the researcher (Bryman and Bell 2011).

When conducting a sample survey the representative group of the population is examined and then a generalization is made. Generalizability is the ability to apply the results from the research of the sample to the whole population (Babbie 2012). By generalization it is thereby possible to study a representative sample from a population and then generalizability can be achieved for the whole population. This is called statistical generalization by Yin (2003) and has been applied in this study.

4.7.1 Sampling frame

Three steps are required to make a sample (Bryman and Bell 2011). The first step is to define the population for the examination. The second step is to identify the sampling frame from which the sample will be selected and the last step is to decide the size of the sampling to be sure that the whole population is represented in the sample (Ibid). There are different ways of accomplishing this. One way is to study previous similar research and their sample sizes, another is to determine the sample size based on available resources and the final way is to use available statistical methods to determine the sample size (Ibid).

In this study a sample of companies in Kronoberg was carried out. According to statistiska centralbyrån in Sweden (SCB 2011), there are 11 315 companies in Kronoberg. A random sampling was used in the selection of respondents and the questionnaire was sent out to companies by Email. A random sample is when all units within a population have the same chance to be chosen to participate in the study (Bryman and Bell 2011). The Email addresses were found through the yellow pages, which is a public database with contact information about all companies of Sweden. Here companies of different size and within different branches within

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the area of Kronoberg were chosen. A number of 902 respondents got the chance to participate in the survey whereby 92 responded.

4.7.2 Sample selection

The sample size can be determined in several ways. One is to base it on the economic situation as well as 29 unaided judgment (Bryman and Bell 2011). The rule of thumb is another way, where the number of questions in the questionnaire is multiplied by three to come up with an appropriate sample size (Ibid). However the rule of thumb does not consider the size of the target population. Thus a good way to improve the reliability is to also consider previous researchers' sample size to ensure that the number of respondents is similar (Ibid).

For this study the questionnaire consisted of 25 items. The rule of thumb would then imply that 75, would be an appropriate amount of respondents. To further strengthen the reliability of the sample size, it was compared to previous research of CRM in the banking industry by Kim et al. (2012), it could then be seen that 109 responses was used in that study. Since the study exceeds the rule of thumb and is close to the same number of respondents as previous research it can regarded as reliable.

4.8 Data analysis method

A quantitative research approach was used for this study. The analytical approach is based on statistical analytical methods and the actual methods used are descriptive statistics, factor analysis and regression analysis. The data analysis is performed with the statistical analysis software SPSS.

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4.8.1 Descriptive Statistics

Descriptive statistics is a method used for quantitative studies. Collected data is summarized and presented in a clear and understandable way, often through tables, diagrams and charts. These tables should primarily display the mean and standard deviation in the collected material (Bryman and Bell 2011; Saunders et al. 2009). In some cases median and mode could be presented to show if some values are outliers. The mean calculates the average number in the collected data. Mode and mean can also calculate and identify the most frequent value which can be valuable in cases where one value is over represented so that the median is misleading (Ibid). Standard deviation is how much the value differs from the mean. If the standard deviation is small, it means that the values are closed to the mean and if standard deviation is high, it means that the values have high spread and are far from the mean (Saunders et al. 2009).

In this study a descriptive statistics was made presenting the mean and the standard deviation of all the concepts analyzed (CRM, trust, satisfaction and commitment).

4.8.2 Regression Analysis

Regression analysis is a method that describes the relationship between a dependent variable and an independent variable, it explains the impact an independent variable has in the value of one or more dependent variables (Bryman and Bell 2011; Saunders et al. 2009).

According to Saunders et al. (2009) the relationship between an independent variable and a dependent variable is linear, meaning the change of the independent variable is affecting the dependent variable. There are two factors that can affect the linearity; extreme values on the variables and if the value breaks assumption. Extreme values are called outliers that may affect the assumption of the linearity. Therefore it is crucial to find these outliers to eliminate them in the regression analysis if needed. If the value breaks assumption of one or more variables it may be necessary that the values of data are transformed (Saunders et al. 2009).

