Business Development in an emerging market for an automotive company

CRM process improvement

Master´s thesis in Management and Economics of Innovation

JESSICA RÄIHÄ

Department of Technology Management and Economics

Division of Operations Management

CHALMERS UNIVERSITY OF TECHNOLOGY

Gothenburg, Sweden 2015

Report NO.E2015:049

REPORT NO.E2015:049

Business Development in an emerging market for an automotive company

CRM process improvement

JESSICA RÄIHÄ

Department of Technology Management and Economics

Division of Operations Management
Chalmers University of Technology
Gothenburg, Sweden 2015

Business Development in an emerging market for an automotive Company

CRM process improvement

JESSICA RÄIHÄ

© JESSICA RÄIHA, 2015.

Report no E2015:49
Department of Operation and Management
Chalmers University of Technology
SE-412 96 Gothenburg
Sweden
Telephone + 46 (0)31-772 1000

Cover:
The picture on the cover illustrates the new launch of the new XC90 this year.

Chalmers Reproservice
Gothenburg, Sweden 2015

Abstract

Over the years the automotive industry has gone through an evolution. The most significant is the attribution shift of profit from developed markets to the emerging markets. Which generates an interest to investigate how automotive companies are working within the emerging markets. In addition, researchers agree that it is equally important to maintain and develop customer relationship than merely capturing new prospects. This makes it interesting to investigate how companies are handling their existing customer relationships. This report is a deductive case study of a CRM system in an automotive company in the emerging market of Mexico. The objective is to increase the sales through their existing CRM system by using it more efficiently. The three biggest issues identified with the current CRM system are: platform complexity, gap in knowledge transfer between the different units and obsolete or stale information in the system. These problems were approached by different tactics. The first step was to clarify how and why questions about the system, and this was done through guidelines and training programs. Then to target the second and third problem, an investigation of the Sales and Service opportunities was conducted. The Sales and Service opportunities had correlation to sales numbers and the information about these opportunities was updated in the CRM system. It was concluded that in order to enhance sales the Dealers must give priority to existing customer leads by following up with them to closure before starting with new ones.

Keywords: *automotive industry, CRM, emerging market, knowledge transfer, lead management, organizational change*.

Acknowledgements

This thesis was the final work after the completing two years of the master program Management and Economics of Innovation in Chalmers University of Technology. This thesis has been one step on my way towards my future international career. I wish to thank Eva Martinsson who helped me get in contact with the Sales Office in Mexico and opened up so many doors for me. You helped me to accomplish one of my dreams and I will always be grateful. I thank Luis Geraldo for allowing me do the master thesis in Volvo Cars Sales Office and allowing me to experience the Mexican business culture. Further I thank Moises Maislin for supervising me in my work and you never got bored of my never ending questions. It has been a great experience spending my last months in the Sales Office in Mexico City and getting to know all the personnel, who always helped me with questions regarding my thesis but also helped me improve my Mexican slang.

I wish to thank my professor Mats Winroth who supervised me on distance and gave me helpful advice. Thanks to Rohit Dwivedi who asked me the right questions to take the case study one step further and for correcting my grammar with pleasure.

My five years of studies in Industrial Engineering is coming to its end and this would not have been possible without the support of my family Marika Räihä, Jukka Räihä and Marcus Räihä. I love you! One last thanks to one of my best friends, Ulrika Orstadius for always supporting me in my dreams and encourage me to dream bigger…

