Contribution of CRM Strategies in Enhancing Customer Loyalty

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This study was undertaken to evaluate the contribution of CRM strategies in enhancing customer loyalty in the motor industry. The motor industry is facing intense competition both locally and internationally. The paper analyses trust and commitment as antecedents of customer loyalty, the benefits of database marketing and key account management, categories of loyalty, as well as challenges affecting the effective implementation of database marketing and key account management. The research design was descriptive and exploratory. A sample size of 297 respondents was used which included 150 business customers and 147 employees. The major finding was that trust and commitment have a role to play as they led to customer loyalty. It was therefore concluded that CRM contributes significantly towards customer loyalty in the motor industry, thus it was recommended that the motor industry could make optimum use of information technology in order to fully implement CRM strategies.

INTRODUCTION

The automotive industry is facing new and pressing challenges: digitalization and increasing competition are changing the face of the industry (IBM, 2004). Despite the automotive industry spending vast amounts on advertising and despite a record number of new products launches (Phillips, 2007), customer loyalty is decreasing and brand differentiation is more difficult to achieve (Koslowski and Hagemeyer, 2006). As a consequence Bondar et al., (2007), suggests that it is worthwhile to revisit the question posed by business author and Professor Gary Hamel: “On the road to the future, who will be the windshield, and who will be the bug? According to Collins (2002), with the rise of the internet as a selling tool in the late 1990s, many traditional retail channels were branded as “Dinosaurs” and were thought to be facing extinction.

Auto retailers were listed among those considered “doomed” by the internet as a result increased competition from online car-selling services and even more important and challenging is that customers want to tailor their options to what they want, where they want it, and how they want it (Collins, 2002). Capgemini (2009) argues that under the guiding principle of profitable growth, the automotive industry has long identified CRM as an indispensible practice. Original equipment manufacturers (OEMs) have discovered the CRM potential and have designed strategies to seize the expected benefits of customer loyalty.

The motor industry in Zimbabwe is a complex and very competitive environment, which is dominated by many big and small players ranging from assemblers, assembling plants, dealers and services. Players in the motor industry include AVM Africa, Tandem Limited, Motec Holdings, Willowvale Mazda Motor Industries, Toyota motor city, Toyota Zimbabwe, Croco Motors, AMTEC, AMC, Puzey and Payne, Quest Motors, Dulys. Toyota Japan, Zimmoco, BMW, Ford, Land Rover, and General Motors (USA), to
name but a few. Competition in Zimbabwe has progressively intensified on both the international and domestic markets as tariff and non-tariff barriers have gradually come down. Operating in such an environment requires players in the motor industry to understand all the factors of relationship marketing that affect their success and market share.

Levitt (1983) deems the most valuable asset of a company to be its relationship with its customers. Customers seem not to be loyal to the local car dealers and especially prefer to browse the web for cars instead of physically visiting the showroom. Poor service quality has also contributed to customers not making repeat purchases or servicing of their vehicles. This is due to the fact that the motor industry has been hit by a wave of brain drain as employees have “skipped” the border to neighboring countries where they are offered better remuneration and working conditions. However besides offering the same services, some motor car dealers are failing to retain their loyal customers especially the corporate customers because they may not have much knowledge of their customers’ needs and wants.

Altran (2010) suggests that companies with solid CRM processes and technologies in place will better keep their existing customer base and relationships and suffer relatively less from the consequences of economic crisis. The motor industry was not spared during this global financial crisis especially in Zimbabwe where customers were now opting for cheap grey imports from Japan (Motor Trader, 2006) and as substitutes for the zero mileage (brand new) automobile in the showroom. This left the local car dealers in Zimbabwe jostling for the few most valuable customers with a potentially longer life-time-value.

Some Car dealers in Zimbabwe use key account management (KAM) as well as manual and computerized database marketing in order to retain customers. IBM (2004) states that size is no longer a guarantee of success, only companies that find new ways (such as CRM) to create value will prosper in the future. Barclay quoted in Carlson Relationship Builder, a research report by Carlson marketing and Peppers and Rogers group (2007) supports the IBM view by arguing that “in today’s automotive market, achieving competitive advantage on service quality or service features alone is increasingly challenging. Manufacturers who understand the importance of building 1to1 relationships will have the edge”.

