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**THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)
TOWARD SALES AT BUMIDOTCOM SDN. BHD.**

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**Report submitted in fulfilment of the requirement for the degree of Bachelor of
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“I admit that this report is my original work except for summaries and citation in which I clarify the sources for each of them.”

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Date : **JUNE 2014**

DEDICATION

For my Mama, Abah, Abang, and Adik, thanks for your love and support. This final year project is dedicated to show my truly appreciation to all of you. I love you.

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ABSTRACT

Customer Relationship Management (CRM) is the most important aspect for company to gain competitive advantage and also a key to increase their sales, to maintain and increase their customers. As a business philosophy, CRM is a relationship orientation, customer retention and superior customer value through process management. Besides that, based on business strategy, CRM is a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering more responsive and customized services to each customer. The uses of CRM will increase the sales or at least maintain stability in revenue and maintain the close relationship with customers. Thus, these researches identify the effect of CRM in term of sales value at Bumidotcom. Sdn. Bhd. (BDC). This research will be targeted on BDC customer. Therefore, there are three independent variables that had been identified in this research project to understand the factor that could affect sales at BDC which is the current practice of CRM at BDC and the customer response, expectation and satisfaction towards CRM practising at BDC. The primary data is collected in this research which is through questionnaire in order to investigate the research objective. 100 questionnaires will be distributed to the respondent. However, this research have several limitation that are not covered such as database customer, implementing and handling CRM and this research only done in BDC Melaka. Besides, having CRM will gain good relationship with customer that can speed up the process of purchase and get better support from customer. The research method use is quantitative method by giving up questionnaire and analyse quantitatively. As the result, the use of CRM will increase the sale and increase the customer loyalty. BDC sales become more effective and CRM is a key factor for the success.

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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Customer Relationship Management (CRM) is a combination of policies, process and strategies implement by company to identify, track and use customer information and preferences to provide superior customer services and sustain long term relationship. Besides, CRM is a one of business strategy that focuses to the customer to being optimize the profit, revenue and customer satisfaction. CRM is the systematic way in gaining the information, also communication to develop the relation that is sustainable and give positive impact for company and customer. Nowadays in Malaysia, almost all company had implemented the CRM in their work administration. This will give benefit to company in make sure the relationship with customer stay in long term. Besides, it can grab new customer to purchase their product and join to become the company member. Next, it can build customer loyalty by giving the great service and good quality product to them with the reasonable price. All of above benefit will increase the company profit. This study will be recognizing the impact of CRM at Bumidotcom. Sdn. Bhd (BDC). The company is one of the Multilevel Marketing (MLM) that needs to enrich their CRM practice to increase their sales level.

1.2 Problem Statements/Research Questions

Bumidotcom. Sdn. Bhd (BDC) is a Multilevel Marketing (MLM) Company that just establishes on 2010 and start operation on 2011. This company is belonging to Dunia Herb holding that sell health and beauty product. On the first time, BDC have a good start which their sale is high and increase every month. Customer also increase including the customer comes to become BDC's members. However, currently the sales in BDC are declining and becoming slower. Many new promotions had been done in BDC but fewer customers come to join in and grab the promotion. Sometimes, just a few customers come to the programmed that had been held by BDC. These situations give problem to BDC in order to maintain and gain more profit. Therefore, this research is to study the impact of CRM at Bumidotcom. Sdn. Bhd (BDC). So, the questions that need to be considered are:

1. What is current practice of CRM at Bumidotcom. Sdn. Bhd (BDC)?
2. What are customer response, expectation and satisfaction towards the CRM practising at BDC?
3. What is the impact of current CRM practice by BDC towards sales?

1.3 Research Objectives

1. To identify the current practice of CRM at BDC
2. To determine customer response, expectation and satisfaction towards the CRM practising at BDC and
3. To analyse the impact of current CRM practice by BDC towards sales.

1.4 Scope

The research and report will cover on the scope of CRM towards the sales at BDC Melaka. This CRM will be used as the main guide for increasing sales, and maintain and increase customer to become BDC members.

1.5 Significance of the Study/Importance of the Study

The important of this study is contribution to three parties:

1. Bumidotcom. Sdn. Bhd. (BDC)

Bumidotcom. Sdn. Bhd. (BDC) might use the research in order to increase their sales of their product and maintain and increase their customer that will give a lot of interest to them.