Gothenburg, June 2015

Contents

1. Introduction 1

    1.1 Purpose 1

    1.2 Research Question 2

    1.3 Limitations.. 2

2. Method 3

    2.1 Research Strategy 3

    2.2 Research Design 3

3. Theoretical context 7

    3.1 Automotive Industry 7

    3.2 Marketing Theory.. 9

    3.4 Knowledge Management 20

    3.5 Organizational Change 23

4. Investigation of the CRM system 25

    4.1 Current description 25

    4.3 Identified problems.. 33

5. Analysis 43

    5.1 General analysis of the CRM system.. 43

    5.2 Investigation of sales and service leads 47

6. Discussion.. 53

7. Conclusions 55

8. Recommendations 57

9. Further research 59

References 61

Appendix 64

    Apendix 1- Map of the Dealers in Mexico (2015) 64

    Appendix 2- Interview Guide- CCS 65

    Appendix 3- Interview Guide- Customer insights Agency.. 66

    Appendix 4-Interview Guide- Customer Insights 67

    Appendix 5- Interview Guide- Marketing Coordinator Ireland.. 69

    Appendix 6- DCT -Report. 70

Appendix 7- Opportunities Calculations (January and February 2015) 71
Appendix 8-Opportunities Calculations (Year 2014) 72
Appendix 9-Investigated opportunities of all the different segments 2014 73
Appendix 10- Investigated opportunities all the different segments 2015 74
Appendix 11- Informational document of the benefits of using LMS. 75
Appendix 12- Informational document of the benefits of using LMS. 76

List of figures

Figure 1: Biggest markets of Volvo Cars (Volvo Cars, 2013, p.16). 8
Figure 2: Biggest markets of Volvo Cars (Volvo Cars, 2013, p.16). 8
Figure 3: The sales by model (Volvo Cars, 2013, p.16). 9
Figure 4: Describes the different fields that have influenced the marketing theory (Baker, 2003, p.181). 11
Figure 5: The decision process as a loop (Court et al., 2009, p.1). 13
Figure 6: Factors that influence CRM in a global perspective (Ramaseshan et al., 2006, p.198). 18
Figure 7: Knowledge management strategies (Schulz & Jobe, 2001, P.146). 23
Figure 8: The assignments the Dealer has vs the assignments the Sales Office has (Volvo Cars, 2015). 26
Figure 9: Different modules in the CRM system and how they are linked to each other (Volvo Cars, 2015). 29
Figure 10: The CRM system and the most important modules linked to the consumer lifecycle 31
Figure 11: Summary of findings from the lead report (Siebel 11/03/2015). 35
Figure 12: The sales and service opportunities compared 2015 to 2014 (Siebel, 2015) 38
Figure 13: Lead report in Siebel and the categories (Siebel, 2015). 39
Figure 14: Opportunities compared 2015, (Siebel, 2015). 39
Figure 15: Lost sales due to late or not contacted test drives leads. 49
Figure 16: Lost income due to not followed up test drives in total. 50
Figure 17: First part of the guideline of LMS. 51

1. Introduction

The automotive industry is a very competitive and mature industry. Due to the high degree of competitiveness, the industry is always on the lookout for new competitive advantages. Most of the companies working within the automotive industry operate in several markets and therefore these companies need to adapt to different prerequisites depending on the focal market to be able to capture the value from the customers (Mohr et al.., 2013). Over the years there have been several changes in the automotive industry, one of the more significant one is the process innovation, which made mass production possible. Later on Toyota started to change the view how to use resources and the focus shifted to create customer value and remove waste (Liker & Meier, 2006). The biggest ongoing structural change is; the shift from where the automotive companies collect their profits. In 2020 scholars have estimated that 75% of the profit will come from the emerging markets, these markets are growing faster than the industrialized countries (Mohr et al., 2013). Therefore it will be of interest to investigate how a global company is working within the emerging markets and tries to capture the economic growth. In addition several scholars have shown through research that to increase the profit, it is more effective to maintain and develop the customer relationship rather than finding new customers (Buchanan & Gilles, 1990; Reichheld & Sasser, 1990).

Hence the focus in this report is how a Sales Office of Volvo Cars Group (hereafter Volvo Cars) uses their CRM system (Customer Relationship Management) a competitive advantages to improve their sales and markets shares in the emerging market of Mexico. The Sales Office is a link between the Dealers and the Head Office (hereafter CCS) whose goal is to achieve a seamless and updated flow of information throughout all the entities within the organization.