Customer Relationship Management
CRM has attracted such great attention because of the emphasis that it can give mutual benefit to both the customer and the company (Gronroos, 1996). The term customer relationship management (CRM) gained widespread recognition in the late 1990s. Researchers and practitioners both in the academic area and the business field enthusiastically have shared their viewpoints and experiences in applying CRM (Swift, 2001; Barnes, 2001; Greenberg, 2001). Dimitriadis and Stevens (2008) also agree to the fact that there is no doubt that customer relationship management over the past years has been and still is a topic of high interest for both academics and practitioners.

Chen and Popovich, (2003) view CRM as a combination of people, processes and technology that seeks to understand a company’s customers, while others (Ryals et al., 2001; Gummesson, 2002) view CRM as management approach that manages the relationships with customers, with particular emphasis on customer relationships turned into practical application. Schierholz et al., (2007) define CRM as a complex set of interactive processes that aims to achieve an optimum balance between corporate investments and the fulfilling of customer needs in order to generate maximum profit.

Unlike the authors above, strategically Schierholz et al., (2007) consider CRM as viewing customer relationships as an investment that will contribute to the organization’s bottom line; that is strengthening an enterprise’s competitive position by increasing customer loyalty. Their view ultimately positively links CRM with customer loyalty. Bose (2002) defines CRM as an essential and vital function of customer oriented marketing, which is to gather and accumulate related information about customers in order to provide effective services. Bose’s (2002) definition therefore goes to show that the main thrust of Customer Relationship Management is to build and maintain relationships with customers. The discussion above shows that CRM can be defined in different ways. This diversity of definitions is a result of differences in perspectives. It can be established that although CRM is concerned with relationship
building, these relationships can be enhanced with technology which will help in better understanding customers.

For the purpose of this study, the following definition has been proposed: **CRM is a technology based strategy that integrates the front office and back office functions with customer contact points.** The definition was proposed owing to the literature which supports the fact that CRM is enhanced by technology, thereby giving mutual benefit to both the company and the consumer.

**Why Customer Relationship Management**

As the world economy becomes globalized, competition has intensified and the differences in products have faded. Consequently, businesses have become fixated on CRM as it has become a central orienting point in academia and business environment with organizations increasingly focusing on managing customer relationships as a strategy to achieve market leadership and profits (Kubi and Doku 2010). Acquiring new customers is much more expensive than keeping them (Reichheld and Teal, 1996; Goodman et al., 2000), thus it costs 2 to 20 times as expensive to get a new customer as to retain an existing one. The arguments by Kubi and Doku (2010) that CRM has become the center of focus owing to the world economy that has become globalised with intense competition, and Reichheld and Teal (1996); Goodman et al., (2000) who are of the view that organizations have diverted their focus to CRM due to the fact that it is expensive to get a new customer that retain an existing one, show that different organizations are implementing CRM strategies due to different reasons such as market leadership, profits, and cost effectiveness.

The IDM Guide to CRM Mastery (2002) shares the same views with Kubi and Doku (2010) by suggesting that CRM emerged as a way to leverage the new channels and encourage long term relationships and as a result it can create enhanced shareholder value through lower costs and higher profitability a view also shared by Reichheld and Teal (1996); Goodman et al., (2000). CRM is viewed as important because of the changes occurring in the competitive environment; nearly all brands need high technology solutions (IDM Guide to CRM Mastery, 2002; Sue and Morin, 2001). CRM is relevant to all businesses as it is about understanding who your customers are, what they want, and how best to meet their needs, (Longworth and Rogers 2004, and Meakins 2003), CRM strategies can be applied to vehicles, a concept that is being referred to as Vehicle Relationship Management (VRM).

Interestingly Longworth and Rogers (2004), argue that CRM has suffered a backlash and has failed to make head way among small and mid-sized businesses, hence it has resulted in the low take-up of CRM strategies and IT systems. Meakins (2003) goes on to state that VRM works in conjunction with CRM to create an understanding of individual vehicles throughout their lifecycles and in addition to benefiting consumers of second hand cars with more reliable and trustworthy information, the greater depth of information gives dealers a powerful tool for managing pricing in one of the more profitable sectors of the industry.

