An evaluation of the use of 'Customer Relationship Management' (CRM) in an Irish subsidiary of a Global pharmaceutical company

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DECLARATION

An evaluation of the use of 'Customer Relationship Management' (CRM) in an Irish subsidiary of a Global pharmaceutical company

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of a B.A. (Hons.) in Business is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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ABSTRACT

Customer relationship management (CRM) can be considered to cover a wide range of behaviours, practices and processes that firms adopt to implement relationship marketing in practice. The key fundamentals of CRM, identified in academic literature, incorporate a customer focused strategy, executed through business processes and supported by technology.

CRM is assumed to be positively correlated with long-term profitability. Indeed, numerous benefits have been ascribed to CRM throughout the literature. Studies on the quantitative benefits of CRM and customer retention report profit gains across various industries based on reducing customer defections. However, not all CRM projects are successful and further studies have reported on CRM failures attributed to a fundamental lack of understanding of what CRM really means.

This dissertation reviews the literature on CRM and incorporates the critical elements, relevant to the practice of CRM, into an employee survey to establish the level of CRM utilised in an Irish subsidiary of a Global prescription pharmaceutical company. The literature suggests that the pharmaceutical industry lags behind other industries in the implementation of CRM processes and technology. This theory is tested in the research undertaken.
The overall research findings indicate that while the company is perceived to treat customer satisfaction as a core value this does not appear to be reflected in the strategies it implements. Furthermore, the company's business processes do not appear to be entirely aligned with customer-focused strategies. The collective findings of this research are considered to confirm the proposed theory.
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CHAPTER 1
INTRODUCTION

1.1 Motivations for this study

This dissertation evaluates the use of customer relationship management (CRM) in an Irish subsidiary of a Global pharmaceutical company. A Global pharmaceutical forecast for 2008 identifies a number of key market dynamics limiting the potential for growth in developing pharmaceutical markets. This report suggests that in the current competitive market environment, companies need to accelerate the pace of actions taken to reinvent themselves and remain competitive (IMS, 2007).

Varying approaches have been identified as bases for achieving competitive advantage (Porter, 2004; Thompson et al., 2007). One potential foundation may be the ability of an organisation to develop and successfully implement the culture, technology, competencies and skills necessary to both understand and respond to customer needs in a manner superior to competitors. CRM has been identified as a marketing concept that may facilitate such differentiation and position a company to manage competitive forces.

Considering that the principal products of a pharmaceutical subsidiary are developed globally, and are ultimately not amenable to localisation, the national subsidiary is compelled to identify measures, other than the core product, in which to achieve distinctiveness.
There remains considerable scope for local strategic differentiation through superior customer relationships, the provision of improved services surrounding the core brand and through enhanced positioning and communication.

Given the current market dynamics, it is worthwhile investigating whether customer relationship management is being utilised to its potential in a Global pharmaceutical subsidiary, thereby enhancing its ability to deal with market forces. An employee survey was selected as an instrument to test this theory and the company in question is a well established, research based pharmaceutical company. For reasons of confidentiality the company will be referred to as Company 'A'.

1.2 Broad Outline of the study

This dissertation explores the literature pertaining to CRM, identifies the key fundamentals associated with the practice of CRM and incorporates these into a survey to establish the level of CRM utilised in an Irish prescription pharmaceutical company.

The structure of the dissertation is as follows:

1. Chapter two, the literature review, explores both the practice of CRM in general and its application within the pharmaceutical industry. A brief overview of competitive advantage is included at the outset as a preface to the context of CRM within organisational strategy. The main body of the review relates to the concepts underlying CRM including the evolution of CRM, the benefits of CRM and the models and implementation of CRM.
The literature suggests that the pharmaceutical industry is less progressive than other industries in the implementation of CRM processes and technology. This theory is tested in the research that follows the literature review.

2. Chapter three focuses on key market dynamics within the Global pharmaceutical industry, an environmental analysis of the industry in Ireland and a company profile of an Irish based subsidiary.

3. Chapter four introduces the research methodology and outlines the reliability, validity and limitations of the research. Implications for further research are also discussed.

4. Chapter five comprises the research results and analysis of the findings.

5. Finally, chapter six completes the dissertation with the conclusions of the research and the recommendations.

1.3 Brief overview of the findings

The extent of the use of CRM in an Irish pharmaceutical company is determined through the use of a survey questionnaire administered to company employees. The overall research findings indicate that whilst the company is perceived to treat customer satisfaction as a core value this does not appear to be mirrored in the strategies it implements. Furthermore, while the company's business processes seem to support the sharing of customer information and knowledge, they do not appear to be entirely aligned with customer-focused strategies. The collective findings of this research are considered to confirm the proposed theory that the pharmaceutical industry lags behind other industries in the implementation of CRM processes and technology.
2.1 Succinct overview of competitive advantage

Competitive advantage is defined by Kotler (2000, p. 56) as a company's capacity to perform in one or more ways that competitors cannot or will not equal. Kotler et al. (2005) further advance this definition by identifying lower prices or greater benefits, which justify higher prices, as means of gaining competitive advantage and offering customers greater value.

Thompson et al. (2007) suggest that an innovative, distinctive strategy, that positions a company apart from rivals and generates a competitive advantage, is a reliable means of earning above-average profits for a business. A sustainable competitive advantage can be realised if an attractive number of customers favour a firm's products or services over the offerings of competitors and when the foundation for this predilection is durable.

Porter (2004) identifies three internally consistent generic strategies for creating a defensible position, to successfully deal with competitive forces, and outdo rivals in an industry. The strategies identified are overall cost leadership, differentiation or focus. According to Porter (2004), technology and customer service are amongst the approaches utilised to differentiate an organisation's offering and create something that is perceived industry-wide as being unique.
Anton (1996) suggests that product advantages are easily copied and that quality CRM is the only thing that can set a company apart from its competitors. CRM then can be considered as a generic, organisational strategy utilised to differentiate a firm from its rivals in the market within which it operates.

In attempting to gain competitive advantage through differentiation, a company must examine the needs and behaviours of their customers to gain an understanding of what they consider important, valuable, and what they are willing to pay for (Thompson et al., 2007). The firm can then incorporate desired attributes into its offering that will set it apart from rivals. Porter (2004) suggests that successful differentiation can allow businesses to charge premium prices, increase unit sales, gain customer loyalty and provide entry barriers to rivals. Thompson et al. (2007) support this view and further propose that differentiation, based on competencies and capabilities, tend to be more sustainable and difficult for competitors to copy or offset profitably. Differentiation enhances profitability when the associated increased revenue outweighs the added cost of achieving the differentiation.

2.2 Evolution of Relationship Marketing

Significant attention from researchers and practitioners has caused RM and CRM to gain increasing recognition since the early 1990s. Indeed a great deal of the extensive literature pertaining to relationship marketing (RM) considers this marketing evolution as a phenomenon of the 1990s (Anton, 1996; Grönroos, 1997; Christopher et al., 2000; Stone et al., 2000), although Anton (1996) does observe Peter Drucker’s realisation of the business relevance of acquiring and retaining customers as early as
1979. It can however be argued that the concept in its current form has evolved over several decades as marketing thinking and literature has become more advanced.

According to Christopher et al. (2000), the study of marketing has concentrated on an evolving range of marketing concepts over the past number of decades. In the 1950s the principal focus was on consumer goods and consumer marketing. Since then it has progressed through industrial marketing, societal marketing and services marketing, with relationship marketing (RM) emerging in the 1990s. They suggest that emphasis has advanced from a transactional motivation to a relationship principle (see Table 2.1).

Table 2.1 The evolution of relationship marketing

<table>
<thead>
<tr>
<th>Transaction Marketing</th>
<th>Relationship Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on single sale</td>
<td>Focus on customer retention</td>
</tr>
<tr>
<td>Orientation on product features</td>
<td>Orientation on product benefits</td>
</tr>
<tr>
<td>Short time-scale</td>
<td>Long time-scale</td>
</tr>
<tr>
<td>Little emphasis on customer service</td>
<td>High customer service emphasis</td>
</tr>
<tr>
<td>Limited customer commitment</td>
<td>High customer commitment</td>
</tr>
<tr>
<td>Moderate customer contact</td>
<td>High customer contact</td>
</tr>
<tr>
<td>Quality primarily a concern of production</td>
<td>Quality is the concern of all</td>
</tr>
</tbody>
</table>

Anton (1996) notes the market place forces that have influenced marketing strategies over the same era.
New products in the 1960s, low-cost manufacturing in the 1970s and total quality in the 1980s necessitated marketing, manufacturing and quality strategies respectively, as a means of gaining competitive advantage during these periods. Anton (1996) agrees that customer relationships and building customer loyalty became the focus in the 1990s.