1.1 Purpose

Since research shows that the allocation of profit will change in the automotive industry, it is crucial to investigate how automotive companies are working within the emerging markets (Mohr et al., 2013). Given that it is more economical beneficial to satisfy a current customer, rather than capture a new one, provide arguments to explore how companies are working with CRM within the automotive industry to capture the increasing value. The Sales Office under consideration did not to sell the desired amount of cars, therefore an investigation on how the focal Sales Office could increase their sales by using the CRM system was done. The Sales Office did not have accurate information about their customers, and the customer knowledge was not spread through the organization which created difficulties to manage customer relationships, these identified issues were damaging the sales. Therefore the purpose of this report is to:

1) *Describe the CRM system.*
2) *Identify areas of improvement in the CRM system.*
3) *Recommend actions with the CRM system to sell more cars.*

1.2 Research Question

The following research question has been asked:

How can Volvo Cars Mexico compile and maintain important Customer information via their CRM system in order to improve their sales?

By answering this research question one can shed light upon how a global automotive company is working to capture the growing value that comes from the emerging markets.

1.3 Limitations

- The CRM system was only investigated from the perspective of how the Marketing Department can apply it to increase the sales.
- There were both financial and personal constrains.
- The foundation of the Service and Sales opportunities-analysis (from here named leads), came from the platform Siebel. Before the lead analysis was done the 7 hours' time difference between CSS and the Sales Office, and the Mexican national holidays were not put in to the system which influenced the results to some extent.
- This master thesis of 30 credits was written during 4 months on full time, and the mentoring was made on distance. The main sources of tutoring were thorough emails, Skype and meetings in the end of the thesis.

2. Method

Below the research strategy and the research design are discussed.

2.1 Research Strategy

Given the research question: **How can Volvo Cars Mexico compile and maintain important Customer information via their CRM system in order to improve their sales?** Literature of Marketing, CRM, Knowledge Management and Organizational change were studied to be able to answer the research question. Eisenhardt & Graebner (2007) argue that it is important to match findings from a case study with a variety of existing literature when one trying to build theory.

According to Wallén (1996) there are two common approaches regarding research strategy; deductive- and inductive theory. With a deductive approach, researchers are guided by existing knowledge that is confirmed empirically. The opposite approach is called inductive strategy, which means new knowledge is created by the means of empirical studies. Since the purpose of the present study is to further brighten the applicability of CRM in a Sales Office, this study has used a deductive strategy, using the theoretical framework as a guide for the empirical studies.

Research strategies can be separated into two different categories, which are qualitative or quantitative. Wallén (1996) writes that a qualitative study has its centre on in-depth interviews and participating observations, while a quantitative study comprises a more calculated approach when collecting the data. The research methodology that was used for this paper is both qualitative and quantitative as a result of the projects form. The CRM system has a lot of quantitative data in itself however to find this data, a lot of qualitative work was done.

The researcher perception of the results of this thesis is a constructivist, which entails that the data and results are dependent on its context (Bryman & Bell, 2007). This means that the external validity is depending upon the context the conclusions of this study is put in. The researcher believe this thesis may give insights about what kind of challenges an international automotive company is facing with their CRM system in the emerging markets in Latin America, especially the smaller markets.

2.2 Research Design

This report is a case study of a car manufacture and the thesis is done in the Sales Office in Mexico City. The data has been collected in different ways however the main sources have been through interviews (see appendix 2-5) and data from the CRM-system. By studying the theory it was established that data to answer the research question could be gained from open-structured interviews and semi-structured interviews. The first interviews were open structured, in purpose to figure out and locate the landscape of the marketing strategy and the use of the CRM system. This to faster gain overview of the situation and identify right areas for in depth questions. In every interview the interviewee were asked to recommend another person to interview, this to faster get in contact with relevant persons. This recommend persons were also compared to the persons the researcher had ideas to interview before the recommendation. Further, in the interviews documents the interviewees had access to, have been shared with the researcher and investigated to validate the data. The interviews were conducted with the researcher and performed according the interview framework, with clarifying questions if needed. Structured interviews are based on a questionnaire that is strictly followed, whereas an unstructured interview is similar to more a regular conversation (Gillham, 2000). The semi-structured interview is based on a questionnaire, but with the possibility of follow-up questions. As mentioned this was done after the researcher had an overview of the current situation. Hence the interviews conducted followed a semi-structured approach, since it allowed the researchers to ask more questions whenever an interesting topic arose, in order to capture as much of the interviewees inherent knowledge as possible.