**Database Marketing**

There is a great deal of similarity between database marketing (DBM) and direct marketing (Cooke, 1994; Fletcher et al., 1992), today’s direct marketers see the database as a vital element in their strategies and the two are inseparable. In reference to direct marketing, database marketing may be defined as “the advertiser maintaining an active list of customers and prospects which is updated on a regular basis with information about the customers’ response to the message (Hughes 1993). However, more specifically, database marketing has been defined by Jutkins, (1994) as gathering, saving and using the maximum amount of useful knowledge about your customers and prospects to their benefit and your profit”. When it comes to direct marketing, Hughes, (1993) suggests that database marketing may be explained as “the advertiser maintaining an active list of customers and prospects which is updated on a regular basis with information about the customers’ response to the message”. Hughes (1993) and Jutkins (1994) share the same view that the advertiser collects information about customers, saves it and uses it to the benefit of the customer as well as that of the organization.
Hughes (1993) and Jutkins (1994), in their definitions of database marketing did not emphasize on the importance of technology or the role it plays in enhancing relationships via database marketing. Rapp (1989), however defines database marketing as using technology to enhance relationships, while DiTienne and Thompson (1996), proposed the following definition of database marketing, “database marketing is the process of systematically collecting in electronic or optical form, data about past, current and/or potential customers, maintaining the integrity of the data by continually monitoring customer purchases and/or by inquiring about changing status and using the data to formulate marketing strategy and foster personalized relationships with customers”.

DeTienne and Thompson (1996) and Rapp (1989) are of the view that database marketing aims at building a profitable individual relationship with each customer through the use of technology. This relationship should make the customer feel that he/she is recognized and should receive personalized service and attention. DeTienne and Thompson’s definition has been identified by the researcher as having its strengths which make it the most suitable definition for database marketing because of its processual perspective, its action bias and emphasis on customer relationship building. The three primary activities in DiTienne and Thompson’s (1996) definition i.e. collecting, maintaining and using the data, though basic constitute the necessary and sufficient components to comprise a database marketing approach.

Key Account Management

Key account management (KAM) also known as strategic account management (SAM) has evolved across the world as an approach to handling issues raised by very large customers (Piercy and Lane, 2006; Al-Husan and Brennan, 2009) and has attracted growing attention from both academics and from sales and marketing in recent years. Millman and Wilson (1995) describe key account management as a “seller-initiated type of strategic alliance” and defined a key account as “a customer in a business-to-business market identified by a selling company as of strategic importance”. Diller (1992), describes key account management as a management concept, including both organizational and selling strategies, to achieve long-lasting customer relationships, while McDonald et al. (1997) define key account management as an approach adopted by selling companies aimed at building a portfolio of loyal key accounts by offering them, on a continuing basis, a product/service package tailored to their individual needs.

Other authors (Millman and Rogers, 1997; Ojasalo, 2001) argue that key account management can be said to be typically associated with the business-to-business context, and most of the Key account management literature deals with industrial relationships. Despite being associated with business-to-business relationships, key account management has potential in any kind of business relationship. After all, most business relationships include both tangible and service elements (Gronroos, 1990). Although key account management has been defined as a way of achieving maximum sales from a identified specified group of external and internal customers (Wnek, 1996), a gap exists where authors (Millman and Rogers, 1997; Ojasalo, 2001) argue that key account management can be characterized as a relationship oriented marketing management approach focusing on dealing with major customers in the business-to-business market.

The discussion shows that Wnek, (196) considers key accounts as stemming from both external and internal customers while most authors disagree with this view. The strongest argument therefore shows that key account management’s thrust is on relationships with business-to-business customers.

Customer Loyalty

Loyalty has a far wider connotation than just customer behavior. Rayner (1996) describes two dimensions of loyalty: one referring to the emotional side, for example faithfulness and allegiance, and the other based on the behavioral side, such as being constant i.e. frequently occurring behavior. Rayner (1996) defines customer loyalty as the commitment that a customer has to a particular supplier. According to Bothe (1996), customer loyalty means that customers are so delighted with a company’s product or service that they become enthusiastic word-of-mouth advertisers. However Reichheld, (2003)
views customer loyalty as the willingness of someone-a customer, an employee, a friend-to make an investment or personal sacrifice in order to strengthen a relationship.

From the above definitions of customer loyalty, it can be deduced that loyalty is much more than just repeat purchases as inertia, circumstances, or exit barriers erected an organization may trap customers to continue buying its products and services.