Stone et al. (2000) advise that customer management has in recent years moved through a number of different phases. What was initially a strong customer marketing focus has evolved to include both customer and enterprise relationship marketing and electronic customer relationship management (eCRM) which adds the focus of e-business.

Conversely, Novicevic et al. (2006) maintain that the foundations of CRM can be identified in the work of Barnard, which they studied comprehensively. Barnard (1940) does undeniably outline the significance of customer relationships and the incorporation of the customer into business processes. He suggests that the nature of the cooperative act between an organisation and its customer is similar to that of its employees and that the requirements to elicit such cooperation are similar (employee morale / customer goodwill, inducements and incentives, management and control, inspection and education and training).

A further study, conducted to determine if relationship marketing is a new paradigm replacing transactional marketing, proposes that rather than a complete paradigm shift, relationship marketing and transactional marketing are complementary (Zineldin
and Philipson, 2007). They cite Kotler et al. (2002) and their argument that relationship marketing is not always effective in all situations. Harker (1999), in a comprehensive exploration of the definition of RM, claims that as a paradigm RM will remain embryonic until its key conceptualisations are recognised and understood.

Although the literature reveals varying opinions surrounding the timing and extent of the evolution of RM, there is an overriding consensus that this marketing concept is in evidence in the current market environment.

2.3 Defining Customer Relationship Management

As intimated in section 2.2 (Harker, 1999), numerous definitions of RM, CRM and customer relationship marketing are evident in the literature (Grönroos 1997; Galbreath and Rogers 1999; Kotler 2000; Stone et al. 2000; Rigby et al. 2002). Stone et al. (2000) propose that these terms are frequently used by both managers and marketers but are defined in diverse ways. They do suggest however that the fundamental focus of activities is similar.

Grönroos (1997, p. 407) provides a comprehensive definition of marketing from a relational outlook as:

"...the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises."

Grönroos (1997) maintains that relationship marketing moves beyond transactional marketing, adding further elements to enhance the basic product offering.
It is worth considering some of the components of this explanation as a precursor to exploring the specific concept of CRM. Within this description Grönroos identifies RM as a process of developing sustainable, long-term, mutually beneficial relationships with relevant, profitable customers / stakeholders where both parties gain from the relationship. This definition recognises that RM involves a process of customer classification where RM may not be appropriate for all customers.

Kotler (2000) offers a comparable explanation to that of Grönroos, identifying RM as pertaining to the building of enduring, mutually beneficial, relations with key parties – customers, suppliers, distributors – to secure and retain their long-standing preference and business. Kotler specifies other stakeholders, apart from the core customer, that are relevant in RM. While both of these definitions acknowledge the concept of relationship development they provide no clarification of the process involved in executing this approach to marketing.

Stone et al. (2000) define RM as the use of a wide range of marketing, sales, communication, service and customer care approaches to identify and build lasting relationships with customers and to manage the relationship for mutual benefits. Although this explanation makes reference to varying possibilities for businesses to develop customer relationships, the process itself remains unclear.

Galbreath and Rogers (1999, p. 162) provide a more precise definition of CRM which captures the idea of relevant relationship development but also incorporates the business processes involved:
"...CRM integrates sales, marketing, service, enterprise resource planning and supply-chain management functions through business process automation, technology solutions, and information resources to maximise each customer contact. CRM facilitates relationships among enterprises, their customers, business partners, suppliers and employees."

From this definition we can appreciate that CRM is a cross-functional approach involving a transformation of the complete organisation and how it conducts its business with customers. Galbreath and Rogers have included the notion of utilising information resources as a basis for intelligent business knowledge to manage relationships more efficiently.

Rigby et al. (2002) suggest that failure of CRM programmes can be partly attributed to a lack of clear understanding of what CRM actually represents. They consider that CRM aligns business processes with customer strategies. Research they conducted into CRM failures reveals that many managers presuppose that CRM is purely a software package that manages customer relationships. Rather than a mere software tool to manage customer relationships, they advise that CRM should be contemplated as a combination of customer strategy and processes, supported by software, for the intention of improving customer loyalty & profitability.

It appears then that CRM incorporates an overriding, customer focused strategy which is executed through business processes and supported by technology. A customer strategy is determined through segmentation analysis and determining marketing goals.
Rigby et al. (2002) further identify some of the key business processes that should be aligned to a customer strategy, namely; job descriptions, performance measures, compensation systems and training programmes, to support a customer focus.

This clarification of the process of CRM, advanced by Rigby et al. as a result of failure analysis, suggests that CRM remains in an evolutionary phase. As previously noted, Harker (1999) proposes that RM as a paradigm will remain undeveloped until its key conceptualisations have been identified and understood. In his paper, he lists 26 different definitions of RM suggesting that the differing opinions relate to variances in the backgrounds of the contributors and also to the short lifetime of this marketing concept.

Law et al. (2003), in an analysis of three perspectives on CRM, explore the fundamental perceptions conveyed by each word in the term. They propose that the word 'customer' provides the direction, 'relationship' confers the focus and 'management' represents the approach. This paper also emphasises that the relationship is not limited to the relationship with the customer but also involves internal relationships and other linkages both within and external to the company. Their management approach relates to the establishment of a co-creative environment for further relationship development between customers and companies. This approach implies interaction between the customer and the organisation involving, collaboration, cooperation and communication.
In attempting to define the term CRM it would appear from the literature that there is considerable ambiguity surrounding this marketing concept. Rather than arising as a theory based on scientific research and findings, CRM seems to be based on perceptions developed by diverse academic and business contributors. Palmer et al. (2005), in an article addressing schools of thought on RM, conclude that RM can be understood from a number of outlooks signifying that practice is not as clear cut as the body of principally conceptual work suggests.

Customer relationship management attempts to establish the general proposition that successful organisations need to have a philosophy of being focused on the customer. CRM proposes effectively using the knowledge gained from this focus to meet the customer's needs in a mutually satisfactory manner. CRM as a term can be considered to cover a wide range of behaviours, practices and processes that firms adopt to implement RM in practice. The processes and models of CRM are further discussed in the following section.

2.4 Models of Customer Relationship Management

Stone et al. (2000) identify five management principles essential to successful customer management, namely; customer management strategies, customer management models, customer management infrastructure (systems, data and process), people and customer management programmes (programme of change). Models of customer management, identified throughout the literature, are discussed below.
Marketing has traditionally been viewed from the perspective of managing relationships with customer segments. Payne (1993) and Christopher et al. (2000) propose that a much broader market standpoint is fitting in relationship marketing. They identify the 'six markets' model to illustrate this broadened view. The model suggests that firms have a number of markets that they need to direct activity towards and formulate plans to manage, expressly; customer markets, supplier markets, employee markets, referral markets, 'influencer' and internal markets.

As previously mentioned, customer marketing emphasises long-term, lasting relationships with both new and existing customers. Referral markets relate to business which is acquired through various sources within an industry segment, such as, existing customers, intermediaries, networks and agencies. Christopher et al. (2000) emphasise the importance of developing such referral sources or advocates as prospective channels for generating business. The 'six markets' model further identifies greater collaboration or partnerships with suppliers as a potential to create mutually profitable business through quality improvements, mix and volume flexibility, optimal products and continuity of the relationship. The rise in globalisation, driven forward by the integration of the world economy (Giddens, 2006), has led to increased competition in a firm's efforts to attract suitably qualified human resources. Accordingly, models of CRM recognise employee marketing as a crucial component of RM. 'Influence' markets, such as regulatory, markets and the government may also be of particular significance if a company's offerings have an impact on the performance of the nation.
Finally, the 'six markets' model associates internal marketing with improved levels of organisational interdepartmental service and enhanced representation of the company by employees (Christopher et al., 2000).