The Beta value explains to what extent a dependent variable is affected by an independent variable. If the dependent variable has a Beta of 2 and the independent variable changes with 0.5, the dependent variable will be affected with 1 (Nolan and Heinzen 2008).

In this study a linear regression analysis was made to analyze how the independent variable CRM affect and connect to the different dependent variables trust, satisfaction and commitment in order to determine CRMs role in the relationship between the customer and supplier.

4.8.3 Factor analysis

Factor analysis is foremost conducted to "define the underlying structure among the variables in the analysis" (Hair et al. 2006, p. 104). The method is used to eliminate unnecessary variables with overlapping measurement characteristics, known as factors (Cooper and Schindler 2006).

Factor analysis could be conducted when using multiple concepts and measures similar to each other (Bryman and Bell 2011). The aim of the factor analysis is to determine whether groups of measurable items bunch together to form clusters measuring the same things. These clusters are referred to as factors (Ibid). The method is often used when the items are many and the researcher needs to make sure that the items measure what it is supposed to measure and does not overlap each other (Ibid).

This method was used in the first stage of the analysis to condense the variables belonging together and eliminates the ones with overlapping measurement characteristics.

4.9 Quality Criteria

4.9.1 Validity

Validity is a concept that shows whether the proposed concepts measure the variables that are supposed to be measured (Bryman and Bell 2011). Since each study is different, it is important that suitable methods to measure the validity are used to fit the study (Ibid).

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This study used a quantitative approach, three different validities have been used to increase the reliability of the study, content, construct and criterion validity.

4.9.1.1 Content Validity

It is important to ensure that the questions asked to the respondents actually measure the variables as intended (Bryman and Bell 2011). These questions should also be easy to understand for the respondents so they can not be misinterpreted. By allowing experts in methodology and in the industry to review the questions before they are sent to the respondents strengthens the content validity (ibid).

Bryman and Bell (2011) also argues that a pretest of the questions with suitable respondents from the targeted sample also can strengthen the content validity. A pretest can help to identify questions that easily could be misunderstood and detect if certain questions are too widely asked (Ibid). By evaluating the results of the pretest, the errors found can be corrected and complementing questions can be added in order to obtain the preferred answers (Ibid).

This study involved four experts with great knowledge about the theoretical framework that ensured that the questions were appropriate to collect the required results and also verified that the questions were linked to the theory. A respondent from the chosen sample also gave feedback for how the questions could be formulated in order to be more understandable and the content validity of the survey could be strengthened.

4.9.1.2 Construct Validity

Construct validity is an important aspect and explains the degree to which operationalization measures the concept that it is supposed to measure (Bryman and Bell 2011; Ghauri and Grønhaug 2010). Construct validity is crucial to obtain meaningful research results and helps to interpret the result in different perspectives (Ghauri and Grønhaug 2010). There are different underlines that can be used; face, convergent and divergent validity. Face is the degree to which the measure used seems to be a reasonable measure for what to measure. Convergent is to which extent the measure is convergent to other measures in the same construct. The convergence

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validity controls how strongly the independent variables and dependent variables under the same structures are linked together. Divergent validity tells us the level to which a constructs differs from another constructs (Ibid).

In this study face, convergent and divergent validity was achieved by conducting a factor analysis as well as a Cronbach's alpha analysis.

4.9.1.3 Criterion Validity

Criterion validity can refer to two different kinds of validities, concurrent and predictive validity (Bryman and Bell 2011). The concurrent criterion validity measures the extent of how well the operationalization is able to predict constructs in relation to other variables. By comparing the test at hand with another similar test that already have existing and validated measures, concurrent validity can be obtained. The measures have to be related to each other, but do not necessarily have to be the same (Bryman and Bell 2011).

Concurrent validity was achieved in this study by using measurable items that had been validated in previous research.