Categories of Loyal Customers

Rowley (2005) proposed a model which seeks to further subdivide the category defined as loyals by Dick and Basu (1994) in their loyalty categorization. Organizations have the opportunity to develop life-long relationships with customers in this group, and may therefore benefit from the lifetime business associated with that customer. These customers are those who have a high relative attitude and a high relative behavior. Rowley (2005) proposed that since the loyalty category is key in customer development and profitability, it is important to understand the loyalty condition for this category in more detail, and to use this understanding to develop further the relationship with customers in the loyal category.

Increasing attitude strength is seen to be more predictive of behavior (Krosnick and Petty, 1995) in the sense that it describes the attitude’s durability and impact. Table 1 summarizes the four conditions related to loyalty as postulated by Dick and Basu (1994).

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>CATEGORIES OF LOYALTY</th>
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<tr>
<td>Repeat patronage</td>
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<tr>
<td>Relative attitude</td>
<td>Loyalty    Latent loyalty</td>
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<tr>
<td></td>
<td>High          Low</td>
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<tr>
<td></td>
<td>Loyalty       Latent loyalty</td>
</tr>
<tr>
<td>Low</td>
<td>Spurious loyalty No loyalty</td>
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</tbody>
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Source: Dick and Basu (1994)

The model in Table 2 below therefore, differentiates between positive loyalty, and inertial loyalty according to Rowley (2005).

<table>
<thead>
<tr>
<th>TABLE 2</th>
<th>SEGMENTING LOYALS</th>
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<tbody>
<tr>
<td>Attitude</td>
<td></td>
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<tr>
<td>Inertial</td>
<td>Positive</td>
</tr>
<tr>
<td>Behaviour</td>
<td>Captive</td>
</tr>
<tr>
<td>Positive</td>
<td>Convenience-seeker</td>
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Source: Rowley (2005)

Rowley (2005) asserts that inertial loyalty on either dimension is associated with loyals who are neutral about their loyalty; they are consistent in behavior, but the fact that they do not switch does not signal any affinity for the business or brand. Table 2.2 identifies four categories of loyalty orientation: captive, contented, convenience-seekers, and committed. These all according to Rowley (2004) apply to customers who are loyal in both attitude and behavior to the brand, but the introduction of inertial and positive as ends of a scale in relation to both attitude and behavior, yield some categories which assist in
thinking about the nature of loyalty. Rowley (2005) further argues that this is a speculative model at this stage of development, which is intended to provoke further thought about the nature of loyalty.

According to Knox (1996) to understand the dimensions of brand loyalty, managers must be cognizant of both the commitment and purchasing support shown by consumers towards their particular brand. Using these measures as necessary and sufficient conditions for brand loyalty to exist, a market model was developed by Rowley, (2005) from which the purchasing styles of consumers can be categorized and brand loyalty examined. However, the diamond of loyalty by Knox (1996) shows that customer groups have been designated as loyals, habituals, variety seekers and switchers, which reflects their purchasing motivations assessed by cross-tabulating the switching triggers of individual consumers within each group. Rowley (2006) shares the same insights of customer loyalty as Knox, (1998), in his diamond of loyalty model. The category, described as loyals (see figure 2), exhibits high customer involvement, and the brand is responsible for a high relative share of their purchasing. Dick and Basu (1994) agree to the fact that loyalty also involves a level of psychological commitment to a brand which is why they display the importance of loyals in their categorization. There is agreement among the authors that loyals are important for the future of the business, and that this category is deserving of special attention.

**FIGURE 1**
**DIAMOND OF LOYALTY**

Source: Knox (1996)

Knox (1996) argues that habituals are more likely to defect to other brands of purchasing their routine is disrupted for some reason, and in a sense, variety seekers are loyal purchasers that are polygamous – they simply buy from a wide portfolio of brands for differing usage occasions. Switchers, on the other hand, are motivated by price deals and promotional tactics, so their brand allegiances are transitory. Looking at the three models by Dick and Basu (1994); Rowley (2005); and Knox (1996) respectively, it can be noted that loyals are viewed as committed customers who show a positive attitude and behavior towards a company’s brands.
Further breaking down the loyalty category as shown in the model by Rowley (2005) helps marketers know who their customers are and be able to segment them according to their loyalty. In the diamond of loyalty (Knox, 1998), the category, described as loyals, exhibits high customer involvement, and the brand is responsible for a high relative share of their purchasing. Therefore since this category is key in customer development and profitability, it is important to understand the loyalty condition for this category in more detail and to use this understanding to develop further the relationship with customers in the loyal category. Rowley’s (2005) categorization of loyalty is more self-exploratory as it further breaks down Dick and Basu’s (1994) model and is an improvement of Knox’s (1996) diamond of loyalty which does not give more detail on loyalty.