Stone et al. (2000) consider models of customer management in a different manner to that suggested by Christopher et al. (2000). They have identified a number of paradigms that can be used independently or in combination. They intimate that the customer relationship marketing model recognises that the relationship is only a part of the marketing mix where at times classical elements of the mix may be more critical for success. Different marketing mix elements can be used in different situations to achieve loyalty. Both hygiene factors and loyalty factors are identified as defining the relationship offer.

A model developed by Stone et al. (2000) is that of transparent marketing. This model is based on the premise that customers would prefer to manage their relationship with companies rather than the reverse. They believe that one of the major successes in the deployment of the Web is in providing transparent marketing to intermediaries.

Peppers and Rogers model (1997) of 'one to one' marketing (cited in Stone et al., 2000) advocates most elements of the marketing mix being actively attuned to the (changing) individual. Pine, Peppers and Rogers (1995) propose a model of a 'learning relationship' as a means of successfully achieving mass customisation and one-to-one marketing.
As customers invest in the learning relationship, teaching the company about their needs and preferences, they are more likely to maintain a lasting relationship due to perceived, high switching costs. Four components are outlined in this model of relationship management, specifically; an information strategy to instigate appropriate channels of communication, a production / delivery strategy, an organisational strategy to manage both customers and competencies and an assessment strategy to evaluate execution. This model requires considerable process, systems and data investment to achieve singular customised offerings and may be more appropriate for larger more valuable customers.

Considering that no singular definition of CRM is evident in the literature, it is not surprising that various, diverse models of CRM are proposed. While each model can be perceived to have its merits it would appear that the appropriate model may depend on the type of business and the number of customers involved.

2.5 Goals, Benefits and Competitive Advantage of Customer Relationship Management

Various benefits have been appointed to CRM throughout the marketing literature (Anton, 1996; Kotler, 2000; Stone et al., 2000). Galbreath and Rogers (1999) suggest that, CRM; helps a business to appreciate their customers, identify those which are advisable to attain and keep, those which have potential and are important and, crucially which customers should be forsaken.
According to Anton (1996, p. 11), the ultimate goal of CRM is customer retention. Increasing customer loyalty can result in a number of benefits to a business:

- Increased purchases of the existing product
- Cross-purchases of your other products
- Price premium due to appreciation of your added-value services
- Reduced operating cost because of familiarity with your service system.
- Positive word-of-mouth in terms of referring other customers to your company.

Kotler (2000) equally identifies securing and retaining customers' long-term preference and business as the goal of RM. He proposes that the ultimate outcome is the creation of an inimitable company asset called a marketing network. Furthermore, he suggests that the customer profit rate tends to increase over the life of a retained customer.

Kotler (2000) does however observe that relationship marketing is not effectual in all circumstances, although CRM systems are lowering the value limit at which it becomes fitting. Transaction marketing may be more suitable for customers who have short time horizons and can switch to competitors with little effort or cost. The ultimate suitability of transaction as opposed to relationship marketing depends on the type of industry and the desires of the customer.

Stone et al. (2000) concur with both Anton's and Kotler's view of improved customer retention, loyalty and increased long-standing value.
In addition they suggest that CRM lowers recruiting costs and, as existing customers are more responsive to the company this also reduces the cost of sales. Furthermore, if customer management is aligned with customer needs, customer loss rate can be reduced by at least 25 per cent as one in four customers are lost through basic service reasons. Margins may also be improved with existing customers as the strength of the relationship can result in their being more resistant to aggressive competition.

Reichheld and Sasser (1990) and Reichheld (1996) specify the quantitative benefits of CRM and customer retention identified through their studies on customer loyalty and customer defections. Their reports indicate that reducing customer defections by 5% can boost profits by 25% to 85% across various industries (Reichheld and Sasser, 1990). Reichheld (1996) acknowledges the means through which customer loyalty can lead to profits which are comparable to those identified by Anton and Stone et al. Long-term customers buy more, take less of a company's time, have no acquisition or start up costs, are less sensitive to price and introduce new clients.

Given the intuitive logic that CRM should lead to sustainable competitive advantage it is encouraging to note the relationship between CRM, customer retention and increased profitability. However, each of the aforementioned benefits and advantages presuppose that CRM essentially results in customer retention and loyalty. It is important to note that not all CRM projects are successful and profitable. Gartner Group, cited in Rigby et al. (2002), note that as many as 55% of all CRM projects don't produce results.
A further survey by Bain (2001), also cited in Rigby et al. (2002), reveals that, apart from failing to deliver profitable growth, 20% of CRM initiatives had actually damaged long-standing customer relationships. Kotorov (2003) cites a report from Meta Group Inc. which estimates CRM failure rates between 55% and 75% in 2001.

Rigby et al. (2002), having analysed CRM failures for ten years, suggest that one reason for negative results is a fundamental lack of understanding of what CRM means. Considering the benefits, along with the potential perils of CRM, it can be alleged that, apart from having a comprehensive appreciation of CRM, effective implementation is crucial to the success of CRM.

2.6 Implementing and Evaluating Customer Relationship Management

As alluded to when defining RM and CRM, CRM is not just a software tool utilised to manage customer relationships. Rather, it is a combination of strategy, people, processes and technology to improve customer retention, loyalty and profitability.

A case study investigating the execution of a programme of relationship marketing (Lindgreen and Crawford, 1999) found corporate commitment crucial to its implementation. Moreover, this analysis found that front-line employees played a vital role in the development of marketing relationships. This case study identified a three-phase programme undertaken by the company, directed at building relations with customers, namely; a design phase, an implementation phase and an assessment phase.
The design phase included a company audit, focus groups and questionnaires, to existing customers, to ascertain company strengths and weaknesses. Implementation was achieved through the establishment of project teams, customer-focused staff training and frequent effective communication, through a quarterly company newsletter, with both customers and employees. Finally, three measurements were used to assess the design and implementation phases, explicitly; customer loyalty, customer retention and customer share and employee satisfaction. Included in this approach is a five-fold procedure for achieving employee satisfaction, specifically; set standards, hire the right personnel, provide training, monitor performance and give rewards.

The authors recognise that this company concentrated on just the employee and customer markets initially but intended to extend the programme to include the supplier market. Furthermore, they acknowledge that this approach may not be appropriate for all companies. This situation analysis reveals the attention to the strategic, process and people elements of implementing CRM without reference to any specific technological enhancements. Database technologies may improve what has been achieved and facilitate effective expansion of CRM to include other relevant markets (supplier, internal, referral, influence) but, as this case demonstrates, it is not the foundation upon which CRM is realised.
Xu et al. (2002), in a paper attempting to isolate the optimum approach to fit CRM applications into the business setting, suggest that although CRM is driven by 'cutting-edge' technology, success is dependent upon a corporate culture that embraces customer-focused objectives. They identify CRM as a pervasive approach that integrates strategy, people, processes and technology, in a comprehensive change management process, to maximise relationships with all customers. Chen and Popovich (2003) agree that successful implementation is intangible to many companies who fail to comprehend that CRM necessitates an integrated and balanced approach to technology, process and people. Technological applications can be implemented to collect and scrutinise data on customer patterns, interpret customer patterns and behaviour, respond with appropriate and effectual personalised communications and deliver product and service value to individual customers (Chen and Popovich, 2003).

In addition to adapting technological innovations, Chen and Popovich (2003, p. 682) recognise that CRM is a continuous effort requiring remodelling of core business processes starting with the customer. They cite Seybold's (1998) five steps in designing a customer-centric organisation:

- Make it easy for customers to do business
- Focus on the end customer
- Redesign front office and examine information flows between the front and back office
- Foster customer loyalty by becoming proactive with customers
- Build in measurable checks and balances to continuously improve
While both technology and business processes are essential to successful CRM, Chen and Popovich (2003) further realise the relevance of people (management and employees) to the execution of change in organisational culture. Top management support, leadership and commitment to CRM are needed throughout the entire operation. They suggest that CRM programmes require the full-time attention of a cross-functional project team to integrate core business processes. A customer-centric marketing model necessitates sharing customer data company-wide. This may demand an essential paradigm shift in the organisational culture from silo-based practices to sharing information and knowledge. Achieving a company-wide commitment to CRM entails ongoing education and training and the adaptation of incentive compensation plans to reward customer orientation.

