APPLICATION OF CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS IN LITHUANIAN MOBILE TELECOMMUNICATIONS COMPANIES

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Abstract. Global investments in information technologies are constantly growing as the result of quick changes in technologies, globalization process, accelerating pace of life and increase in the importance of information to the modern society. Thus, the latest information technologies and systems are emphasized as one of the most important features of competitive ability of an organisation. As information technologies are getting more and more important in determining the advantage of a company in the business world, CEOs of organisations should pay more attention to implementation of systems that contribute to operational capacity of the entire organisation. In order to ensure success of an organisation, it is important to look for new investment solutions helping companies to develop individualized and differentiated ways of interaction with customers, ensuring their loyalty and allowing to maintain competitiveness in the market. More and more often, customer relationship management systems are chosen to achieve these aims. These systems are applied for business to efficiently manage relations with customers of a company; they help increasing the benefit obtained by every supplier or customer to the maximum and improving the results of the entire activity. Due to the increase in the number of organisations implementing customer relationship management systems (CRM), it is becoming important to study and evaluate these technologies and their influence. This would help to better understand the present problems related with customer relationship management (CRM) systems.

Keywords: CRM system, Lithuanian public mobile telecommunications companies, CRM application.

Introduction

Due to increased globalization, changes in conditions of the modern market and a high level of competitive ability, it is becoming more and more important to retain customer relationships. Thus, most modern organisations understand the importance of information technologies and their abilities in the field of business process management. In most cases, this is the main reason for investments in the field of information technologies.

In order to ensure success of an organisation, it is important to look for new investment solutions that would help companies develop individualized and differentiated ways of interaction with customers, ensuring their loyalty and allowing companies to maintain competitiveness in the market. More and more often, customer relationship management systems (CRM) are chosen to achieve these aims. Consequently, it is becoming important to analyse benefits that CRM systems can bring to business organisations. This research is focused on the use of customer relationship management systems (CRM) in Lithuanian mobile telecommunications companies.

The aim of the article is to research and evaluate the advantages and disadvantages of the use of customer relationship management systems in mobile telecommunications companies of Lithuania.

The research methodology consisted of: the analysis of scientific literature; and a questionnaire survey. The survey involved a group of experts responsible for projects pertaining to preparation, development and maintenance of CRM systems in the studied mobile telecommunications companies in order to find out advantages or disadvantages of CRM; and statistic data systematization and processing. The reliability level of the statistical rate was found as follows: from 0.6 to 0.7 – reliability could be considered sufficient; from 0.7 to 1.0 – reliability was high. The reliability of the performed research was high and amounted to 0.847; consequently, the results of this research were considered to be objective.

Conception of customer relationship management system

Scientific literature (Baran et al. 2008; Jasilionienė, Tamošiūnienė 2008; Korsakienė et al. 2008) mostly focuses on aspects of CRM implementation. The term CRM has been coined in 1992. Still, the customer relationship management conception has different definitions. The existing approaches have been influenced by different factors. CRM can be defined as an information system, a strategic busi-
ness philosophy or a type of knowledge management (King, Burges 2008; Sin et al. 2005; Reinartz et al. 2004). Other scientists, such as Ingram and La Forge (2006), understand the CRM conception as a kind of business philosophy related with customer retention: CRM is a kind of business strategy for selection and management of the most valuable customers. CRM requires a kind of customer-centred business philosophy and culture as well as support of efficient marketing, sales and service processes. A CRM system can facilitate efficient customer relationship management, provided a company has a good strategy and culture.

The CRM conception also includes design of a new marketing strategy (Pride, Ferrell 2003). While applying CRM, attention is given to the use of information on customers in order to develop a marketing strategy as well as expand and maintain desirable relations with customers. Increasing the value of customers and maintaining their loyalty, organisations pursue ensuring and increasing long-term profitability. Retention and development of close relations with customers enable a company to determine, satisfy and even guess customer needs, which ensures a lengthy life of an organisation (Pride, Ferrell 2003; Jasilionienė, Tamošiūnienė 2008; Korsakienė 2009). Anderson and Kerr (2002) supposed it was necessary to consistently adapt the CRM system of a company in order to ensure successful development of the system (Fig. 1).

Successful functioning and strategy of the CRM system can only be ensured by choosing the most appropriate solution for its implementation.