**Indicators of Customer Loyalty**

As relationship marketing shifts the focus of the marketing exchange from transactions to relationships, it is important for marketers to note factors that drive customer loyalty. Two major indicators and/or determinants of customer loyalty have been identified and these are; trust and commitment.

**Trust**

Trust is the willingness to rely on an exchange partner in whom one has confidence (Moorman et al., 1993). This definition of trust is in contrast with that of Ganesan (1994) who argues that trust consists of two distinct dimensions: credibility and benevolence. Credibility refers to the extent to which the buyer or supplier believes that the other party has the required expertise to perform the job effectively and reliably i.e. an ability of the partner to deliver as promised (Ganesan, 1994). Prasarnphanich (2007) suggests that benevolence refers to the extent to which the buyer is genuinely interested in the other partner’s welfare and motives to seek joint gain. The definition of trust given by Ganesan (1994) gives more insight by further breaking down trust into components which vary according to individuals. For example one can earn credibility trust by delivering the promised goods/service as promised, and one can have benevolence trust on their supplier if they show concern over their welfare by consistently keeping in touch.

The benevolence dimension according to Prasarnphanich (2007) is consistent with the issue of privacy and security concerns that vendors do their best efforts to protect customers’ personal information and prevent any personal losses due to their interaction with the vendors. The benevolence dimension of trust can exist even when the objective credibility of vendors is less than perfect (Ganesan, 1994), for example, customers might feel that the vendor is still concerned with their personal welfare, even though the vendor’s services are somewhat unreliable. Morgan and Hunt (1994) suggest that trust is the determinant of commitment, and commitment leads directly to cooperative behaviors and this enduring desire to maintain a valued relationship should, in turn, impact loyalty (Chow and Holden, 1997).

It is believed that building trust in a long-term customer relationship is a critical factor for gaining customer loyalty (Prasarnphanich, 2007), thus as an advantage, the Internet is considered a powerful means to building a long-term relationship with customers through the employment of one-to-one marketing initiatives. Several researchers have found strong relationships between trust and customer loyalty (Chow and Holden, 1997; Morgan and Hunt 1994; Prasarnphanich, 2007). Trust is considered the most important factor for gaining customer loyalty in online business (Prasarnphanich 2007). This statement therefore means that organizations with CRM practices should be able to instill trust in their customers especially due to the fact that IT is a major enabler of successful CRM. Since privacy and security concerns are major barriers to the Internet channel, without trust customers will not be able to give personal information.

**Commitment**

Commitment implies unwillingness to consider other partners other than those in the current relationship (Moorman et al., 1992) as well as the enduring desire to maintain a valued relationship. Commitment has been defined as the parties’ intentions to act and their attitudes towards interacting with
each other (Storbacka et al., 1994; Liljander and Strandvik, 1995). Morgan and Hunt (1994) share the same opinion with Moorman et al., (1992) by characterizing commitment as follows: an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that the committed party believes the relationship is worth working that it endures infinitely. However, there is a gap between the definitions of commitment, however the definition which brings out a clear explanation is the one by Moorman et al., (1992) which shows that there is an enduring desire to consider maintain a valued relationship between the parties involved.

Findings in research conducted by Strandvik and Liljander (1995) indicate that a customer may not even consider other alternatives as long as the current relationship is satisfying. From empirical examinations (Weinberg 1998) that the loyal behavior increases with age, is supported by the inclination to habits, and can be stabilized by an emotional conditioning. In the form of customer loyalty, brand loyalty or company loyalty, the business relationship can be influenced positively with strategies of customer commitment (e.g., the influencing of trust and loyalty). Strandvik and Liljander (1995) and Weinberg (1998) seem to share the same sentiments that as much as a customer may be loyal to an organization, it is possible though for a customer to be committed to a specific person in the company without being committed to the company per se.