In their paper addressing the perils of CRM, Rigby et al. (2002) similarly equate a cross-functional customer strategy and customer-focused business processes (incorporating job descriptions, performance measures, compensation systems and training programmes) to CRM success. Furthermore they propose that CRM can be achieved without huge investments in technology.

The McKinsey and Co. 'Seven S' framework has been recognised by a number of CRM reviewers (Payne, 1993; Christopher et al., 2000) as a notable tool for planning organisational change. The framework consists of seven fundamentals, expressly; strategy, structure, systems, staff, style, skills and shared values.
The McKinsey research, cited in Christopher et al. (2000), reported that high performing companies placed emphasis on all seven elements while lower performing businesses tended to place most weight on strategy, structure and systems.

Although differences appear in the literature as to the extent of technological adaptation there appears to be a general agreement that CRM implementation begins with a clear strategy and necessitates transformation of businesses processes, people and technology.

2.7 Customer Relationship Management in the Pharmaceutical Industry

The fundamental element of successful sales and marketing in the pharmaceutical industry is the quality and relevance of a company's interactions with their customers. Few products take as much money or time to develop as pharmaceutical drugs. Only about one substance in five thousand makes it through the typical twelve year drug development process that usually costs a company approximately €900 million. Patent protection is given for a limited time and once a product comes to market a company generally has only eight to ten years to recoup its expenditure (MRII 2004). Consequently, retention of consumers throughout the life cycle of a drug is critical to its success, and that of its manufacturer.
It is therefore surprising to note that the literature relating to CRM in this sector suggests that it lags behind other industries in the implementation of CRM processes and technology (Sellers, 2001; Alt and Puschmann, 2005; Roner, 2005; Campbell, 2007). The sales model of one to one, and to a lesser extent one to many (group selling), is a model that has been used throughout the world in the prescription pharmaceutical industry. Past evidence has shown that the market share of a brand is proportional to the quantity of aggregate selling time to the brand. This influenced companies to focus on increasing the number of selling encounters. However, more recent evidence indicates that there is a growing mismatch between the one dimensional sales model, and the customer's need for information, in increasingly complex fields of medicine (Quinn and O'Neill, 2002; Prounis, 2003).

Ruekert (1992) defines customer orientation as the degree to which an organisation obtains and uses information from customers, develops a strategy which will meet customer needs and implements that strategy by being responsive to customer needs and wants. Roner (2005) suggests that pharmaceutical companies do not always have a clear image of their customers and the varying needs of the different customer groups. European market research, undertaken by Procter and Gamble (P&G), cited in Roner (2005), indicates that, as a group, European physicians observe medical sales representatives as too focused on delivering their own messages and not on listening to doctors' needs. This research mirrors the results of a previous survey of US physicians' attitudes to pharmaceutical sales representatives (Prounis, 2003).
According to Prounis (2003), doctors believe that compared to five years previous pharmaceutical representatives:

- use more aggressive sales tactics
- are more oriented to business than to medicine
- are more biased than their predecessors
- are younger and less informed, with fewer health care degrees
- have little to offer beyond basic product information and samples

Pesse (2007), in a paper which addresses the changing nature of the healthcare environment, suggests that the target of 'share of voice' (physician based selling encounters) is now less important, giving way to a network of tightly interrelated professionals, advisors, informants, budget holders and policy makers. This focus on frequency metrics has contributed to the trust and access issues that the industry is facing. He proposes that companies should balance their efforts across value creation in both health effectiveness and health efficiency, as well as in their own profitability, to be more responsive to the needs of customers. This necessitates a move from product-centred solutions for prescribers to co-developing solutions with a range of stakeholders within a given network.

The increasingly diverse nature of a pharmaceutical company's customer base poses a challenge to the implementation of CRM. Within the pharmaceutical industry, 'customer' can mean a variety of individuals and groups, including; patients, prescribers (physicians and nurses), dispensers, healthcare institutions and payers.
In order for CRM to be successful multiple types of customers must be catered for through various channels with variable effects on sales and business strategies. In addition, the way in which customers interact with the industry and each other is continuously evolving, which constantly changes the sales and marketing landscape.

Campbell (2007) suggests that the CRM systems developed for this sector in the late 1990s did not bring the return on investment that was expected. Davidson, cited in Campbell (2007), proposes that the industry is finally beginning to understand the importance of CRM and the associated technology. He suggests that technology companies have not taken an innovative enough approach when dealing with pharmaceutical companies. On the other hand, it is the responsibility of the industry to ensure that the technology vendors understand the industry environment and its regulations, legislation and demands.

Payne (1993) recognises that changes in market forces can create both marketing opportunities and marketing threats. As noted in the introduction to this dissertation, the global pharmaceutical industry is currently facing a growing number of challenges to its growth potential over the coming years. Market forces, ranging from patent expiries, increasing use of lower-cost generics, growing pressure from governments to control costs and limit access to certain treatments and heightened safety scrutiny for new medicines will all have a significant impact on worldwide pharmaceutical market growth. The IMS 2008 forecast (IMS, November 2007) proposes that business models need to be adjusted to capture new opportunities in this changing market environment.
With all the issues that pharmaceutical companies are currently facing, improved utilisation of CRM could be at least one solution to deal with the problems, add more value to its offerings and enhance competitive advantage.
CHAPTER 3

INDUSTRY BACKGROUND AND COMPANY PROFILE

3.1 The Global pharmaceutical industry – key market dynamics

Prescription pharmaceuticals constitute one of the world's leading Global industries with worldwide pharmaceutical sales predicted to increase to US$735 – 745 billion in 2008. However, this does reflect a reduction in growth from 6-7 percent in 2007 to 5-6 percent in 2008. Sales growth in the U.S. and the five largest European markets is anticipated to range from just 4-5 percent denoting a historic low for the U.S. Market growth in Japan is predicted to fall to 1-2 percent, down from the 4-5 percent expected in 2007 (IMS, November 2007).

According to the IMS forecast for 2008 (IMS, November 2007), key factors limiting the growth in these markets include: patent expiration of branded products, an increase in the use of lower-cost generics, pressure from payers to control costs and increased safety analysis that is slowing the introduction of new medicines. Drugs with approximately US$20 billion in annual sales will face patent expiry in 2008 driving the growth of generics by 14-15 percent in 2008 to more than US$70 billion.

Pharmaceutical companies and governments are employing more advanced economic analyses to understand the impact of prescription pharmaceuticals on healthcare budgets. Health Technology Assessment (HTA) associations are growing in scope and influence across Europe at both national and regional levels.
3.2 Environmental analysis of the pharmaceutical industry in Ireland

According to Kotler et al. (2005), an external or marketing environment audit explores the macro environmental forces relevant to business performance. Analysis of these forces, namely; political, economic, social, technological, legal and competitive identifies pertinent opportunities and threats which influence company strategy and future performance.

3.2.1 Political Environment:

Growing political unwillingness to fund the perceived uncontrollable growth in pharmaceutical spending:

As the government, directly or indirectly, pays for most of the medicines consumed by patients, its unwillingness to countenance increases in consumption costs means that it is imposing measures that are impacting on the revenues of the industry. In March 2007 a new pricing agreement was reached between the Health Service Executive (HSE) and the Irish Pharmaceutical Healthcare Association (IPHA). This agreement has a downward impact on the price of both patent expired and new medicines in Ireland (IPHA, 2007).

Increased political disaffection with the pharmaceutical industry:

Factors, such as; the increasing size and globalisation of the industry, withdrawal of drugs from the market for safety reasons, questions about the industry’s marketing practices and its influence on the prescribing habits of physicians are increasing public and political hostility to the industry.
Growing interest in preventive medicine and patient advocacy:
Disease awareness, prevention, primary care and patient advocacy are becoming increasingly relevant in the delivery of healthcare in Ireland.

3.2.2 Economic Environment:
Increasing burden of healthcare spending per capita:
In terms of health spend per capita, Ireland ranks above the Organisation for Economic Co-operation and Development (OECD) average. Health expenditure per capita in Ireland has grown by an average of 7.1% per year between 2000 and 2005, one of the fastest growth rates of all OECD countries and considerably higher than the OECD average of 4.3% per year (OECD, 2007).