To sum up, authors of analyzed scientific literature on CRM conceptions have similar views. CRM is usually defined as a separate kind of business philosophy or strategy of a company, which is closely related with retention of customers and increase in their loyalty, as well as accumulation of customer-related information and analysis of their needs. Almost all managers agreed with the following principle: it is much cheaper to retain the existing customers than attract new ones from competitors (Dubois, Muhlbacker 2007; Urbanskiene et al. 2008; Woodcock et al. 2003). According to Sūdžius (2007), the activity of a company, which is based on proper interrelations and concentrated on acquisition and retention of customers, should be considered a conception of customer relationship management. While analyzing CRM as a business strategy, efficient planning and timely implementation of plans should be emphasized. Usually, practitioners define customer relationship management as development and retention of long-term win-win relations with strategically important customers.

The supporters of this approach agree that organisations having adapted a strategic attitude of customer relationship management and ensured its consistent application will be successful for a long time (Baran et al. 2008; Ko et al. 2008; Kurbel 2008). According to the CRM strategy, which is centred on the development of long-term and beneficial relations, a customer is always sure he/she will receive (Godson 2009):

1) a necessary article on time,
2) a high-quality service,
3) a quick reaction to his/her changing needs,
4) besides, articles will be sold at an appropriate price.

Advantages of a customer relationship management system are used to attract new users and develop a long-term perspective. This benefit can be achieved through processes, which are used to accumulate information, analyze customer shopping records and determine the drivers behind motivation of customers to increase their shopping volumes (Korsakienė et al. 2008; Korsakienė 2009; Žvirielienė et al. 2009). According to Jasiolienė, Tamošiūnienė (2008), the aim of a successful CRM system is to integrate the customer-related processes of a company, improve efficiency of sales teams and customer service centres; and – applying data analytics – produce more exact marketing plans and execute related actions. This initiative should result in an improved financial state of a company (Jasiolienė, Tamošiūnienė 2008). Korsakienė et al. (2008) similarly suggested that customer relationship management (CRM) is based on three principles: customers should be managed as important and valuable assets; not all users are equally desirable, their needs, priorities and shopping behaviours.
are different, consequently, a better understanding of customers could help companies tailor their proposal enabling the maximum increase in the net value (Korsakiene et al. 2008); examples presented by Sin et al. (2005) are classified into the following groups (Fig. 2):

1. Customer-centred CRM in order to retain profitability.
2. As it was mentioned above, CRM is an organizational system as its implementation causes changes in organisational structures and reforms in the philosophy and strategy of a company.
3. CRM involves knowledge management; knowledge accumulation, systematization and easy access.
4. The technological basis of CRM – automation of business processes by applying information technologies.

This classification shows that application of this system and given possibilities can enable companies to better understand the needs of their customers and improve activity of an organisation.

Organisations that use information systems obtain new management styles and become less hierarchical, decentralized, more flexible, trusting the latest information and universal case analysis (Dzemydienė 2006; Nausėda 2007; Paliulis, Astrauskienė 2003). Baran et al. (2008) suggested that the aim of customer relationship management systems is not only to determine and retain interactions with customers, but also to quicker strengthen such interactions: from relations between acquaintances to a friendship and partnership.

To sum up, CRM is much more than a simple management of a customer relationship management system or monitoring of customer behaviours. CRM allows changing relations between a company and a customer as well as increase that company’s income. Companies that were the first ones to try CRM systems and failed also learnt that CRM cannot function successfully without a well-prepared strategy. The latest technologies cannot attract new customers or solve Internet marketing problems by themselves. Therefore, companies should not treat CRM as an isolated project, but rather a business strategy involving the entire company. All subdivisions and workers of the company should be familiarized with the CRM vision. The aim of CRM is to facilitate communication between different suppliers and customers and the host company on various issues as well as make customers and partners feel they communicate with an indiscrete organisation, which regards them as very important.

Analyzing the aspects pertaining to the use of customer relationship management systems (CRM), it is relevant to consider rates and tendencies of use of CRM systems the Baltic States. The information distributed by the Lithuanian, Latvian and Estonian Statistical Departments on the use of CRM systems in the Baltic States is presented (Informacinės technologijos Lietuvoje 2012; Eurostat 2012).

**Tendencies of development of customer relationship management systems in the Baltic States**

Recently, the data accumulation and analysis of the latest information systems for business management has received a lot of attention. There is a separate review on the use of CRM systems in organisations of all three Baltic States.

The presented table (Table 1) shows that the use of CRM systems in the Baltic States is somewhat low. It should be assumed that such systems are still very new in the region. Comparison of the data of all three states for 2012 reveals a tendency, namely, CRM systems have been mostly applied in Latvian organisations. This system was used in 14.9% of all Latvian organisations. Meanwhile, the Estonian rate was 12.8%. The lowest use of CRM systems has been observed Lithuanian organisations as only 12.5% had this system in 2010.