The more the customer commitment, aimed directly at the person, the more it fits to the individual’s value system (Weinberg, 1998). Customer commitment to the vendor has been found to mediate the effects of a number of transactional background variables such as quality, shared values, communication, and trust on a number of consumer behavioral intentions, including customer retention, advocacy, and acquiescence (Morgan and Hunt 1994). This implies that customer commitment to the service provider would be a very important driver of customer loyalty in services industries. Marketing scholars and practitioners have recognized that customer commitment is a complex, multidimensional construct that includes at least an affective and continuance component (Gruen et al., 2000; Harrison-Walker 2001). The existence of a moderating relationship between components of commitment may also explain the mixed effectiveness of customer loyalty enhancement programs in services industries (Bolton et al., 2000; Deighton, 2000; Rigby et al., 2002).

Despite the fact that commitment is a central construct in the area of relationship marketing, there is little agreement on the nature of the construct. Frequently, commitment is defined as a desire to maintain a relationship (Moorman et al., 1992; Morgan and Hunt 1994). Sometimes it is conceptualized as a “pledge of continuity” from one party to another (Dwyer et al., 1987). Others have put forward that the root of commitment lies in sacrifice or the potential for sacrifice that a party faces in the event that the relationship ends (Anderson and Weitz 1992) or the forsaking of alternative options (Gundlach et al., 1995).

**Successful Customer Relationship Management Implementation**

Kovacs (2006) indicates that often, intelligent IT projects are doomed because of people problems. Bose (2002) agrees with Kovacs (2006) by arguing that CRM implementation may involve major IT and business process changes that all users must fully understand. Implementation of enterprise technology, such as CRM and ERP requires changes to organizational culture (Al-Mashari and Zairi, 2000). Consequently as suggested by Adebanjo (2003), the selection of CRM applications needs to be strategic and based on relevant criteria for implementation and stand a chance of success.

In support of the above views Chen and Popovich (2003) proposed a CRM implementation model that integrates the three dimensions of people, process and technology within the context of an enterprise-wide customer driven, technology integrated, cross functional organization. Figure 2 shows the CRM implementation model.
Information technology (IT) has long been recognized as an enabler to radically redesign business processes in order to achieve dramatic improvements in organizational performance (Davenport and Short, 1990). IT assists with the re-design of a business process by facilitating changes to work practices and establishing innovative methods to link a company with customers, suppliers and internal stakeholders (Hammer and Champy, 1993). Chen and Popovich (2003) argue that CRM systems accumulate, store, maintain, and distribute customer knowledge throughout the organization, thus they share the same views with Peppard, (2000) who also argues that information is critical for product tailoring, service innovation, consolidated views of customers and calculating customer lifetime value. In their model, Chen and Popovich (2003) argue that as more and more firms entered the market, mass marketing and mass marketing techniques where the goal was to sell what manufacturing produced started to lose effectiveness. Target marketing, or segmentation shifts a company’s focus to adjusting products and marketing efforts fit customer requirements.

However there is a divergence of views between Kovacs (2006) who indicates that people problems inhibit IT project, and Al-Mashari and Zairi, (2000) who argue that organizational culture needs to be changed for enterprise technology such as CRM to be a success. This shows that although IT is the major enabler of successful CRM implementation, there are other CRM strategies which require different factors such as change in organizational culture, people, and processes for their success.

**METHODOLOGY**

A combination of descriptive and exploratory research methods were used in order to come up with more realistic findings. Both qualitative and quantitative studies were conducted. Qualitative questions were asked in order to allow free response to questions, as they have no predetermined answers. Quantitative questions were also asked out to avoid too much variation in responses because the questions asked had predetermined answers, thus business customers and employees had to choose their response from these predetermined answers.
**Exploratory Research**

Exploratory studies are undertaken to better comprehend the nature of the problem, since very few studies might have been conducted in that area (Sekaran, 2000). The problem in this case is that the automotive industry in Zimbabwe is facing intense competition both locally and internationally.

The researcher conducted an exploratory research in order to investigate why car dealers were using only database marketing and key account management as CRM strategies and benefits derived from them. Exploratory research was conducted as a preliminary research in order to find out if the area of study was indeed researchable, although subsequent research was later conducted in order to provide conclusive evidence. It was also undertaken because not much information was available to the researcher concerning the contribution of CRM strategies implemented in the Zimbabwe motor industry toward customer loyalty, thus the study helped to gain familiarity with the strategies being used and their benefits. Due to the fact that exploratory research was conducted as a preliminary research, the researcher found it necessary to conduct a descriptive research which gave more insight to the CRM strategies.