3.2.3 Social Environment:
Aging population:
In 2005, life expectancy in Ireland stood at 79.5 years, nearly 1 year above the average across OECD countries (OECD 2007). Consequently, advocacy groups for older populations have become significant players in healthcare in Ireland.

Increasing interest and demand for transparency in healthcare:
The traditional model of treatment decisions being made exclusively by the physician is giving way to shared decision making fuelled by consumers who are increasingly health literate due to high levels of internet usage.
3.2.4 Technological Environment:

Impact of information technology:

The relevance of the pharmaceutical industry, in facilitating the delivery of significant clinical data to physicians, is being undermined by advances in information technology. Data on improvements in treatment modalities and clinical trials are now easily accessible through the internet.

3.2.5 Legal Environment:

Code of Marketing Practice:

Both industry codes of marketing practice and internal company compliance regulations impact on interactions with customers and marketing activities within the organisations.

3.2.6 Competitive Environment:

Generic competition:

Brand loyalty within the pharmaceutical industry, even for patent expired medicines, has greater significance in Ireland than in most other European countries. Nevertheless, patent expired medicines, which continue to contribute considerably to the business, are under increasing pressure from cheaper generic alternatives.

Direct competition:

The pharmaceutical industry in Ireland is extremely competitive and companies are continuously implementing innovative strategies to improve their market position and market share within given therapeutic areas.
The differences in efficacy and safety between competitor products are often minimal and it is through their interactions with relevant customers that companies gain competitive advantage. Access to these customers has become more challenging and competing companies, with greater numbers of sales representatives, are gaining a greater 'share of voice' and a corresponding growth in their business.

New entrants to the market:
The launch of new products to the market always generates considerable interest amongst the innovators / early adopters in medicine in Ireland. Company 'A' faces the arrival of a new entrant early in 2009, in direct competition with one of its current growth drivers which, in 2007 accounted for approximately 23% of its total sales.

3.3 Company 'A': Profile in Ireland
Company 'A', the Irish subsidiary of a large research based pharmaceutical company, has a significant presence in Ireland. Company 'A' is ranked within the top 10 of 125 prescription pharmaceutical companies in Ireland and, in terms of retail sales, 2 of its products are listed in the top 10 of 1,898 prescription pharmaceutical products (IMS, February 2008). Although the company has become a major player in a number of therapeutic areas, in relation to retail sales, their ranking has slipped from 4th in 2003 to 10th in 2008.

This decline in position can be attributed to a number of exclusivity losses on major 'blockbuster' brands in the last number of years. Loss of patent protection has exposed a vast proportion of the business to generic competition.
Furthermore, the aforementioned new pricing agreement for patent expired medicines resulted in a 20% reduction in price to wholesaler for these products in 2007. In January 2009 there will be a further reduction of 15% off the original price to wholesaler. Two of the key growth drivers, over the next three to five years, will face a similar loss of patent protection in 2011 and a resulting reduction in price.

Compensatory growth is now being sought from new compounds in much more specialised fields of medicine. Given that the basic products of the company are developed globally, the local subsidiary needs to identify areas, other than the core product, in which to gain distinctiveness in the market. The changing strategic focus, implicit in the move to more specialised therapeutic areas, has implications for the company’s organisation and resources over the next few years. The current business model, comprising large sales forces and traditional marketing programmes (aimed at large General Practitioner populations) may not be suitable in targeting a smaller number of high value specialist customers.

The current focus of business planning is based on the development of each brand. This principally reflects that the marketing manager is accountable for sales and market share growth of their brand with a lesser responsibility for issues such as customer relationships or customer satisfaction. In practice, the sales, medical and key account manager are charged with customer management. It is broadly true that business planning is built around the brand, rather than around customer groups or customer needs.
CHAPTER 4
RESEARCH METHODOLOGY

4.1 Reasons for a survey
The purpose of this research is to ascertain the level of CRM utilised in Company ‘A’, an Irish subsidiary of a global pharmaceutical company. A survey questionnaire was chosen as access was granted to employees in a well established, leading pharmaceutical company in Ireland. The company, headquartered in the US, is a major player in a number of key therapeutic areas in Ireland. Permission was granted to survey employees at all levels across the organisation with the provision that the company remain anonymous and that individual responses were confidential. A questionnaire was therefore chosen, in preference to conducting interviews, to obtain broad-based data without having to identify individual responses.

CRM literature suggests that the pharmaceutical industry lags behind other industries in the implementation of CRM processes and technology. A survey of employees in one company was conducted in an attempt to confirm, challenge or extend this theory.

4.2 Criticisms and justifications for a questionnaire
A questionnaire can be a useful research tool as it is a standard instrument that can be given to a large number of people to get a broad set of representative responses about opinions, perceptions and behaviour (Kane and O’Reilly-De Brún, 2001).
In addition to being descriptive, surveys can also be analytical and can test hypotheses (Kane and O'Reilly-De Brún, 2001). A questionnaire eliminates the risk of interviewer variability as the researcher is not interacting directly with the respondent while the questionnaire is being completed. Furthermore, a questionnaire is more convenient for respondents as they are given the opportunity to complete the questions in their own time and in a location that is convenient for them.

A questionnaire, while providing information on selected variables, will not provide an absolute picture but a set of responses to particular questions and a snapshot at one point in time. The precise meaning or context of replies cannot be ascertained, through a questionnaire, to provide a complete holistic picture (Kane and O'Reilly-De Brún, 2001). Considering that the purpose of this research is to obtain largely broad-based data on the use of CRM in one particular company this constraint is not anticipated to impede a general analysis in this instance.

Questionnaires can require more precision than interview schedules, as the researcher is not interacting directly with the respondent. Issues such as poor design, confusing language, bias and irrelevant questions are potential drawbacks associated with research questionnaires. However, these problems can arise with any research technique. Care has been taken to avoid such issues throughout each stage of this study, from the design and development of the questionnaire through to the data collection and data analysis.
4.3 Research design

The research conducted to facilitate the analysis of the use of CRM in the company comprised a self-administered questionnaire to 20 employees (approximately 50% of the company’s staff). A mini survey was considered suitable for a company of this size. As the survey was focused on a specific topic a mini survey was also deemed appropriate for this reason.

Employees were chosen randomly and opportunistically, whenever it was possible to obtain time with individuals to discuss the objectives of the project on a one-to-one basis. This option was chosen as an alternative to mass mailing in an attempt to improve the response rate. Respondents were given the opportunity to complete the questionnaires in their own time when it was convenient for them.

Employees were selected in order to obtain a good distribution between the two main sectors in the organisation, front line staff (sales force and clinical support) and management. Individual survey responses are confidential to maintain anonymity of both individual employees and the company.

Twelve questions covering the major dimensions of CRM were included. Each question was posed in the form of a proposition about a given issue. Respondents were asked to choose, from six possible alternatives, the option that best matched their opinion / perception of where the company fits in relation to each statement. An envelope was provided for questionnaires to be returned once complete.
4.4 Research Questionnaire
As previously stated, the survey questionnaire consisted of twelve propositions relating to CRM. Each proposition was posed as a forced-choice question where respondents had to choose from six possible answers using a Likert scale (strongly agree, agree, strongly disagree, disagree, neither agree nor disagree or don't know). The questions were developed in an effort to address the different elements of CRM, particularly; customer focused strategy, business process and technology. As technology is not considered to be at the foundation of CRM this component was given the least consideration in the questionnaire. The facility to add any additional comments on the survey or on CRM in the company was incorporated in the questionnaire.

A cover letter was included with the questionnaire which briefly outlined the purpose of the survey and gave direction on how the questionnaire should be completed. Assurance was also given that individual replies would remain confidential. The cover letter can be seen in Appendix 1 and the survey questionnaire in Appendix 2.