2. Customers

Give a lot of satisfaction to the customers in order in using BDC's product and know the advantage in becoming BDC's member.

3. Entrepreneurs

Help the entrepreneurs to expand their market, increase their sales and get more bonuses from company.

1.6 Summary

Chapter 1 is about the initial development of the framework for the project. The framework is as the guidelines for researcher to ensure the research is coherent with the research objective. This chapter include basic information about introduction of CRM, BDC and their sales. This chapter tell about the scope that researcher will be covered and the limitation in doing the research also the key assumption as the result of the research. Lastly, it comprehends the limitation of the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

As a literature review include wide variety of topic, this research will focus on the impact of the increasing of sales by having the CRM at Bumidotcom. Sdn. Bhd. (BDC). The literature on CRM suggests that to build a profit-maximizing portfolio of customer relationships, firms need to develop knowledge stores related to the (1) desirability of prospects, (2) customer defection intentions, (3) needs and preferences of customers, (4) likely profitability of current and prospective customers, and (5) emergence of market threats (Stefanou & Sarmaniotis, 2003). CRM are used for the research as another alternative way to help to increase their sales and maintain and increase their customer. The research will give customer satisfaction thus build customer loyalty to BDC that able to maintain and increase sales. Although the literature will give wide range of application, this research will only emphasis the impact of CRM toward sales at BDC.

2.2 Customer Relationship Management (CRM)

Customer Relationship Management is well known as CRM, is a wide definition that wraps concepts used by companies to manage their relationship with customer, which may include attracting, analysing and satisfying the customer. CRM concept has evolved in such a way that it must be viewed as a strategy to maintain a long-term relationship with the customers (Mendoza et al., 2007). CRM is not simply on advanced technology but it is comprehensive approach to the customer relationship management. CRM can be divided into three categories: operational, collaborative and analytical CRM.

Ideally, CRM is “a cross-functional process for achieving a continuing dialogue with customers, across all of their contact and access points, with personalized treatment of the most valuable customers, to increase customer retention and the effectiveness of marketing initiatives” (Day 2001, p. 1). This is because, a process that supported by technology may not necessarily or strategic partnership with customer and CRM is a strategy in developing the most appropriate relationship with customer. CRM is consistent with a customer-focused strategy and relationship marketing in that CRM holds that a long-term customer relationship often serves firms better than a short-term transaction orientation (Berry, Futrell, and Bow-ers 1983; Gronroos 1991; Morgan and Hunt 1994).

As a MLM Company, Bumidotcom Sdn. Bhd. (BDC), strong relationships between customers are very important in order to increase sales. The underlying premise of CRM is that firms need customer knowledge to (1) effectively segment customers, (2) develop and maintain long-term relationships with profitable customers, (3) determine how to handle unprofitable customers, and (4) customize market offerings and promotional efforts (Srivastava, Shervani, and Fahey 1999). In order to optimized sales, company need to analyze their customer in case to attract them to use the product or services and give satisfaction to them. CRM enable organization to explore the use of knowledge of their customer to promote profitable and long lasting one-to-one relation.

So, by implement of CRM in company, it will give good impact to BDC because when the companies have good relationship with customer, it will build customer loyalty thus it will speed up the process of purchase which can increase the sales volume. This is a key factor for BDC to success.

2.2.1 Operational CRM

Operation Customer Relationship Management (CRM) facilitates and streamlines communication with customers and connects to customer touch points through media, physical, phone, wiki, blog, email, web personal or fax. General areas for operational CRM are on the sales force automation, customer services and support and enterprise marketing automation. Sales force automation is the process relates to sales and sales management; design to improve commercial productivity. Customer services and support is the services request, order returns and information request using communication element such as telephone, email and fax. Enterprise marketing automation will lend the information about company environment, including its macro-environmental factor, competitors and current market trend. The objective is to improve company marketing efficiency.

2.2.2 Collaborative CRM

Collaborative CRM is relationship between management and customer that focus on exploiting interaction with customer through customer self-services. This is use to strength the rapport with customer by give help or solution in order to solving customer problem. “Process that utilizes technology as an enabler to capture, analyse and disseminate current and prospective customer data to identify customer needs more precisely and to develop insightful relationships” (Paulissen et al. 2007). Established CRM concepts are cycle models such as the customer relationship lifecycle and the customer buying cycle (Ives and Learmonth 1984). Collaborative CRM may also be conceived as part of business networking which recognizes that the networking with customers and suppliers requires cross-organizational (or collaborative) business processes and infrastructures (Österle et al. 2001). The limitations of the information systems infrastructure (e.g. low automation, incomplete standardization, low system integration of operational and analytical CRM

systems) are the source of most challenges in collaborative CRM processes (Geib et al. 2004).