Also predictive criterion validity measures the operationalization and how well the constructs relates to other variables. However, what separates predictive validity from concurrent is the time aspects for which the researcher uses a future criterion measure instead of a contemporary (Bryman and Bell 2011). Predictive validity predicts a future outcome by an operationalization of theoretical concepts (Ghauri and Grønhaug, 2010).

Predictive validity was achieved in this study by first gaining theoretical insight in the matter, then operationalizes the theoretical concepts, making them measurable, and finally gathers empirical data that can be analyzed.

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4.9.2 Reliability

Reliability discusses issues related to units of measurement and how the measurements are trustworthy and consistent (Bryman and Bell 2011; Ghauri and Grønhaug 2010). However even if the measures are considered reliable, it does not always mean that they are valid for the study. (Ghauri and Grønhaug 2010). According to Bryman and Bell (2011) reliability can be divided into three parts in order to understand the concept. These part are stability, the internal reliability and inter-observer consistency.

Stability examines whether the measures over time is stable. It means that if a sample of respondents later got the same questions, the results should be similar and not deviate (Bryman and Bell 2011). Internal reliability concerns how the aggregate responses of a respondent are interconnected. It examines whether the respondent is consistent in their answers regarding certain concepts (Ibid). Inter-observer consistency is subjective judgments when observing and interpreting data. There is a risk that the person analyzing the data is subjective. Which means that the reliability of the results can be questioned if they are analyzed by a person (Bryman and Bell 2011).

Ghauri and Grønhaug (2010) discuss that internal reliability can be measured by calculating Cronbach´s alpha. For a study to be considered reliable, Hair et al. (2003) writes that Cronbach´s alpha should be higher than 0.7. The Cronbach alpha can vary from 0 to 1, where 1 is considered as perfect internal reliability and 0 is considered as no internal reliability (Ghauri and Grønhaug 2010). This method was used to test the reliability of the empirical data gathered in the thesis.

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Summary

In this chapter the choices of methodology has been presented and justified. The choices of each approach and method were chosen to fit the purpose and testing of the hypotheses. To summarize this chapter, a table with an overview describing the methods used in the study can be seen in Table 5. Next chapter will present the results of the practiced methods together with an analysis of the empirical investigation.

Table 5. Summary of methodology

Research approach	Deductive → Quantitative
Research design	Descriptive
Data sources	Primary data
Research Strategy	Survey
Data collection method	Web-based questionnaire
Data collection instrument	Measures
Questionnaire design	Likert scale of 1-7
Pretesting	Conducted on four experts
Sampling	Random sample of companies in Kronoberg, Sweden
Data analysis method	Descriptive statistics Factor analysis Regression analysis
Quality criteria	Validity, Reliability

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Chapter 5. Data Analysis

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5.1 Descriptive Statistics

The data was collected through Emails that was sent to companies listed on the yellow pages. A total of 902 surveys were sent whereby 92 was answered which gives a response rate of 10 percent. A typical response rate from an Internet questionnaire is between 6-15 percent (Yin 2009). The questionnaire was designed with mandatory questions so that the respondents had no other choice but to answer all the questions in order to submit their response. This means that no answer was incomplete or missing information.

The respondents consisted of 68% micro companies with a yearly turnover of less than 20 million SEK and most of them had less than 9 employees. The bank that was most frequent among the respondents was Swedbank. All the respondents were either CEO's or Accounting Managers. In Table 6 a summary of information about the respondents companies are presented.

Table 6. Information about respondents

Item	Alternatives	Frequency	Percentage
Yearly Turnover	More than 500 million SEK 21-100 million SEK 101-500 million SEK Less than 20 million SEK	5 11 13 63	5% 12% 14% 68%
Number of Employees	1-9 10-49 50-249 More than 250	55 24 10 3	60% 26% 11% 3%
Bank	Other Handelsbanken Nordea SEB Swedbank	23 16 9 16 28	25% 17% 10% 17% 30%

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The variables were measured on a scale from 1-7, where (1) equals *strongly disagree*, (4) *neither agree nor disagree* and (7) *strongly agree.* Trust had the highest mean with a number of almost 5.10. The variable with the lowest mean was CRM with a number of roughly 3.09. The standard deviation was between 1.42 and 1.54 on all variables. The one with the lowest variance was commitment and the variable that varied the most was the customers satisfaction to their bank. Table 7 presents the descriptive statistics with the means and standard deviation of all four concepts.