In 2011, the rate declined in all three Baltic States. It could have been caused by quick development of new organisations during the period of economic growth, which was not related with the field of research; besides CRM systems are irrelevant for such sectors. Additionally, it could have had much influence on the percentage of the use of CRM systems in organisations. Consequently, decreasing numbers should not be interpreted as a decline in the use of
CRM. In spite of economic downturn, recovery in the use of CRM systems was noticed in all Baltic States in 2012. The economic recession made CEOs of big organisations think about substantial investments into efficient business management systems. Companies were looking for solutions that would help them become more competitive and remain on the market. For this reason, they chose innovative IT solutions creating a greater added value compared with small systems, which could not be integrated into the indiscrete medium. Just as in previous years, Latvia reached the highest rate – 14% – in 2012. The rates in Lithuania and Estonia were lower, 12.6% and 12%, respectively. In summary, CRM systems are only trying to enter the markets of the Baltic States. Consequently, it is relevant to research this business philosophy and management system.

Table 1. Lithuanian, Latvian and Estonian data on application of customer relationship management (CRM) systems in the Baltic States, expressed in percentage (Informacinės technologijos Lietuvoje 2012; Eurostat 2012)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td>Lithuania</td>
<td>15.3</td>
<td>16.8</td>
<td>17.7</td>
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<tr>
<td>Latvia</td>
<td>14.9</td>
<td>12.7</td>
<td>14.0</td>
</tr>
<tr>
<td>Estonia</td>
<td>12.8</td>
<td>10.7</td>
<td>12.0</td>
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Considering the aims of the performed research, undertaken by the authors of the article, it is relevant to research the distribution of the use of CRM systems in Lithuanian organisations. The figure below (Fig. 3) presents the statistics of the use of CRM systems in 2012 according to the size of companies (Informacinės technologijos Lietuvoje 2012; Eurostat 2012). The figure demonstrates that the use of CRM systems depends on the size of a company. The bigger the organisation, the more relevant is a CRM system. This, of course, depends on a number of factors. The survey demonstrated that small companies do not need expensive systems that would possibly pay dividends in a long period of time. In small companies, cooperation and important decision-making can be done on face-to-face basis, which is physically difficult in big business organisations with 250 employees and more. Hence, the use rates in small companies are rather low, amounting to approx. 13.5%. As data of 2012 suggests, 21.7% of medium companies with 50–249 workers used a CRM system. The highest rate of the use of a CRM system was observed in big organisations operating in the banking and IT sectors, insurance companies and telecommunications market, with 250 employees and more servicing millions of users. The use of CRM systems is the most relevant in companies of this size: according to the statistical data, almost 28% of big companies use this system.

Considering rapid development of the Lithuanian telecommunications market, which has more than five million of active subscribers, it was decided to research the Lithuanian mobile telecommunications companies.

**Evaluation of customer relationship management systems**

In response to rapid technologic development, advantages and disadvantages of every new IT system are researched every year. Although most systems are efficient, both positive and negative aspects can be found in conclusions regarding business management systems.

Analysis of scientific literature revealed that CRM systems were mostly used by medium and large enterprises: banks, insurance, logistics, telecommunications and IT companies as well as big trade chains. On that score, it was decided to select one business field, in which business management systems are especially important and significant. The authors decided to focus on Lithuanian mobile telecommunications companies as they are constantly faced with fierce competition and have to service and retain a large number of loyal and new customers. The research was performed to find out all advantages that CRM systems could bring to mobile telecommunications companies as well as disadvantages, if any.

In order to find the advantages and disadvantages of CRM systems, a survey was conducted in a group of experts responsible for projects pertaining to preparation, development and maintenance of customer relationship management (CRM) systems.

Small differences exist between mobile telecommunications companies, which can determine their market success. Competition in the field is especially fierce, thus every factor can have a significant impact on expansion pos-
sibilities. Every company wants to gain as many customers as possible, as this determines its position on this small but very competitive market.

The companies employing the surveyed experts could be divided into groups depending on the number of service users or duration of service delivery.

The performed research suggests that 67% of mobile telecommunications companies use customer relationship management (CRM) systems. Listing the reasons behind the decision to use a CRM system in an order of priority, three of four companies indicated the inability to systematically accumulate and analyze data (60%), insufficient sales capabilities (40%) and inability to properly coordinate tasks (40%).

All companies that use a customer relationship management (CRM) system have had it for more than five years (Fig. 4).

The survey results suggest that during these years, the companies have already faced problems related with their customer relationship management system as well as enjoyed some advantages. Lengthy experience of employees tasked with responsibility for such systems within their organisations means they accumulated an in-depth knowledge of relevant aspects related to their system; naturally, opinions of such experts can be important for the analysis of customer relationship management (CRM) systems.