2.2.3 Analytical CRM

Analytical CRM is a back-office operation which is not directly deal with customer. It includes the operation and process that design to analyse the customer data and information in order to get their target market. Data are collected and marketing campaign are created in order to attract more customer and retain those who are already in the company environment within analytical CRM in charge of analysis of the information previously collected by CRM system or from other sources in order to establish customer segmentation and identify their potential to reinforce the relationship. The data collection and analysis are viewed as a continuous and iterative process. Successful project inside this CRM are supported with data warehouse that is used to save and store the data information required.

2.3 Importance of CRM

Nowadays, smart companies are changing their business practices by focusing their effort on customers. In the wide and large size of customer, company must have good customer relationship to be successful. CRM holds the promise to achieve such corporate objectives in this highly competitive arena (Karakostas, Kardaras, & Papathanassiou, 2004). Thus the further research need to be aware the important of CRM. CRM uses in the company to interact with customers from the initial contact until finish deliver the product or services, thus, still follow the development of customer during use company product or services. The objective of CRM goes beyond the volume of transection. The attention is to increase customer's profit, income and satisfaction. CRM not only involve the wide use of technological

tools but also involve the good relationship with customer. So to improve the quality and magnitude of their businesses, companies must design and implement their own CRM programs (Soch & Sandhu, 2008). The research realized the important of CRM within its potential in bring in new customer. Effective CRM described by Onut et al. (Onut, Erdem, & Hosver, 2008) as, first the organization must decide what kind of customer information it is looking for and what it intends to do with that information and secondly the CRM system must link up different sources of information inflow in the organization (mail campaigns, Web sites, brick-and-mortar stores, call canters, mobile sales force staff, marketing and advertising efforts etc.).

This can conclude that the element needs to lead successful implementation of CRM in company are people, process and technology. Buttle (2009) identified four types of CRM i.e. Strategic, Operational, Analytical and Collaborative. Strategic CRM is a core customer-centric business strategy that aims at winning and keeping profitable customers. Those CRM will give positive impact in optimizing sale, partner and customer value

More than that, the most stable mobile technology is namely Short Message Services (SMS) also support CRM. SMS become wide used communication mechanism for mobile phone user to make interaction with other. As a business strategy 'Customer Relationship Management (CRM) is a customer focused business that aim to increase customer satisfaction and customer loyalty by offering the best services to each customer.

The objective of CRM is to build customer perception to the organization and its product through identify, create and build relation with customer. In order to keep customer service provider to the customer, company need to call customer every day to give close attention to them whether on web, by phone or other communication tools. Operational CRM deals with automation and streamline workflow in the front office which include collecting data, process transection, and data processing and control all workflow at sales, marketing and services.

Besides, analytical types deal with increasing customer and organizational value using customer data. Both of them; analytical and operational are builds on in order to analyse customer data and create information about customer segmentation, customer behaviour and customer value to organization that can increase the

operational relationship management effectively and efficient in term of using Short Message Services (SMS).

Other than that, CRM and collaborative CRM indicate an increasing need for collaborative process between customer and company to ensure high customer orientation and give satisfaction. The incorporation of mobile technology into CRM system technology is one option to achieve goals. The result can be a higher alignment of business offering with customer need, optimization of internal business process with customer feedback and increase customer satisfaction with delivered services.

Therefore, CRM are very important because it represents a strategy and tactic to retaining with selective customer by create superior value for the customer also for the company.

2.4 Element of CRM

2.4.1 Technology

The importance and influence of technology has resulted in the current level of possibilities and application of customer relationship management. Furthermore, an emphasis has been put on efforts and aims of all companies which want to implement the CRM strategy in order to make all business processes directed towards the customers which means satisfying the wishes and needs of their customers. Without technology, CRM implementation is not successful. A successful CRM strategy implementation should in one company cover all steps which are in contact with the customer. According to Crosby (2002), says one of the biggest misapprehensions (or myths) concerning CRM is that it all revolves around information technology. According to Kotorov (2003), thinks the same and in his opinion the