Table 7. Descriptive statistics

Variable	N	Mean	Std. Deviation
CRM	92	3,087	1,461
Trust	92	5,096	1,485
Satisfaction	92	4,226	1,537
Commitment	92	4,457	1,425

5.2 Factor analysis

A factor analysis was conducted to eliminate unnecessary variables with overlapping measurement characteristic, known as factors. A factor loading of 0.5 or better is considered being a strong loading (Costello and Osborne 2005). The factor should not have fewer than three items. Five or more strongly loaded items are desired and indicate a solid factor (Ibid).

The conducted factor analysis demonstrated that certain items in commitment measured more than one component. To correct this issue and improve the reliability, five items was removed. Table 8 presents the remaining items that were correctly loaded. All of the remaining items had a loading greater than 0.669.

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Table 8. Factor analysis

Items	Factor loadings	Communalities
CRM1	,669	,447
CRM2	,869	,756
CRM3	,689	,474
CRM4	,738	,545
CRM5	,823	,677
CRM6	,799	,639
T1	,960	,921
T2	,963	,927
T3	,896	,802
T4	,894	,799
T5	,911	,830
S1	,834	,696
S2	,849	,721
S3	,791	,626
S4	,913	,833
S5	,823	,678
S6	,858	,737
C1	,730	,532
C2	,887	,788
C3	,892	,795

5.3 Reliability

To be able to measure the reliability of the variables the items within each variable was compiled into one specific variable. The internal reliability was then tested through a Cronbach's alpha test. Cronbach's alpha calculates the average of all possible split-half reliability coefficients (Bryman and Bell 2011). A computed alpha coefficient will vary between 1 and 0 where 1 equals perfect internal reliability and 0 no internal reliability (Ibid). According to Hair et al. (2003) an alpha of 0.7 is regarded as a satisfactory level of internal reliability. The test shows that the reliability for CRM was 0.856 through 6 items, trust was 0.957 through 5 items, satisfaction was 0.919 through 6 items and commitment was 0.779 through 3 items. Since all variables exceed 0.7 they can be regarded as credible. Table 9 presents the complete results of the conducted Cronbach's alpha test.

Table 9. Reliability statistics

Variable	Cronbach's Alpha	N of items
CRM	,856	6
Trust	,957	5
Satisfaction	,919	6
Commitment	,779	3

5.4 Regression analysis

A regression analysis was conducted to measure the relationship between the independent and dependent variables where CRM is the independent and trust, satisfaction and commitment are the dependent. R square is the amount of variance the independent variable describes in the dependent variable and the beta value explains the correlation between the variable. The hypothesis was tested as following:

H_1: CRM has a positive impact on trust,
In Table 10, an R Square of 0.127 show that a small part of the variance in the dependent variable can be explained by CRM. The maximum value possible to get is 1 and an R Square

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value of 0 represents no correlation between the two variables. The beta value of ,356 indicates a positive correlation between the independent variable and the dependent. This means that the higher the adoption of CRM is, the higher the confidence and trust will be in the bank. The significance level for this hypothesis was ,001. For the hypothesis to be significant, it should be less than ,01. Meaning the hypotheses was supported.

H_2: CRM has a positive impact on customer's satisfaction
The R square of the hypothesis had a number of 0.274, meaning 27,4 percent of the variance in customer satisfaction can be explained by CRM. This is significantly higher than the variance in trust explained by CRM. The beta value of 0.523 indicates a positive correlation between the concepts. This means that the higher the adoption of CRM is, the higher the customers satisfaction will be in the bank. The hypothesis is supported since the significant level was below ,01 with a number of ,000.