The primary language used during the interviews was English however some participants used Spanish or Swedish. After the interviews were conducted, they were transcribed to support the process of analysing the data. Different roles that have been interviewed are, Director of Marketing, 2 Market Coordinators, CCS Fulfilment Specialist, 2 CCS Market Coordinator, 2 Coordinators from the Agency Digital Coaster, Product and training coordinator. The reason why the researcher interviewed same roles in the same unit and also similar roles in different units were to get a more realistic picture and triangulate the data. Adding to these interviews, unstructured emails have been done when there have been questions which were not fulfilled during the interviews.

The articles which were used in this report as the basis of the theoretical framework were found through snowball sampling. When reviewed new articles they were analyzed by amount of referrals. Keywords were used and the main part of research articles was found through googlescholars.com

Other information was captured from the different CRM- modules and Power Points that different interviewees gave to the researcher after the interviews. The modules in the CRM system were investigated by the researcher herself to grasp the operational functions and get more direct information rather than only rely on other people's experiences. Continues updated information was given weekly from the CCS Market Coordinator and the Marketing Coordinators at the Marketing Department. Further information has been included from trainings, Dealer's visits and department meetings when all the departments in the Sales Office have been participated.

To summarize, the research methodology for this case study has been a deductive approach, the main sources of information have been articles, interviews both open structured and semi structured and CRM modules. To triangulate the data several persons of the similar roles have been interviewed and compared with the experience of the researcher view of the CRM modules. The perception of the results of this thesis is constructivist.

3. Theoretical context

The theoretical context is described below, first the industry the company is working within is described then general marketing theory and CRM systems, further knowledge transfer and last how to manage organizational change which is important for the implementation part of the findings.

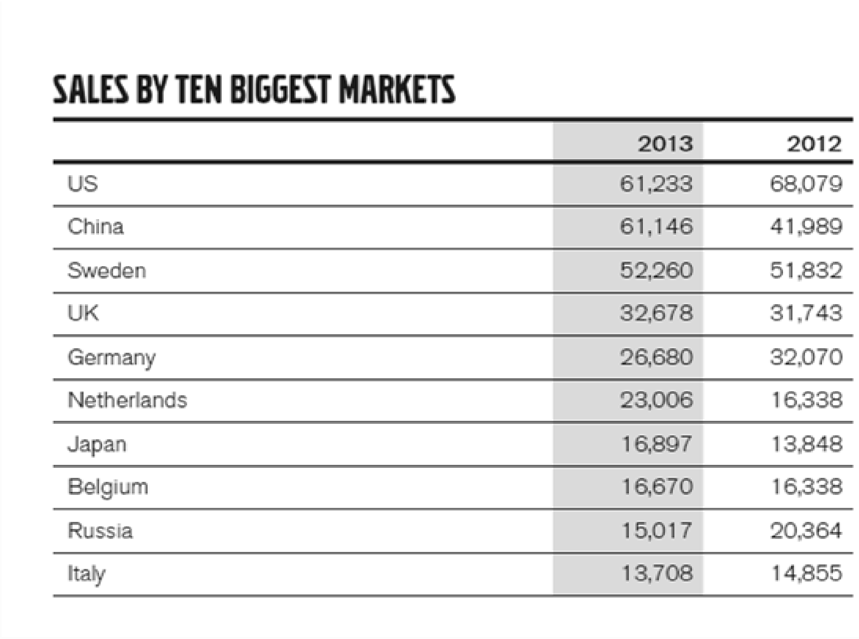
3.1 Automotive Industry

The automotive industry is extremely competitive and has recently recovered from the economic crisis in 2008. The industry profits in 2012 (EUR 54 billion) were much higher than in 2007 (EUR 41 billion), and the forecast for future growth is predicted to continue to increase. Mohr et al., (2013) forecasted by 2020, the global profits will increase up to EUR 79 billion. One big change in the automotive industry is the location where the profit is collected from. 2007, the BRICs accounted for 30 percent of the global profits (or EUR 12 billion). In 2012, that share rose to nearly 60 percent (EUR 31 billion). Notable is that more than half of the growth came from China (EUR 18 billion). The automotive industry's profit will continue to shift, as sales volumes and market share are continuing moving toward the emerging markets. Studies have shown that the premium segment will account for more than 50 percent of future profit growth (Mohr at el, 2013).