**Descriptive Research**

According to Sekaran (2000) a descriptive study is undertaken to ascertain and be able to describe the characteristics of the variables of interest in a situation. The researcher found descriptive research to be important as it provided the researcher with more information on CRM strategies offered by car dealers as well as the categories of loyalty for business customers in the industry. The descriptive study helped identify the business customers, as well as the front and back office employees who interact with customers as well as the methods of communication used in the motor industry such as e-mail, telephone, and direct mail together with the frequency of communication between the employees and business customers. Descriptive research helped in understanding the benefits of database marketing and key account management as CRM strategies in the motor industry.

**Population and Sampling**

The population constituted players in the motor industry and their key customers. A sufficient number of elements were selected from the population so that by studying the sample, it would be possible to generalize the characteristics of the population elements. The sample constituted 150 business customers and 147 employees including front and back office employees were included in the sample, which resulted in 297 respondents a the sample size. The sampling frame constituted of main branches and head offices of the car dealers in the three major cities. Business customers interviewed were those in and around the above mentioned cities. Non-probability sampling was used in order to obtain some preliminary information in a quick and inexpensive way; hence convenience and judgment sampling techniques were used.

Convenience sampling was chosen which had the most accessible population members. This sampling technique was chosen based on business customers and employees who were deemed appropriate for the study taking into consideration the accessibility of both employees and business customers and their willingness to co-operate. Convenience sampling was used especially in the exploratory phase of the research project. It was also used during the research as a way of getting some information on how the motor industry is implementing database marketing and key account management.

Instead of obtaining information only from those who are most conveniently available, the researcher found it necessary to obtain information from business customers and employees through judgmental sampling. Here the sampling was confined to specific types of people who were able to provide the desired information and these people were employees in the car dealers’ main branches as well as their major business customers. The researcher used judgment sampling as it involves the choice of subjects who are in the best position to provide the information required.
Research Instruments

Questionnaires

Questionnaires were used as the main research instrument because of flexibility and also because they are the most common instrument used to collect primary data. The researcher used a combination of dichotomous, open ended and likert scales. The scales helped the researcher to try and fully get the research problem answered. The researcher used undisguised questionnaires meaning that the purpose of the research was made known to both employees and business customers.

Interviews

Unstructured interviews were conducted whereby the researcher entered the interview setting without a planned sequence of questions which were asked to employees. This was so because structured questions were already asked in the questionnaires. Unstructured interviews helped to uncover some preliminary issues and this helped the researcher decide on variables which needed further investigation. These interviews were undisguised as the employees were enlightened on the purpose of the research.

FINDINGS AND CONCLUSIONS

The Role of Trust And Commitment As Indicators of Customer Loyalty

It can be concluded that trust being the willingness to rely on an exchange partner in whom one has confidence in, has a role in enhancing customer loyalty as evidenced in citations by Morgan and Hunt (1994) who argue that trust is the determinant of commitment and commitment leads directly to cooperative behaviors which in turn impact loyalty. The major finding is that business customers agree that their car dealer is trustworthy when it comes to employing one-to-one marketing initiatives. Such a positive response entails that trust has a positive role to play as an indicator of customer loyalty.

It can also be concluded that despite general customers buying their vehicles across the borders where they are cheap, business customers who agree to their car dealer being trustworthy still buy brand new vehicles from reputable car dealers. This stems from the CRM strategies (i.e. database marketing and key account management) their car dealers use, as well as the frequency of communication and mode of communication used.

Benefits of Database Marketing and Key Account Management

Employees were given an option to choose from what were considered benefits of database marketing and the options were: customer loyalty, increase in sales, customer satisfaction and competitive advantage. The most popular benefit of using database marketing was customer loyalty. It can be concluded that customer loyalty is the major benefit of database marketing. It can also be concluded that a significant percentage of employees however viewed competitive advantage as another benefit of database marketing.

In the case of key account management, the most preferred benefit among the car dealers is increased profit margin. The next most realized benefit of key account management is relationship building. This finding therefore shows that key account management has contributed toward an increase in profit margins for car dealers.

Categories of Loyalty

AMC employees consider their customers as committed meaning that AMC employees view their customers as those who barely consider other brands and are prepared to add value to the AMC brand. It can be concluded that commitment towards the AMC brand can be attributed to their frequency of communication with business customers as well as their ability to deliver product and services as promised.