H_3: CRM has a positive impact on commitment
The regression analysis showed that the connection between these concepts had the strongest connection. Commitment had an R square of 0.372, meaning 37,2 percent of the variance in commitment is explained by CRM. The beta of 0.610 indicates that there is a distinct correlation between the two variables. The significant level of ,000 means that the hypothesis was supported.

All the hypothesis was supported and CRM has an impact on each of the concepts presented. The variable impacted by CRM the least was trust with an R square of 0.127 and a beta of 0.356. The variable most impacted was commitment with an R square of 0.372 and a beta of 0.610. Table 10 presents the complete results of the conducted regression analysis.

Table 10. Regression analysis

Hypotheses	N	R^2	Beta	Sig.	Conclusion
CRM → Trust	92	,127	,356	,001	Supported
CRM → Satisfaction	92	,274	,523	,000	Supported
CRM → Commitment	92	,372	,610	,000	Supported

Summary

This chapter presented the empirical data gathered from the questionnaire. Further a reliability test was conducted of each variable as well as testing of the hypotheses through a regression analysis. The following chapter will summarize the analysis in a short discussion and conclusion of the results.

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Chapter 6. Discussion, Conclusion and Implications

6.1 Discussion

This study was performed based on existing theoretical framework. Previous research within the subject area indicated that CRM are important for the relationship to the customer (Kim et al. 2012; Nguyen 2007; Garbarino and Johnson 1999). This study examines the role of CRM in the relationship between the customer and supplier within the banking industry. A suggested outcome conceptualized through available literature is that CRM have a positive impact on trust, satisfaction and commitment, which represents important parts of the relationship. This outcome was tested in a model where CRM was the independent variable and trust, satisfaction and commitment was dependable. The model was made to test the hypothesis and examine the impact of CRM on the relationship between the bank and customer.

The Cronbach's alpha showed that both trust and satisfaction contained items that were all reliable. All the items had a reliability score above 0.7 and were thereby credible. However, five items within the concept commitment had to be removed in order to pass the factor analysis as well as to improve the reliability of the concept. This was necessary even though a pretest was conducted.

In the descriptive statistics trust was found to have the highest mean with a number of almost 5.1, meaning the trustworthiness of the banks was high among the respondents. The variable with the lowest mean was CRM with a number of roughly 3.09, on a scale of 1-7, this could be interpreted as if most of the banks do not use their CRM enough. However, available literature indicates that most customers do not notice the bank's adoption of CRM (Kim et al. 2012). If this is the case, customers may be more influenced by the CRM system than they take notice of.

As could be seen in the regression analysis, all hypotheses (H_1, H_2 and H_3) were supported. The analysis shows that 12.7 percent of the variance of customers trust was explained through CRM. It also means that 87.3 percent is explained by other factors and can not be explained in this study since it is dependent on unknown factors. As the literature have indicated, it is important that both parties in a relation are able to trust each other (Grönroos and Helle 2012; Payne and Frow 2006). However, in relation to satisfaction and commitment this concepts is not affected to

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as high extent as the others. CRM may not be the best strategy for banks to increase their customers trust. If this is the aim, other methods may be to prefer. 27.4 percent of the variance of satisfaction was explained by CRM. Meaning CRM has a significantly greater impact on the customer satisfaction than trust. However, 72.6 percent of the variance of satisfaction is still explained by other factors. Meaning there are other factors that may be more important to keep the customer satisfied even though CRM is a good way for the bank to communicate and provide the customer with good experiences. CRM is not the only factor, but an important part to keep the customers satisfied, which can be supported by previous studies as well (Garbarino and Johnson 1999; Morgan and Hunt 1994; Theron et al. 2008). The variable that CRM affected the most was commitment with a percentage of 37.2 percent. This is significantly higher than trust and satisfaction. Only 62.8 percent of the variance of commitment is explained by other factors.