A customer relationship management (CRM) system is one of many investment options. The main driver behind the decision to implement the system is the need to expand capabilities of the database to systematically accumulate and analyze data. This reason was regarded to be the most important for three out of four organisations and determined their decision to invest in CRM software. Employees tasked with responsibility for such projects observed that the use of customer relationship management (CRM) systems for data accumulation and processing justified preconceived expectations. The system also helped sharing accumulated data with other employees (Table 2).

Presently, employees of mobile telecommunications companies use customer relationship management (CRM) systems, which make the accumulated information easily accessible to the entire staff. The system helps sharing universal information, which can be used to achieve organisational objectives. Two out of five organisations indicated the importance to incorporate the system internally. Every operational unit has a possibility to tailor the system according to their needs. By means of this system, management can distribute tasks, inform about executed projects and assign roles to employees. All employees logging onto the system can see relevant daily information.

Organisations mostly used their systems for product databases, to learn about executed projects or read the relevant daily information. In the opinion of the experts, systems were often used for other purposes as well.

Insufficient sales capabilities can be regarded as yet another aspect that impacts on the decision to implement a customer relationship management (CRM) system. Inefficient sales processes intervene with full utilization of the existing sales potential; consequently, this impacts on the overall success of the organisation. Therefore, respondents believed it was yet another important reason to start using a business management system.

The results of statistical data in Fig. 5 depict the purpose of a customer relationship management (CRM) system in organisations. Companies implement CRM systems with specific needs in mind.
One of the most important reasons for the use of a CRM system in an organisation is to help employees to easier process information on customers. 42% of respondents stated that the system was mostly used with the customer database. 25% of organisations mostly used their system to assign tasks to employees.

In mobile telecommunications companies, employees have to send numerous letters to customers make plenty of calls and answer to customer queries. Meanwhile, marketing specialists need to inform customers on special offers and new products. As the number of customers is large, it is of utmost importance to plan marketing processes systematically. 17% of respondents stated that their organisations mostly used their CRM system for the aforementioned purposes.

On the basis of sources of scientific literature and research, more than 70% (Ramdas 2006; Pankaj, Werner 2002) of companies having tried to implement CRM systems have encountered certain difficulties, such as problems of financial nature, customer service quality, sales and organisational culture. Thus, it can be assumed that an organisation can encounter problems using customer relationship management systems. For this reason, during the survey of mobile telecommunications companies, it was attempted to ascertain whether they faced any problems preventing them from using their customer relationship management system.

Successful operational development also depends on correctly and timely identified problems. The successful use of implemented IT solutions can be prevented by a variety of factors. Customer relationship management systems are no exception.

According to one of the experts from a researched mobile telecommunications company, the initial costs for implementation of the customer relationship management system totalled LTL 1000 000. Although such system require a lot of investments (all respondents agreed to this statement), (Fig. 6), organisations also have to bear additional IT costs in the future. The experts underlined that possible constant maintenance and expansion of such systems might be the fundamental reason preventing the use of CRM systems (Fig. 6).

Expensive business management systems are often very sophisticated, thus employees tend to resist them. Although most surveyed respondents said these systems were simple to use (75%), expensive systems usually offer a wide range of functions.

Inefficient use of functions offered by CRM systems was indicated as yet another criterion possibly preventing successful use of such systems.

As a contrast to the above-mentioned problems related to the use of CRM systems, the experts indicated a mismatch between the system and the needs of the organisation.

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**Fig. 5.** Percentage distribution of experts according to the use of customer relationship management systems (CRM)

**Fig. 6.** Problems preventing successful use of customer relationship management systems in organisations
tion. Respondents maintained that their organisations did not encounter the problem as functions and capabilities of the system were tailored to the business processes of the company during the processes of system implementation; consequently, they satisfy the existing needs.

Various studies are undertaken to understand how to purposively distribute investments and receive positive results. Organisations are always interested in success of their projects as they usually wish to communicate such achievements to the wide public. Thus, experts disagreed with the opinion regarding the low interests of management as an obstacle for the successful use of customer relationship management systems.

15–20 years ago, once Lithuanian mobile telecommunications companies started emerging, they had fewer subscribers, thus information was accumulated in simple systems. Later, there was a growing need to accumulate data on customers and it became increasingly more difficult to process large amounts of information by means of standard systems. Naturally, there was a demand for systems that could enable systematic accumulation and analysis of data and improve the efficiency of information communication. Older systems could not exchange information, thus employees could only access data from designated workstations.