Comparing the views from business customers and employees, it can be concluded that some do not have a positive correlation, for example the majority of respondents consider their customers as committed while a majority of these customers when asked referred to themselves as convenience
seekers. For the car dealers whose results do not correlate with those of customers the researcher concludes that there is deviation somewhere along the lines of CRM strategies being implemented and interpersonal communication between the parties.

**Challenges Faced In Effective Implementation of Database Marketing and Key Account Management**

From the interviews conducted it can be concluded that the major challenge in the effective implementation of database marketing is lack of information technology (IT) and all car dealers are lagging behind in modern IT. It is concluded that the cost of setting up CRM systems is expensive thus it proves to be another challenge for database marketing effective implementation. It can also be concluded that co-ordination has emerged as the major challenge for effective implementation of key account management.

The researcher found out that one fundamental problem for these car dealers is to obtain co-operation from other organizational members without having formal authority over them and this co-operation is needed for the success of key account management. The car dealers do not have key account managers save a customer service department at the car dealers’ head office. Poor Communication was also cited by most car dealers as a challenge in converting a business customer into a key account as it lengthens the process. The researcher concludes that this poor communication and lack of management commitment in spearheading the key account management process is mainly attributed to the employees who are not knowledgeable enough to handle the business customers’ needs and therefore poses as a challenge for effective key account management implementation.

**RECOMMENDATIONS**

The researcher recommends that car dealers could continue to improve on the medium of communications they use, taking advantage of modern information technologies. These technologies could in turn help in employing their 1-to-1 marketing initiatives.

It is recommended that to maintain commitment, car dealers could mediate on a number of transactional background variables such as service quality, shared values, and communication.

**Other CRM Strategies**

It is recommended that the CRM strategies be fully implemented in order to increase benefits to the company. There are other benefits which cannot be established from database marketing and key account management alone. Information Technology and 1-to-1 marketing have become popular by the day as a result of increased competition thus the motor industry could secure a new system with more CRM strategies for today and tomorrow in tune with the evolving needs of customers as they take advantage of new technologies and media.

Such strategies as sales force automation (SFA), personalization and e-mail marketing have been recommended. The researcher recommends SFA to all car dealers because it enables sales people to file regular reports electronically without having to travel to the central/ head office in person, thereby improving efficiency and productivity and also when a customer encounters a problem or has a query, they can interact with the organization via electronic means i.e. through SFA. It is recommended that all players in the motor industry could implement personalization as a CRM strategy due to the fact that it treats each visitor on the company website as an individual, recognizing them when they revisit the site and serving them based on their explicit or implicitly stated preferences, thus personalization is about building customer loyalty by building a meaningful 1-to-1 relationship.

E-mail marketing is also a recommended CRM strategy car dealers could adopt as it has a potential for maintaining customer loyalty. E-mail marketing offers potential for targeted and personalized communication and that e-mail marketing helps marketers keep in touch with their customers on a regular basis at a low cost.
Due to intense competition the researcher recommends that car dealers work toward having their customers in the committed category as it entails that their customers will barely consider other brands. This could be achieved through good customer relations and interpersonal communication with customers, and this will create a sense of belonging to customers thereby encouraging them to eventually see no reason to switch service providers.

In principle Zimbabwe car dealers claim to have adopted CRM strategies but on the ground it is something else. Although car dealers say that they use database marketing and key account management as CRM strategies, most of their database marketing is manually done and some of them do not even have websites that are functional, yet they say they use database marketing as a strategy. It is therefore recommended that they could use the following recommendations:

- Car dealers could adopt changes in information technology and make optimum use of new technologies in order to effectively implement CRM strategies.
- Internal marketing strategies such as HR training on the use of new technologies and incentivizing employees, by giving them better remuneration and working conditions could assist in effective implementation of CRM strategies.
- Effective implementation of enterprise technology such as CRM require changes to organizational culture, therefore top management could set the stage in CRM initiatives for leadership, strategic direction and alignment of vision and business goals in order to create a fit between organizational culture and CRM strategies.
- Car dealers could adopt solid CRM processes and technologies to better keep their existing customers and they could also build in checks and measures to continuously improve their systems.
- Car dealers could redesign their front and back offices and examine information flows between the front and back therefore top management commitment is expected to be apparent and plausible.
- Business processes could be redesigned by facilitating changes to work practices and establishing innovative methods to link a company with its customers, suppliers and internal stakeholders.

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