According to Investopedia (2015) "*An emerging market economy (EME) is defined as an economy with low to middle per capita income. Such countries constitute approximately 80% of the global population, and represent about 20% of the world's economies*".

Mexico is an emerging market in Latin America, which has growing economic opportunities (Rodriguez & Soto, 2014). Today the total economic growth is minor in Mexico, in 2013 Mexico had an economical growth of 1.4% and in 2014 the total growth were measured to 2.1% (World Bank, 2015), however the growth in the automotive industry is bigger than the total economic growth (Rodriguez & Soto, 2014). There are some risks to evaluate when investing in emerging markets such as risks with the economic structure, safety & corruption (Rodriguez & Soto, 2014). In Mexico the leading companies in the premium segment are the big Germans; BMW, Mercedes and Audi (Marketing Director, 2015). Right now the market share for Volvo Cars is small and they have not sold a significant amount of cars in the last years to be viewed as one important player in the Mexican market (Marketing Director, 2015).

Volvo Cars was founded 1927 in Gothenburg, Sweden where it still has it headquarter located. The company has shifted owner twice, and from 2010 the company is owned by the Chinese Gerrly Zhejiang Geely Holding Group Co. Ltd. The factories of Volvo Cars are located in Torslanda (Sweden), Ghent (Belgium), Chengdu (China), Chonqing (China), and Kuala Lumpur (Malaysia). In 2013 Volvo had 2 300 Dealers and they sold 427,840 cars in 100 different countries worldwide. Today Volvo Cars employees around 23,200 people (Annual report, 2013).



SALES BY TEN BIGGEST MARKETS

	2013	2012
US	61,233	68,079
China	61,146	41,989
Sweden	52,260	51,832
UK	32,678	31,743
Germany	26,680	32,070
Netherlands	23,006	16,338
Japan	16,897	13,848
Belgium	16,670	16,338
Russia	15,017	20,364
Italy	13,708	14,855

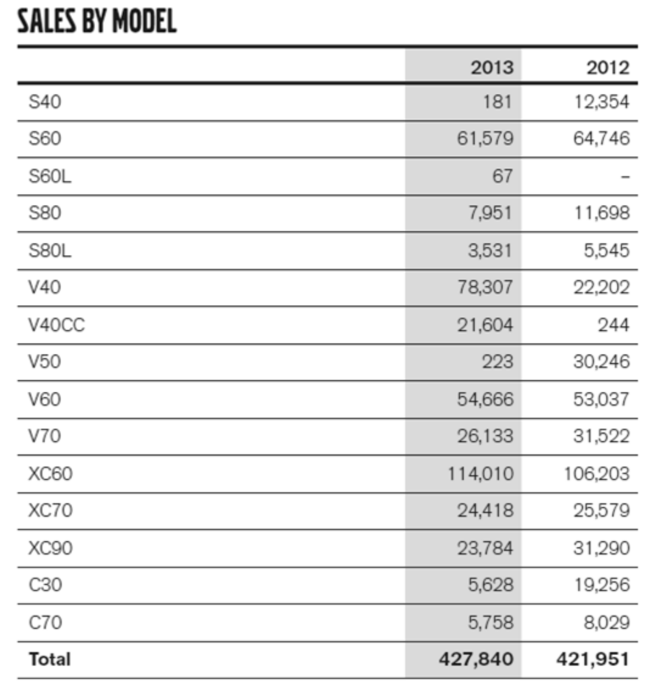
Figure 2: Biggest markets of Volvo Cars (Volvo Cars, 2013, p.16).

Since the acquisition 2010 the company has tried to transform itself to a luxury brand and move into the premium segment. The biggest markets for the organization are China, Sweden and US (see figure 1) (Annual report, 2013). The new marketing strategy supports by a new vehicle (XC90) and this vehicle has a new engine technology which will provide the premium customers with an experience based on safety, Scandinavian design, environmental care and clever functionality (Annual report, 2013).

