The Development Model of Customer Relationship Management Case Study: Organization of Network Marketing in Thailand

Naret Luanpairin and Nakamol Chansom

1Business Administration, Rangsit University, Thailand

Abstract. Customer relationship management (CRM) is the ideology used in modern organization management for network marketing in Thailand in response to the growing competitiveness in this sector. This change is done in order to create highest customer satisfaction and to respond to their needs. The strategy prioritized is to maintain the product and brand loyalty of their existing customer database as much as possible. After the existing customers are secured the next move is to increase sales quantity with new customers. Furthermore, this expansion of customer database targets customers with product buying ability. The objective of this research is to analyze the problems and obstacles associated with CRM of modern organization management for network marketing in Thailand. This research is a qualitative research which includes literature reviews of documents, texts and research articles and in-depth interviews with 6 academes and consultants with expertise and experiences in CRM. In-depth interviews were also performed on 10 Top Management, stakeholders, of network marketing organizations in Thailand with 5 being from Thai companies and 5 multinational companies. Another group of interviewees were another 20 individual stakeholders in network marketing. It was found that the development of CRM model composes of identifying the policy and strategy, process enhancement and development, knowledge management, interaction and managing relationships with customers in practical terms for network marketing organizations in Thailand. Network marketing organizations that adopt these approaches for their CRM process will be advantageous over other organizations especially in terms of relationships between the company and the business person and between the business person and the customer. Network marketing involves a large number of people and the situation in Thailand is unique with specific characteristic and culture. Thus, for implementation of CRM, the implementers must have full understanding of the process and be able to communicate it to the practioners clearly and completely. The organization itself must maintain a database of their members, network business persons and customers systematically. Modern technology can be incorporated to help in this step as assist in delivering communications about each step of their activities to all concerned parties. The organization must have clear goals. All work plans must allow for monitoring be auditable and clearly measurable. These findings will be useful in the future as guidelines for developing a model for CRM for network marketing organizations in Thailand.

Keywords: Customer Relationship Management Model (CRM model), Network Marketing Organizations.

1. Introduction

This study on the development of CRM will help the network marketing organizations in Thailand in creating opportunities to create satisfaction for their customers. It can be said that every country in the 21st century faces the challenge of the global competitiveness that is highly concentrated and fierce. Organizational management had changed drastically from the 20th to the 21st century. Organizations had to deal with globalization, a state in which the world is boundary-less due to data communications technology that is fast and rapidly changing which aids information flow in the 21st century and enable it to be distributed in every country globally. News and information in all aspects such as economic, society, politics and environment are the source of a new type of society known as the information society, the knowledge society or the knowledge based society and economy. These new forms of society, namely the knowledge society have become a very valuable resource. This is because it allows development of new knowledge and also strengthens organizations (Klangduan Pochana, 2010). Today, organizations must adapt quickly in response to the changes and create advantage for themselves continuously for to stay in competition. It is essential that they constantly find new models or techniques for managing their organization in order to drive their organization to the next level of performance for excellence that will sustain their organization and

* Corresponding author. Tel.: +66(0)812559966.
E-mail address: naret_luan@yahoo.com.
expand it through the high competitiveness situation. Hence, CRM is both a tool and the strategy for modern marketing specialists in operating their marketing process more efficiently and effectively. This is why modern marketing trends or policy focuses on business strategy to create long-term relationships with customers, learning about the different needs and requirements of their customers and responding to their needs with products that answer their needs. Significant importance is given to communications to create good impression and customer satisfaction more than in the past (Ko E., Kim S.H., Kim M. and Woo J.Y., 2008). It was found that CRM has been used in solving customers’ satisfaction problems on the sales margin of the organization (Parniangtong Sathit, 2010). If hope is put on the organization sale values as the basis of business operation, it will affect the efficiency of management. Other than that, integrating the use of modern information technology as a channel of direct communication channel with the customers will directly impact the reduction of process investment cost, the development of the customer service process, maintenance of customer base, the development of information database used for interacting with customers and all the way to the increase of sales and benefits. This will bring about good and sustainable profit.

2. Literature Review and Conceptual Model

2.1. CRM Ideology and Theories

CRM has been prioritized and is considered as the main strategy for organizational business implementation (Lindgreen A. Et al., 2006). Stanley A. Brown (2000) stated that CRM is a business process that combines 2 processes including front office and back office processes together. Swift Ronald (2000) elaborated CRM as an enterprise approach to understand and interest customers through every mean of communications in order to improve and find new customers, maintain existing customers and create a relationship with customers and the benefits from them. Another study by Sarah Cook (2011) found that whether CRM in an organization can be set up or not depends significantly on creating values obtained from differences. This process begins with the Top Management being aware of and giving importance to the differences in the organization’s manpower, not by just following trends of practices that influences the management process of modern organization. Objective is the goal or target of the organization through the operation process that is believed to have influence on the other components within and outside of the organization. The content in this workflow covers work at all levels starting from Top Management, management, employees all the way to customer’s requirements and needs. In 2008, Stephen FK & Thomas FB performed a study and found that the processes of indicating a policy and strategy, enhancement and development of the management process, knowledge management and interaction must have complete and dedicated support from top management and must be flexible. Park C & Kim Y (2003) also explored CRM and found that process enhancement and development will help in responding to customers need easily and most conveniently. Furthermore, it will decrease the expenditure in terms of investment for providing service and create uniqueness of the product. On the other hand, Rigby DK & Ledingham D (2004) found that enhancement and development of the management process by integrating technology in the process will improve the effectiveness in presenting the product, sales, and analysis of the customers’ differences and storage of information. This will create customer loyalty, help in the maintenance of the customer base and is also a strategy for attracting returning customers and creating interest to new customers. Whereas, Khumnai Apipratchyaskul (2010), found through his study that setting up CRM for organizations must be done with a vision that supports another four sides of the customer relations including the organization profile, customers segmentation, customer interaction and personalization of services and products.