4.5 Data processing and interpretation
The questionnaire included twelve propositions each of which had six possible answers from which respondents were asked to choose one. The responses to each statement were collated and analysed using an Excel spreadsheet to ascertain percentages. The spreadsheet is shown in Appendix 3. Further analysis involved categorising the propositions under the three different fundamentals of CRM that were addressed within the questionnaire.
The collective answers to the questions pertaining to each specific element were collated to give a general picture of perceptions relating to customer focused strategy, business process and technology. Of the twelve questions, six related to customer focused strategy, five concerned business process and one question was associated with technology. Again, this analysis was conducted using an Excel spreadsheet which can be seen in Appendix 4. An objective interpretation of the results of each question is offered by the researcher.

4.6 Reliability

According to Kane and O'Reilly-De Brún (2001), there are a number of potential reliability issues that can occur when conducting research. The two most common questions concerning research reliability are as follows:

1. Would another researcher working in the same situation come up with similar findings and conclusions?

2. Is the material representative (i.e. would the research yield similar results on different occasions)?

When undertaking primary research, threats to reliability can result from both subject error or bias and researcher error or bias (Kane and O'Reilly-De Brún, 2001).

Subject error may arise if the research is undertaken at a time or place that affects the respondent's ability to participate without error. In this instance, the possibility of subject error should be minimised as respondents were facilitated to complete the questionnaire at a time and place that was convenient to them.
Subject bias may be an issue where respondents answer in the manner that they perceive the company would like them to. However, individual replies to this questionnaire were anonymous and confidential and results were aggregated to give an overall picture. All participants were aware of this before they completed their questionnaire as it was outlined in the accompanying cover letter. The risk of subject bias should thus be reduced.

To minimise the risk of researcher error, questions were structured to address the fundamental elements of CRM and a Likert scale was used to lessen the potential for error in the interpretation and analysis of results. Furthermore, by using a questionnaire, the potential for researcher bias or variability is limited as the researcher is not interacting directly with the respondent while the questionnaire is being completed. While the precise meaning or context of replies cannot be determined, an objective interpretation is presented, based solely on the results of each question and additional comments offered by respondents.

4.7 Validity

A number of threats or confounds to internal validity are identified by Kane and O'Reilly-De Brún (2001). Each of the threats that are pertinent to a survey questionnaire is outlined below and the efforts to minimise them identified:

1. History: Any events happening in the course of the survey may affect the results. While this survey was being carried out no events occurred in the company that might influence the participant's replies.
2. Maturation: Developmental changes in research subjects over time may cause a change. As this study was based on the completion of one questionnaire at a single point in time maturation is not deemed to be an issue in this instance.

3. Mortality or attrition: Findings can be affected if participants drop out of a study. This was not an issue in this study due to the nature of the survey.

4. Testing: People can be affected by tests and if respondents feel that they may be affected by the findings it may influence their responses. The purpose of this survey was clearly outlined to all participants prior to completing the questionnaire, individual responses were confidential and the replies were aggregated to give collective rather than individual results.

External validity relates to the ability to generalise the results to a larger setting. A study may have high internal validity but may not have much general application (Kane and O'Reilly-De Brün, 2001). While the findings of this study relate to one pharmaceutical company at a particular point in time, the results could be representative of the industry in Ireland at present. It is broadly true that competing, prescription pharmaceutical companies in Ireland are constantly responding, adopting and adapting to what they perceive the opposition to be doing.

4.8 Limitations

It must be acknowledged that there are a number of limitations to the research undertaken. As previously observed, due to the nature of the survey conducted, these findings represent a snapshot of one company at a specific point in time.
Although the findings could be generalised to the industry in Ireland, it should be noted that while 50% of employees may be representative of this particular company the results might not be mirrored if 50% of employees in the entire industry were surveyed.

A study of the implementation of CRM, identified in the literature, (Lindgreen and Crawford, 1999) acknowledged that the company surveyed concentrated solely on the employee and customer markets. Indeed the CRM literature identifies six markets that are important to consider in relationship marketing, specifically: customer, supplier, employee, referral, influencer and internal markets (Payne, 1993; Christopher et al., 2000). Within the pharmaceutical industry, 'customer' can refer to a variety of individuals and groups as mentioned in the literature review (patients, prescribers, dispensers, healthcare institutions and payers). In the pharmaceutical market in Ireland the principle customer is the prescribing Physician and this study is limited to relationship management with Physicians. Considering that the study relates to CRM, the research would be far more robust if questionnaires had been distributed to customers to obtain their perceptions of how the company manages relationships with them. However, a prerequisite of this research was that the company remain anonymous. Consequently, this precluded the researcher from surveying customers or anyone outside the company as this would have necessitated disclosing the company name.

A further limitation to this research is that the results are based solely on employee perceptions of the practice of CRM in the company.
No independent audit of the company was carried out to reinforce or verify the findings. However, the possibility that responses do not relate to the true situation is minimised as the questionnaires were both anonymous and confidential.

Finally, both the limitation on the length of this dissertation and the timeframe within which it was to be completed constrained the researcher from undertaking any research involving a lengthy process of completion or analysis.

### 4.9 Ethics

There is no universal series of ethical principles that guides researchers in the conduct of their research. Kane and O'Reilly-De Brún (2001) offer some basic rules that should be adhered to when doing research and these were followed to ensure that this research was carried out in an ethical manner.

The first rule is that you make what you are doing clear from the beginning and that you don't make promises to elicit cooperation. Prior to commencing this research permission was obtained from the general manager of the company to survey employees across the entire organisation. As the general manager stipulated that the company remain anonymous and that individual responses were confidential a questionnaire was chosen to ensure that these conditions were met. Research was limited to company employees to maintain anonymity of the company. The purpose of the survey was clearly outlined in the cover letter and verbal clarification was also given to each respondent as the questionnaires were personally distributed to participants.
The second rule is that you share results with respondents in a manner that is accessible and understandable to them. As a matter of courtesy, all employees who participated in this survey will be invited to attend a presentation of the findings at a time that is suitable for them. In addition, a copy of the presentation will be submitted to the general manager of the company.

4.10 Implications for further research
Considering the limitations of this study there is potential for further, extended research on the use of CRM in an Irish prescription pharmaceutical company. To appreciate the full extent of the use of CRM, research should extend to include all the markets identified in the literature rather than purely focusing on the customer market. In addition to surveying company employees, future research should include a survey of existing customers within each of these markets to reinforce the results of employee surveys. Furthermore, obtaining data through a variety of different strategies (triangulation) would strengthen and verify the research findings. An objective audit or observation of business processes could validate conclusions drawn from subjective opinions and perceptions.
CHAPTER 5
RESULTS AND DATA ANALYSIS

5.1 Responses
Of twenty questionnaires that were distributed eighteen were returned completed giving a 90% response rate. All questions were answered in the correct manner by each participant as one of the six possible answers was chosen for each of the twelve propositions. Additional comments on CRM in the company were included in three of the completed questionnaires. These comments, which related to particular statements on the questionnaire, are included with the findings relating to the appropriate proposition.

5.2 Research findings and analysis
The results are initially presented based on an individual analysis of the responses to each of the twelve propositions. In addition, the responses to the statements relating to each of the three elements of CRM are collated to give a general overview of perceptions relating to customer focused strategy, business process and technology.
Q1. The company divides customers into distinct segments, tailoring messages and the level of effort to meet the distinct needs of each segment

<table>
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<th>Opinion</th>
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<tbody>
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</tr>
<tr>
<td>Disagree</td>
<td>6%</td>
</tr>
<tr>
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</tr>
<tr>
<td>Agree</td>
<td>39%</td>
</tr>
<tr>
<td>Strongly Agree</td>
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</table>

Question 1 is considered to relate to a customer focused strategy

- 83% (15 of 18 respondents) either agrees or strongly agrees with this proposition
- 17% (3 of the respondents) either disagrees or strongly disagrees with it

This intimates that in general the company is perceived to target and segment its customers depending on their clinical needs. Product messages and information appear to be then aligned to the needs of the distinct segments.