There are different segments in the automotive industry, in this thesis the premium segment is in focus since that is the part of the industry Volvo Cars is targeting. The definition of cars in a premium segment; is a car with advanced design, high quality in both equipment and material in addition has high performance (Mohr et al., 2013).

Volvo Cars has different Sales Offices located in the world to support the local markets. The Sales Office for Mexico is located in Mexico City. This Sales Office consists of different departments that are supporting the sales in the Mexican market. The departments that exist in this Sales Office are; After Sales, Finance, Human Resources, Marketing and Operations. The department in focus in this case study is the Marketing Department. The Marketing Department consists of 3 persons who are monitoring all the marketing activities and to support them, they have weekly contact with the CCS and different agencies to get the work done.

In Mexico the most popular cars are the same as in the annual report 2013 (see figure 2). The difference is the sales volume compared to other markets, there are fewer cars sold in Mexico. Volvo Mexico has sold around 1000-1500 the last couple of years (Marketing Director, 2015) which is not a big amount of cars and therefore the sales result makes Mexico a small market for Volvo Cars.



SALES BY MODEL

	2013	2012
S40	181	12,354
S60	61,579	64,746
S60L	67	–
S80	7,951	11,698
S80L	3,531	5,545
V40	78,307	22,202
V40CC	21,604	244
V50	223	30,246
V60	54,666	53,037
V70	26,133	31,522
XC60	114,010	106,203
XC70	24,418	25,579
XC90	23,784	31,290
C30	5,628	19,256
C70	5,758	8,029
Total	**427,840**	**421,951**

Figure 3: The sales by model (Volvo Cars, 2013, p.16).

The launch of the new XC90 is a vehicle that will lead the way for the rebrand of the company. In addition, in Mexico with this vehicle, the Sales Office hope to change the view of the brand and increase the sales. Right now the Sales Office is working intensely to change the perception of the brand since many of the targeting prospects in Mexico have an outdated view of the brand. The concept of Scandinavian design is not well known through the population which gives some barriers in the Mexican market when pursuing the global marketing strategy (Marketing Director, 2015)

3.2 Marketing Theory

To put the CRM system into context and understand the way the Marketing Department is working, the basic of marketing theory will be explained. This will help the reader to grasp further in depth the findings of this report.

Marketing is not a new field of research and it has been investigated for a long time. One of the scholars that changed the perception of marketing is Kotler (1969) when he presented “Broaden the Concept of Marketing”. There are many definitions about marketing, here is four of the most common definitions presented (Baker, 2003, p.156):

- “*Marketing consists of those activities involved in the flow of goods and services from the point of production to the point of consumption” (American Marketing Association, 1938).*

- *“Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organizational objectives” (American Marketing Association, 1985).*

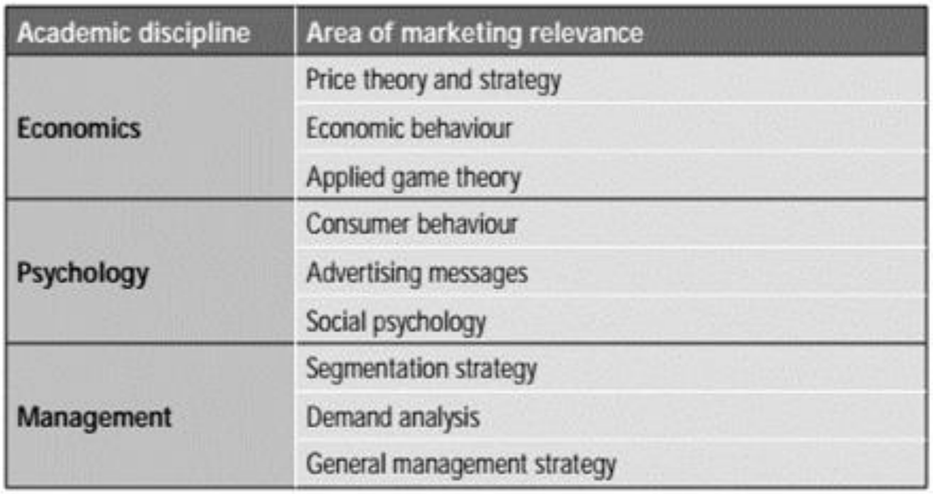
- *“Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders” (American Marketing Association, 2004).*

- *“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2007).*

These definitions show that marketing is more than the process of selling products, it is about the process of creating awareness and creating value which is the foundation to sell products. According to these definitions the common agreement through the scholars are that: 1) marketing is a management process, 2) marketing is about giving customers what they want (Baker, 2003).