2.2. Conceptual Model

In this study, the researcher has analyzed and synthesized relevant documents and research papers to assist the review of information. CRM theories from Eggert A, Ulaga W & Schultz F (2006), Zikmund, McLeod, & Gilbert (2003) and researches on CRM by Richards K A and Jones E (2008), King S F and Burges T F (2008) were used to create the framework for this research on the study of the development of CRM model, case study: network marketing organizations in Thailand. Other sources of information used to shape the framework of this study are Sumalee Yunyongwaroj’s (2009) main factors that influence the

3. Methodology

This study is a qualitative research where data collection is performed through in-depth interviews with 6 academes and consultant with expertise and experiences in CRM, 10 top management in network marketing organizations who are stakeholders of the trade with 5 being Thai organizations and 5 multinational organizations. Another group of stakeholders interviewed are a group of 20 individual stakeholders in the network marketing organization. Selected interviewees have direct impacts on the business such as those who are regulation controllers, high level management personnel and stakeholders with significant impacts from well-known and highly regarded companies in Thailand. The process in data collection for this study was planned as follows.

1. Research of information from documents and texts, research papers, other academic publications that is related to development of CRM from both Thai and international sources.


3. Use the frame of study to create questions to be used in the in-depth interview with the sample groups consisting of academes, consultants, top managements and other stakeholders in Thailand.

4. Review the interview structure and questionnaires with the research advisor and 5 experts on organizational relations to make sure that the questions are relevant and covers all grounds as indicated by the framework and objectives indicated.

5. After receiving comments, amend the questionnaire as advised by the advisor and experts and test the questionnaire on a group of 20 people that is not the actual target group but possesses similar traits. This process is to test whether the interviewee can understand each of the questions well or not. If the questionnaire is clear then use it to interview the target group of academes, consultants, Thai and foreign top managements and other stakeholders in Thailand through in-depth interviews and group interview methods. Then, analyze the data according to the principles, theories and ideology relevant as found from the literature review. After that, summarize and narrate the findings.

4. Results

Data collection from in-depth interviews of academes, consultants, top managements and other stakeholders under the scope of the case study on network marketing organizations’ development model of CRM in Thailand based on customer relationship management framework as analyzed in the from the literature reviews showed that there are 4 types of relationships. The four types of relationships that exist for the customers and the organizations were identified as follows.

1. Identifying policy and strategy. The business owner or independent distributors must be knowledgeable and can highlight the benefits of their product. They must know how utilize the tool
or strategies that exists and apply it in doing business as much as possible. The policy of most organization allows it to operate in compliance with the overall market trend. The focus is on continuously providing products that are innovative and high quality which also includes implementation of market activities that interacts more with the customers. In this sense, the network market business person must be the implementer themselves and does not work by delegating tasks to others. Policies and strategies must be set up with just, be transparent and auditable, be fully legal and must have good organizational governance. Strategy identification must be performed with the participation of both the management team and the staff.

(2) Process enhancement and development. Organizations will give a lot of importance to process enhancement and development. This is because network marketing organizations have many independent business persons in their network and each has different occupations, income level and academic background. In this type of business, it is important to be able to analyze and understand both the consumer and the independent business persons’ characteristics. Customers are categorized into consumer members and network business members. The development process will focus on building human resource capacity, trainings and creating liability and faith for both the product and marketing scheme for both the customers and members of the organization. The important thing is that the enhancement methods and development trends of the process must be in the same direction and incorporates new communication methods for communicating to all parties such as online communications. At the same time, continuous reviews and assessment of results should be performed in accordance to the policy and strategy of the organization.

(3) Knowledge management and interaction. The organization must provide space for further studies, passing on knowledge and ideas that are essential for the continuity of the business which will also affect the loyalty to the organization itself by their members. The knowledge management system must be practical and easy to understand by everyone involved. Once the network marketing business persons are equipped with knowledge and have good relations with the organization, the team and the customers it will create continuity in business operations and bring about profit. In the present, technology has been incorporated in supporting communications for all sectors thus organizations must adapt and invest in this sector.

(4) Implementing strategies into practice. It is found that implementation of CRM means that everything is interconnected whether they’re meetings, trainings, seminars, sales promotion, new products or creating brand appreciation. It must be made certain that the knowledge medium or the business person transferring the information must fully understand what they are practicing and communicating to others. Other than that, the development of tools and tactics has been done continuously to assist implementation of strategies. In the present, online communication is a channel that is very popular. Organizations must adapt their approaches to these trends as well as regularly assess the results of their implementation.

5. Conclusion

The study on the development of CRM model, case study of network marketing organizations in Thailand found that there are 4 types of relationships for CRM through in-depth interviews with academes, consultants, top managements and other stakeholders of network marketing organizations in Thailand. The four types of relationships that lead to CRM are identifying policies and strategies, enhancement and development of process, knowledge management and interaction and implementation of strategies. Organizations accept that the process of developing the model for managing customer relationships is very important. This is because the business deals and involves with many people, therefore the implementations must be according to the objective. Planning and monitoring of the implementation must allow for more participation by the people in the organization. The organization should improve their human resource by investing in capacity development. Other than that, investments in terms of technology to create convenience for the customers so that they stay with the organization as long as possible must be made. These management approaches must be continuous. It also calls for the cooperation from all stakeholders of the network including the owner, employees and business persons.
6. References