An additional comment relating to this question stated that the company has an aspirational view of CRM and that CRM should have a much higher profile within the company. The respondent proposes that the company’s segmentation of customers and management of this could be improved significantly. This could suggest that this respondent has a clearer understanding of the true concept of CRM than other employees.
Q2. The different departments in the business work as a cross-functional team, communicating openly and sharing all relevant customer information

Don't Know
Neither Agree nor Disagree 17%
Disagree 6%
Strongly Disagree
Agree 67%
Strongly Agree 11%

Question 2 is considered to relate to business process
- 78% percent (14 of 18 respondents) either agrees or strongly agrees
- Only 6% (1 respondent) disagrees with this proposition
- 17% (3 respondents) neither agrees nor disagrees

According to the literature, a customer-centric marketing model necessitates sharing customer data company-wide. These results indicate that, for the most part, employees perceive organisational practices to be based on sharing information and knowledge. The company is largely considered by employees to operate as a cross-functional team. The fact that 4 of 18 respondents (23%) don’t agree with this proposition could suggest that, although the company may have shifted from silo-based practices to information sharing, there may be some gaps in this practice.
Q3. As a result of the open communication and sharing of customer information, customer relationships are managed more efficiently.

- Don't Know: 6%
- Neither Agree nor Disagree: 11%
- Disagree: 16%
- Strongly Disagree: 56%
- Agree: 22%
- Strongly Agree: 56%

Question 3 is considered to relate to business process:

- 78% (14 of 18 respondents) agrees or strongly agrees
- Only 6% (1 respondent) disagrees with this proposition
- 17% (3 respondents) neither agrees nor disagrees or doesn't know

Considering that this statement is linked to the outcome of the practice described in the previous proposition (Q2) it is not surprising that the results of both statements are similar. These parallel results demonstrate consistency in employee perceptions regarding this element of business process. It would appear from these results that company-wide sharing of information and knowledge, when it does occur, correlates positively with the practice of CRM. The fact that some employees don't agree with this proposition could suggest that customer relationships are not always managed efficiently through cross-functional teamwork.
Q4. The company treats customer satisfaction as a core value

![Bar chart showing distribution of responses to Q4.]

- Don't Know: 11%
- Neither Agree nor Disagree: 17%
- Disagree: 39%
- Strongly Disagree: 33%
- Agree: 20%
- Strongly Agree: 10%

**Question 4 is considered to relate to a customer focused strategy**

- 72% (13 of 18 respondents) either agrees or strongly agrees that the company treats customer satisfaction as a core value.
- 17% (3 respondents) disagrees with this statement.
- The remaining 11% (2 respondents) neither agrees nor disagrees.

The fundamental element of successful sales and marketing in the pharmaceutical industry is considered to relate to the interactions between the company and its customers. The assumption that arises from this is that customer satisfaction should be a core value that consistently resonates throughout the company.

While a high percentage (72%) agrees that this is the case, 28% of respondents don't agree that customer satisfaction is a core value. This could suggest that other company values may, at times, supersede customer satisfaction.
Q5. The company ensures that all its strategies and programmes are designed and implemented with the specific aim of maximising customer satisfaction

![Bar chart showing responses to Q5]

**Question 5 is considered to relate to a customer focused strategy**

- 55% (10 of 18 respondents) either agrees or strongly agrees
- 22% (4 respondents) disagrees with this proposition
- A further 22% (4 respondents) neither agrees nor disagrees

It is interesting to note that while 72% agrees that customer satisfaction is a core value (Q4), only 55% agrees that company strategies are designed and implemented to maximise customer satisfaction. Close to half (44%) of employees surveyed don't agree with this proposal and 22% disagrees. These results appear to give authority to the previous suggestion that the company has a somewhat aspirational view of CRM.
Question 6 is considered to relate to a customer focused strategy

- Only 22% (4 of 18 respondents) agrees that customer surveys are used
- 44% disagrees (8 of 18 respondents) with this proposition
- 34% (6 respondents) neither agrees nor disagrees or doesn’t know

Customer orientation relates to developing and implementing strategies which meet the needs of customers identified through information obtained from customers.

Considering that 44% of respondents disagrees that customer surveys are used to acquire customer information it is not surprising that only 55% agrees with the previous proposition that company strategies are designed and implemented to maximise customer satisfaction (Q5). The fact that only 22% agrees with this proposition could suggest that strategies are based more on the company’s perception of customer needs rather than on needs identified by their customers.
Question 7 is considered to relate to a customer focused strategy

- 28% (5 of 18 respondents) either agrees or strongly agrees
- 50% (9 respondents) disagrees that this is the case
- The remaining 22% (4 respondents) neither agrees nor disagrees or doesn't know

The fact that some employees (albeit a small percent) perceive that customer survey results are communicated to staff suggests that the company does procure information from customer surveys. This could suggest that at times the company undertakes market research to gain insight into customers or it could also denote that the company conveys industry survey results to employees.

Irrespective of the manner in which the customer information is acquired: 50% of respondents disagrees that results are shared while only 28% agrees that they are. This could suggest that the company does not place too much significance on the results of customer surveys when developing and implementing its strategies.
Q8. The company takes proactive steps to address issues identified through customer satisfaction surveys

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<td>33%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>11%</td>
</tr>
</tbody>
</table>

Question 8 is considered to relate to a customer focused strategy

- 44% (8 of 18 respondents) agrees or strongly agrees with this proposal
- 28% (5 respondents) disagrees
- 28% (5 respondents) neither agrees nor disagrees or doesn’t know

In view of the apparent limited value placed on customer surveys, evidenced in the previous question (Q7), it is not remarkable that less than half of employees surveyed considers that the company focuses on customer perceptions identified through surveys. The fact that 28% disagrees with this statement and that the remainder have no strong view on it could give weight to the previous conclusion (Q6) that the company’s strategies are based more on their own perceptions of customer requirements rather than on needs identified by their customers.
Q9. The company focuses on customer satisfaction and customer retention rather than on acquiring new customers to grow the business

Don't Know 6%
Neither Agree nor Disagree 22%
Disagree 33%
Strongly Disagree
Agree 39%
Strongly Agree

Question 9 is considered to relate to business process
- 39% (7 of 18 respondents) agrees with this statement
- 33% (6 respondents) disagrees
- 28% (5 respondents) neither agrees nor disagrees or doesn’t know

Studies indicate that customer retention results in numerous benefits to a business and securing and retaining customer loyalty is considered to be the ultimate goal of CRM. The responses to this question intimate that there are mixed perceptions regarding the company’s process of identifying and targeting its customers. Only 39% agrees that the company focuses primarily on customer retention and loyalty while the remaining respondents either disagree or appear unclear. One additional comment on the questionnaire acknowledges that while there is always a focus on growing the business, there is sometimes a misguided focus on areas where business is low. This could suggest that the company does not fully appreciate the customers that should be prioritised and those which should be forsaken.
Q10. Performance is measured on how well customer needs are identified and met rather than purely on achieving sales targets

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</table>

**Question 10 is considered to relate to business process**

- Only 17% (3 of 18 respondents) agrees with this proposition
- 67% (12 respondents) disagrees or strongly disagrees
- The remaining 17% (3 respondents) neither agrees nor disagrees

CRM literature advocates that key business processes, such as performance measures and compensation systems, should be aligned to a customer strategy. In this case, a significant percentage of employees surveyed (67%) disagrees that performance relates to customer satisfaction. An additional comment in relation to this question suggests that sales targets remain the number one priority of the company. The fact that one third either agrees or remains noncommittal suggests that some degree of relevance may be attached to meeting customer needs when determining employee performance. Nevertheless, it would appear that to a great extent achievement is perceived to be measured predominantly on sales.
Q11. While disease and product knowledge are essential elements of training, customer-focused staff training is also a priority for the company.