The beta values of the hypotheses indicate how much the dependent variables are influenced by the independent variable. The variable least influenced was trust with a beta of 0.356. It is a positive correlation, however it was not much in comparison to satisfaction and commitment which had beta values of 0.523 and 0.610 meaning that if the adoption of CRM would increase with 1, satisfaction and commitment would increase with values of 0.523 and 0.610.

It can not only be concluded that the adoption of CRM have a positive impact on the relationship between the customer and the bank, it can also be concluded that CRM affects commitment a lot, and that commitment as well as satisfaction is being affected significantly more than the customers trust towards their bank.

6.2 Conclusion

To summarize the discussion about the role of CRM in the relationship between the customer and supplier, the main conclusions are presented below.

The results of the empirical investigation showed that all of the hypotheses were supported. CRM is an essential part in the pursuit of trust, satisfaction and commitment. However, there are also a high percentage of these values that are influenced by other factors that can not be explained in this study.

It could be concluded that CRM had a positive impact on relationship. However, the difference in impact on the different concepts as well as the high percentage of variance, not explained by CRM, should be noted and more research would be required around the area.

6.2.1 Theoretical contribution

This study has been based on existing academic knowledge regarding adoption of CRM. Previous studies show that adoption of CRM can have huge benefits for the supplier as well as the customer and the relationship between them (Nguyen et al. 2006; Wright et al. 2002; Watson 2006; Kim et al. 2012). However there are many difficulties on the journey to this desired scenario and not all suppliers succeeds with improving their relationships through the CRM system the same way that the theory describes (Kim et al. 2012). In research by Kim et al. (2012) it was concluded that the banking industry in South Korea used their CRM to contact customers to the extent that they were bothered. If this is the case for the banking industry of Sweden as well, that could imply that the customer satisfaction as well as commitment would decrease towards the bank. However this study shows that adoption of CRM have a positive impact on these variables. More research is required in the area in order to gain greater clarity in the subject.

Much knowledge is needed for organizations to know how to use CRM to strengthen the relationship to their customers (Chang et al. 2010; Kim and Kim 2009). This study's main contribution to existing theory about CRM was to provide empirical evidence that CRM have a

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positive impact on the relationship between customer and supplier. However there were some differences between this research and previous research within the field. Research within CRM is often performed on large companies and much research is about the implementation of CRM (e.g., Hendricks et al. 2007). However research performed on micro companies as the main target group of respondents, like this study, is very limited. The same way is also research about adoption of CRM within the banking industry of Sweden much limited.

Another factor that distinguishes this quantitative study from many others is the execution of the investigation where one independent variable is used to examine the change in three dependent ones instead of the opposite. This could be beneficial to get an even deeper understanding of CRM's impact on different parts of the relationship and to provide the possibility of closer comparison between the concepts.

6.2.2 Managerial implications

The result from the empirical investigation provides a few practical suggestions for the banking industry of Sweden. Something to emphasize is that CRM is important in the aspect of building strong relationships to their customers. Provided the banks use their CRM in a good way the relationship to their customers will be strengthened. It is also evident from the research that there are other factors than CRM that impact trust, satisfaction and commitment.

Further the result indicates that there is a significant variance of impact on the different parts of the relationship. If the banks focus would be to gain trust from their customers, CRM solely may not be the most suitable strategy to conduct. However it can be one among other parts of the strategy.

Today there is a fine line for when, and how much the company should contact their customers. The results of the empirical investigation suggest that the customer appreciates all contact with the bank and that it significantly increases their commitment even though it may not affect their trust towards the bank that much.

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As the study was conducted the possibility was given for the respondents to include their contact information in order to receive the final finding of the research. That way awareness of CRM is raised and information about the banks dilemma and understanding in the subject area is provided.

Summary

This chapter discussed the results and the conclusion of the research. Further managerial and theoretical implications regarding the outcome of the study was acknowledged. The following chapter will discuss elements which were not treated in this study and propose different aspects that could be interesting to take into consideration for future research.

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Chapter 7. Limitations and Future Research

7.1 Limitations

Some limitations were made to be able to conduct this study. The study examined the role of CRM in the relationship between customer and supplier. However, the study only applies to the banking industry.