According to the experts, the main advantage of the use of CRM systems manifests through easier access of information for employees.

The respondents agreed that easier access and processing of customer-related data helps to efficiently use information in order to improve the quality of customer service. Systems help improving the quality of customer service as well as maximally satisfy their needs.

Customer relationship management systems facilitate the management and planning of sales processes. In chains with inefficiently managed business processes, redundant tasks can be identified and eliminated, which can significantly boost sales. Experts agreed that in such cases CRM systems could help improving sales.

However, respondents disagreed that promotion and other marketing methods could be improved with the help of CRM systems.

One of the most important advantages accentuated in scientific literature is related with the quality of customer service.

As it was mentioned before, the success of any company depends on customer service as well as the ability to identify and satisfy customer needs.

High quality customer service allows companies preventing unsatisfied customer cases and earning their loyalty, this way creating a long-term value and determining the overall success of the organisation.

Four out of four experts agreed that customer relationship management systems changed the quality of customer relations and helped in their management. Globalising modern society makes it very important to systematically accumulate and process large amounts of information and data on the existing and future customers. The required information should be available quickly. Customer relationship management systems allow all employees access to the accumulate data.

The results of studies from abroad (Ramdas 2006; Pankaj, Werner 2002) indicated that many organisations encountered difficulties related to the use of their customer relationship management system. They might have resulted from incorrect adjustment of the system in terms of busi-

![Fig. 7. Advantages received by organisations using customer relationship management systems](image-url)
ness processes; besides, systems might not match the needs of an organisation. As systems are sophisticated and rather new – they emerged just a decade ago – there is little experience, which is disadvantageous to companies using such business management systems. Nevertheless, experts categorically disagree that customer relationship management systems have more disadvantages than advantages.

Conclusions

The paper provides the analysis of literature sources related with customer relationship management systems as well as researches and evaluates the advantages and disadvantages of their use in Lithuanian mobile telecommunications companies. A set of tasks was implemented to achieve this and main conclusions were drawn.

Companies invest in customer relationship management systems and other types of software. However, many tend to get discouraged seeing statistical data, which suggests that success usually amounts to 30%. Companies face problems of financial nature, quality of customer service, sales and organisational culture, which prevent them from successful use of customer relationship management systems. Still, there are advantages related to the use and control of processes in the company. Besides, systems also provide employees with timely information. Customer relationship management systems help systematic accumulation of sales-related information and control further sales processes; to faster resolve problems and covert data into working knowledge. These are some of the more important advantages given by customer relationship management systems.

Investments into a customer relationship management system mean attempts to improve the quality of customer service.

A study was made to identify drivers behind the decision of organisations to implement customer relationship management systems. All CRM system experts employed by Lithuanian mobile telecommunications companies were surveyed by means of a questionnaire. On the basis of the results of this survey, the most important and significant factors motivating companies to implement CRM systems were identified, including: the inability to systematically accumulate and analyse data (60%), lack of sales capabilities (40%) and inability to effectively manage tasks (40%). The research determined that customer relationship management systems were perceived by experts as simple to use (75%). The organisations having implemented such systems mostly encountered problems related to inefficient use of functions offered by customer relationship management systems as well as mismatch between the system and the needs of the organisation; these were some of the reasons preventing successful use of CRM systems.

References


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**RYŠIŲ SU KLIENTAIS VALDYMO SISTEMOS TAIKYMO PRIVALUMAI IR TRŪKUMAI LIETUVOS VIEŠOJO JUDRIOJO TELEFONO RYŠIO ORGANIZACIJOSE**

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**Santrauka**

Šiandienėje visuomenėje, vykstant sparčiai technologijų kaitai, globalizacijos procesui, spartėjant gyvenimo tempui ir didėjant informacijos svarbai, informacinėms technologijoms skiriamas investicijos nuolatos augs visame pasaulyje. Todėl, naujausios informacinės technologijos ir sistemos įsikyla kaip vienas iš svarbiausių organizacijos konkurencingumo bruožų. Pastaraisiais metais, mokslinėje literatūroje vis dažniau galima rasti tyrimų pavyzdžių, nagrinėjančių ryšių su klientais valdymo sistemą (CRM) kaip kokybiškai naują informacinę technologiją. Tyrinėjimai šioje srityje leistų geriau suvokti esamas problemas, susijusias su ryšių su klientais valdymo sistemos (CRM) taikymo privalumais ir trūkumais. 

Reikšminiai žodžiai: ryšių su klientais valdymo sistema, Lietuvos viešojo judrijojo telefono ryšio organizacijos, CRM taikymo privalumai ir trūkumai.