Question 11 is considered to relate to business process

- 55% (10 of 18 respondents) either agrees or strongly agrees
- 22% (4 respondents) disagrees with this statement
- 22% (4 respondents) neither agrees nor disagrees

The literature further identifies customer-focused staff training as a key business process in the practice of CRM. Over half of respondents agree that priority is given to training programmes that are aligned to the customer suggesting that this particular business process does support a customer focus. However, the fact that 44% of employees don't agree with this statement could indicate that this aspect of training may not be provided on a company-wide basis. It may be the case that this training is delivered to front line staff (sales and clinical support) and not considered relevant to management.
Q12. The technology used by the company supports the input of and access to all relevant customer information across the entire company

- 50% (9 of 18 respondents) agrees or strongly agrees with this statement
- 39% (7 respondents) disagrees or strongly disagrees
- The remaining 11% (2 respondents) neither agrees nor disagrees

Although technology can improve the practice of CRM in an organisation it is not considered the foundation upon which CRM is realised. In this company employees are divided in their opinions as to whether the technology utilised supports CRM or not. It could be the case that those who agree that it does (50%) may not have a full appreciation of the available technology that might enhance the current systems that are in place.
Overall perceptions relating to customer focus:

- Of the total responses to questions relating to customer focused strategy 50% either agrees or strongly agrees that company strategy is focused on the customer
- 30% either strongly disagrees or disagrees that this is the case
- 19% neither agrees nor disagrees or doesn’t know

Given that there were significant variances in the results of individual proposals relating to customer focus, the picture presented by the collated results is not unexpected. While employees in general perceive that the company segments its customers and treats customer satisfaction as a core value, strategies are not necessarily implemented to reflect this. The collated results depict a divergence of opinion regarding the company’s overall focus on the customer.
Overall perceptions relating to business process:

- 53% either agrees or strongly agrees that the business processes facilitate CRM
- 26% disagrees or strongly disagrees
- 21% neither agrees nor disagrees or doesn't know.

The 53% agreement that overall business processes support a customer focus is heavily weighted by responses to questions 2 and 3 pertaining to communication and information sharing within the company. Perceptions of processes relating to customer retention, performance measures and training suggest that business processes do not necessarily facilitate the execution of CRM across the entire company. These variances again contribute to the divergence of opinion regarding the overall alignment of business processes with customer focused strategies.

Perceptions of technology are analysed in just one question (see Q12)
CHAPTER 6
CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

In practice CRM incorporates a cross-functional customer focused strategy, executed through business processes, supported by technology. CRM necessitates a transformation of the entire organisation and how it conducts its business with customers.

Customer orientation has been defined as the degree to which an organisation obtains and uses information from customers, develops a strategy which will meet customer needs and implements that strategy by being responsive to customer needs and wants (Ruekert, 1992). While Company ‘A’ is perceived to treat customer satisfaction as a core value this does not appear to be reflected in the strategies it implements. In particular, the company is not considered to utilise customer information resources as a basis for intelligent business knowledge to manage relationships more efficiently. Rather, it would appear that the company designs its strategies based on its own perceptions of customer needs and wants. In addition, the research findings suggest that the company does not entirely appreciate the customers who have potential and are important and crucially, those which should be discarded.

CRM is considered in the literature to align business processes with customer strategies.
Achieving a company-wide commitment to CRM entails ongoing education and training and the adaptation of performance measures to reward customer orientation. While business processes in Company 'A' are believed to support the sharing of customer information and knowledge, customer-focused training appears to be limited and performance measures are perceived to be largely based on achieving sales targets.

Finally, while technology is not considered to be at the foundation of CRM, database technologies can facilitate and enhance the practice of CRM effectively and efficiently. There is a divergence of opinion on the technology utilised by Company 'A' which intimates that some improvements could be made to the present technology to enhance CRM within the company.

In conclusion, the collective findings of this research are considered to confirm the theory that the pharmaceutical industry lags behind other industries in the implementation of CRM processes and technology.

6.2 Recommendations

This section highlights a number of recommendations drawn from the elements of CRM analysed in the primary research. The recommendations are capable of being implemented in parallel, and collectively should enable the company to progress on the key fundamentals of CRM.
Organisational Culture

1. Corporate commitment is considered throughout the literature to be crucial to the implementation and success of CRM. Top management support, leadership and commitment to CRM are necessary to execute a fundamental change in organisational culture. The senior management team in Company 'A' needs to restate its commitment to delivering value to customers and to articulate that commitment at every opportunity.

2. An assessment of all the company's main business processes should be undertaken by the management team, to identify activities that are not being performed in a manner consistent with the principles of CRM

- Employee objectives should be adapted to encompass identifiable and measurable aspects of behaviour that relate to the principles of customer orientation. As CRM literature advocates, performance measures and incentive compensation plans, that reward customer orientation, should advance organisational culture towards a company-wide commitment to CRM.

- Ongoing customer-focused education and training should be implemented as a company-wide initiative to ensure that customer satisfaction becomes a core value that resonates across the entire organisation.
**Market Research**

1. Company 'A' should systematically categorise all available customer based market research from secondary sources to maximise their ongoing ability to obtain insights into customer attitudes, interests and preferences and where possible, reasons for behaviour.

2. Future commissioned market research should encompass an analysis of the drivers of customer behaviour and should be designed to develop deeper insights into customer preferences and motivators.

3. Based on the findings of proposal 2, a small number of key metrics could be identified that could be monitored on a quarterly or six monthly basis to ensure that the company's offerings are increasingly aligned with customer preferences.

**Business Planning**

Business planning could be divided into two explicit phases:

1. Focus on identifying customers that have potential and are advisable to attain and keep and terminate relationships with those customers who do not contribute to the business. Relevant customers should be segmented according to behaviours and motivators elicited from market research.

2. Strategies should then be designed and implemented based on the insights developed in phase 1.
In summary, this research shows that the company has an opportunity to further develop its overall level of CRM through some adaptations to its corporate culture and the application of certain business practices and processes. Should Company "A" undertake to implement these recommendations this would likely lead to improved customer relationships and enhanced service offerings. Superior customer relationships could help to differentiate the company from their competitors and enhance their ability to manage market forces and remain competitive.
BIBLIOGRAPHY:


Appendix 1: Cover Letter

Customer Relationship Management Survey

This is a survey to understand employee's perceptions of the practice of customer relationship management in the company in Ireland. The replies to the questions will be aggregated to give an overall picture of the company. The collective results will be used as part of a dissertation to be submitted to the National College of Ireland. The company name will remain anonymous and individual replies will be confidential.

Each of the following twelve questions gives a statement followed by a choice of six answers. Please place an 'X' in the box that best marks your opinion / perception of where the company in Ireland fits in relation to each statement.

Completed questionnaires can be returned in the envelope provided.
Appendix 2: Survey Questionnaire

1. The company divides customers into distinct segments, tailoring messages and the level of effort to meet the distinct needs of each segment.

   Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □
   Agree □  Disagree □  Don't Know □

2. The different departments in the business work as a cross-functional team, communicating openly and sharing all relevant customer information.

   Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □
   Agree □  Disagree □  Don't Know □

3. As a result of the open communication and sharing of customer information customer relationships are managed more efficiently.

   Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □
   Agree □  Disagree □  Don't Know □
4. The company treats customer satisfaction as a core value.

Strongly Agree □   Strongly Disagree □   Neither Agree nor Disagree □
Agree □            Disagree □            Don't Know □

5. The company ensures that all its strategies and programmes are designed and implemented with the specific aim of maximising customer satisfaction.

Strongly Agree □   Strongly Disagree □   Neither Agree nor Disagree □
Agree □            Disagree □            Don't Know □

6. Customer satisfaction is regularly measured through surveys.

Strongly Agree □   Strongly Disagree □   Neither Agree nor Disagree □
Agree □            Disagree □            Don't Know □

7. Results of customer satisfaction surveys are communicated to all staff.

Strongly Agree □   Strongly Disagree □   Neither Agree nor Disagree □
Agree □            Disagree □            Don't Know □
8. The company takes proactive steps to address issues identified through customer satisfaction surveys.

Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □ 
Agree □  Disagree □  Don't Know □

9. The company focuses on customer satisfaction and customer retention rather than on acquiring new customers to grow the business.

Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □ 
Agree □  Disagree □  Don't Know □

10. Performance is measured on how well customer needs are identified and met rather than purely on achieving sales targets.

Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □ 
Agree □  Disagree □  Don't Know □
11. While disease and product knowledge are essential elements of training, customer-focused staff training is also a priority for the company.

Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □
Agree □  Disagree □  Don’t Know □

12. The technology used by the company supports the input of and access to all relevant customer information across the entire company.

Strongly Agree □  Strongly Disagree □  Neither Agree nor Disagree □
Agree □  Disagree □  Don’t Know □

Any comments you may have oh this survey can be included here:

Any additional comments relating to customer relationship management in the company can be included here:

Thank you for your participation
# Appendix 3: Questionnaire Results – Primary Analysis

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## Appendix 4: Questionnaire Results – Secondary Analysis

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