The empirical data has been gathered from randomly selected companies in the area of Kronoberg. Since the respondents act in several different industries it may be hard to see patterns in one specific industry. However, the study measures the relationship between corporate customers and their banks which provides an understanding of the general influence that a CRM system has on the relationship. Due to the fact that the conclusions are generalized banks should carefully interpret the result before drawing own conclusions to their segment.

Since satisfaction, trust and commitment where the only variables measured, there might be other important variables that were not addressed. Since it is clear that CRM does not impact trust to the same extent as the other variables, it could imply that another variable may be more suited to measure this specific relationship.

The survey was created by using questions from previous studies that was modified to fit this specific research. The questions showed a Cronbach's alpha higher than 0.7 which measures the reliability of the modified questions and means that they were all credible.

7.2 Future Research

The result of this study could be used as aid for researchers aiming to conduct further studies within the field. The results have shown the role of CRM in the relationship between banks and their customers. Future research could be conducted in other industries. The respondents in this study mainly consisted of micro companies in the area of Kronoberg, similar research within other target areas and classes could be interesting for further studies. It could also be favorable to focus a smaller sample of respondents within one and the same industry to gain even greater understanding of that specific group of customers.

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In this study the concepts trust, satisfaction and commitment was used to measure the relationship between the supplier and the customer. The measures used to investigate the concepts have been selected from previous studies in order to create a reliable study. Future research could use different concepts to measure the relationship and the measures could possibly be exchanged with other measures in order to change the direction of the study.

General conclusions have been drawn in this study based on a quantitative empirical investigation. In order to get a deeper insight in the area, future research could be conducted using a qualitative research method.

Summary

Based on the outcome of the study, and limitations discovered during the writing of the thesis, suggestions for further research were provided in the final chapter.

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Relation, förtroende och lojalitet.

Var vänlig att ta tid på dig och besvara samtliga frågor. Vi vill tacka dig i förväg för din medverkan och hjälp i insamlandet av information till denna viktiga forskning. Vi värdesätter och uppskattar alla dina åsikter.

Lycka till!

Alexander Artman, Anton Brunnberg och Jesper Westerlund
Linnéuniversitetet

*Obligatorisk

Välj det alternativ som stämmer bäst in på följande frågor

(1) Håller inte alls med (4) Ingen åsikt (7) Håller starkt med.

1. Jag får regelbundet mail från min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

2. Den information jag får på mail är relevant för mig. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

3. Att jag får mail från min bank ökar mitt förtroende för dem. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

4. Jag får regelbundet telefonsamtal från min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

5. Informationen jag får på telefon är relevant för mig. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

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6. Att jag får telefonsamtal från min bank ökar mitt förtroende till dem. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

7. Jag litar på min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

8. Jag har förtroende för min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

9. Min bank är ansedd vara pålitlig. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

10. Jag anser att min bank har en hög grad av integritet. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

11. Bankens tjänster håller en genomgående hög kvalitet. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

12. Jag är allmänt nöjd med min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

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13. Jag anser att min bank är bättre än andra banker. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

14. Det finns inga bättre alternativ än min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

15. Min bank håller mig väl informerad. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

16. Min bank förser mig regelbundet med relevant information. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

17. Min bank håller mig ständigt uppdaterad om frågor som berör mig *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

18. Min bank förser mig med information som ligger rätt i tiden. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

19. Jag känner tillhörighet till min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

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20. Jag är stolt att tillhöra min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

21. Jag bryr mig om min banks långsiktiga framgång. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

22. Det är viktigt för mig att ha en stark relation till min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

23. Jag är beredd att lägga extra tid och resurser på att upprätthålla relationen till min bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

24. Jag är en lojal kund till min bank *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

25. Jag har övervägt att byta till en annan bank. *

1 2 3 4 5 6 7

Håller inte alls med ○ ○ ○ ○ ○ ○ ○ Håller starkt med

26. I vilken industri är ditt företag verksamt? *

[⇕]

27. Vad är företagets årliga omsättning? *

○ Mindre än 20 miljoner kr

○ 21-100 miljoner kr

○ 101-500 miljoner kr

○ Mer än 500 miljoner kr

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28. Hur många anställda har företaget? *

○ 0 (Enmansföretag)

○ 1-9

○ 10-49

○ 50-249

○ Mer än 250

29. Företaget är verksamt *

○ Nationellt

○ Internationellt

30. Ålder på företaget *

○ 0-10 år

○ 11-20 år

○ 21-30 år

○ 31-40 år

○ Äldre än 40 år

31. Företaget använder sig av följande bank *

[▲▼]

32. Vilken position har du i företaget? *

○ VD

○ Ekonomiansvarig

○ Övrigt: [   ]

Tack för din medverkan!

Din E-mailadress

Frivillig (Fyll i om ditt företag vill ta del av studien)

[   ]

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Appendix 2

(1) *strongly disagree* (4) *neither agree nor disagree* (7) *strongly agree.*

1. I regularly receive e-mails from my bank.

2. The information I get by e-mail is relevant information for me.

3. Contact by e-mail makes me more committed to my bank.

4. I regularly receive phone calls from my bank.

5. The information I get by phone is relevant information for me.

6. Contact by phone makes me more committed to my bank.

7. I trust my bank more because they keep me well informed.

8. I have confidence in my bank.

9. My bank is regarded as credible.

10. My bank is considered to have a high level of integrity.

11. My bank's services are of a consistently high quality.

12. I am generally satisfied with my bank.

13. I consider my bank as a better option compared to other banks.

14. There are no better alternatives than my bank.

15. My bank keeps me well informed.

16. My bank provides me with relevant information.

17. My bank keeps my updated with relevant information.

18. My bank provides me with information that is timely.

19. I feel a sense of belonging to my bank.

20. I am proud to belong to my bank.

21. I care about the long-term success of my bank.

22. It is important to me to maintain a strong relationship with my bank.

23. I am willing to invest time and other resources to maintain my relationship with my bank.

24. I am a loyal customer of my bank.

25. I've considered to switch to another bank.

Describing questions

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26. In which industry is your company active?

27. What is the company's annual turnover?

28. How many employees have your company?

29. Where are you company active?

30. How long has the company been active?

31. The company uses the following bank.

32. Your position in the company

Thank you for your participation!

Your email address.

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Appendix 3

Hej.

Vi gör en forskning kring relationer mellan företag och banker. Detta är för vår avhandling på Linnèuniversitetet. Enkäten är fullständigt anonym och endast de summerade resultaten kommer presenteras i studien. Ditt deltagande i denna undersökning är mycket värdefull och skulle vara oerhört uppskattad!

Enkäten finner du på länken nedan och tar **mindre än 4 minuter** att fylla i.
https://docs.google.com/forms/d/1kW99s7jENOnIUCFghlftOnJkdcIprsXLQaBATK12I-Q/viewform

(OM ni vill ta del av den färdiga studien, fyll i er Emailadress i slutet av enkäten så skickar vi vår studie till er i slutet av maj.)

Tack på förhand!
Anton Brunnberg, Jesper Westerlund och Alexander Artman.

Appendix 4

Hello.

We are doing a research on the relationship between companies and banks. This is for our thesis at Linnaèus University. The survey is completely anonymous and only the summarized results are presented in the study. Your participation in this survey is very valuable and would be extremely appreciated!

The survey can be found at the link below and take **less than 4 minutes** to fill out.
https://docs.google.com/forms/d/1kW99s7jENOnIUCFghlftOnJkdcIprsXLQaBATK12l-Q/viewform

(IF you want to take part of the complete study, please fill in your Email address at the end of the survey, we will send our study to you at the end of May.)

Thanks in advance!

Anton Brunnberg, Jesper Westerlund and Alexander Artman.

Linnæus University

School of Business and Economics