Marketing cannot be equal to selling since the process of marketing, starts before the purchase. One of the common errors managers tend to do, is to connect marketing to sales hence when the sales goes down, so does the marketing budget. However this is an inappropriate way to view marketing. Instead the suggested behavior should be the opposite, to increase the marketing budget when the company has low sales result (Hutt & Spech, 2012).

Marketing theory has been influenced by several fields of research however the origins of marketing theory can be tracked back to industrial economics. Marketing has become a mixture of the following three fields: economics, psychology and management. Figure 3 describes how each of the three fields are related to marketing (Baker, 2003).



Academic discipline	Area of marketing relevance
Economics	Price theory and strategy
	Economic behaviour
	Applied game theory
Psychology	Consumer behaviour
	Advertising messages
	Social psychology
Management	Segmentation strategy
	Demand analysis
	General management strategy

Figure 4: Describes the different fields that have influenced the marketing theory (Baker, 2003, p.181).

Common marketing issues involves all the three segments, economics, psychology and management, which can make the issues rather complex (Baker, 2003).

One scholar that has influenced the recent marketing strategy is Porter, and with his framework, *Porter five forces (1979)*, he described how to be profitable in an industry. He divided the framework into five different pillars that a company needs to act upon to be economical beneficial. The ultimate industry to work within is one with low competition, no replacement of the product, high entry barriers for competitors, low bargain power from the customers and the distributors, possibilities to lock in the customer by supplements (which later became a sixth force) and in these industries there is high degree of financial success (Porter, 1979). The five forces analysis was originally introduced by Porter (1979) to highlight that the competition was much broader than just the rivalries between established competitors in a particular market. This idea in this period of time was not brand new that firms also face competition from new entrants and substitutes, however the argument was presented in a very effective manner. The framework enlighten the competition is a wider activity inside the value chain as Porter put it, even as today it will be more viewed as a supply chain. This framework is recommended to be used as a manner to find the right questions to ask when evaluating an industry (Baker, 2003).

Divided a market

One fundamental action one needs to consider before one start to market product/services is to define if the company is targeting business to customers (B2C) or business to business (B2B). Since these different segments buys different types of products and use different strategies to purchase. A common distinction is that the B2B customer makes heavier investments and the person that buys is not always the users or the decision maker. Imagine buying an industry robot and to buy shampoo these processes are done in different ways, even though literary both are two products that are offered in a market (Hutt & Spech, 2012).

Demographics

In marketing, the competitive arena is normally defined in terms of market segmentation (Baker, 2003). One way to dived a market is into demographics, these are often called "segments". The concept of segmentation makes it easier to dived a market and reach the focal prospects by further dived the segment into different characteristics such as age, gender, profession, income, education level. These concepts makes it easier for the company to target the group of interest. Demographics are the basic building blocks of marketing (Hutt & Spech, 2012). Hence, demographics are useful ways to categorize customers and potential customers based on their lifestyle and distinctive characteristics customer information. In addition indeed it is possible to dived a market by identify different customers based on their personalities, value and interest rather than born characteristics (Bradley, 2015).

Scholars and practitioners have recognized that to capture a new customer demands more resources than to keep a current customer. Therefore companies are focusing on how to keep customer and maintain a relationship that makes the current customers happy (Reichheld, Sasser, 1990). Blank & Dorf (2012) recommend that the company tries to find all the insights about the customers. The customers will always know more about the problem they are facing but the business owner should know everything about the solution to the problem. There are different ways to maintain customer relationships, one way is by using CRM systems. Essential for the venders to understand about customers is that it is not only good enough with a great product, the whole sale process is an experience (Blank & Dorf, 2012).

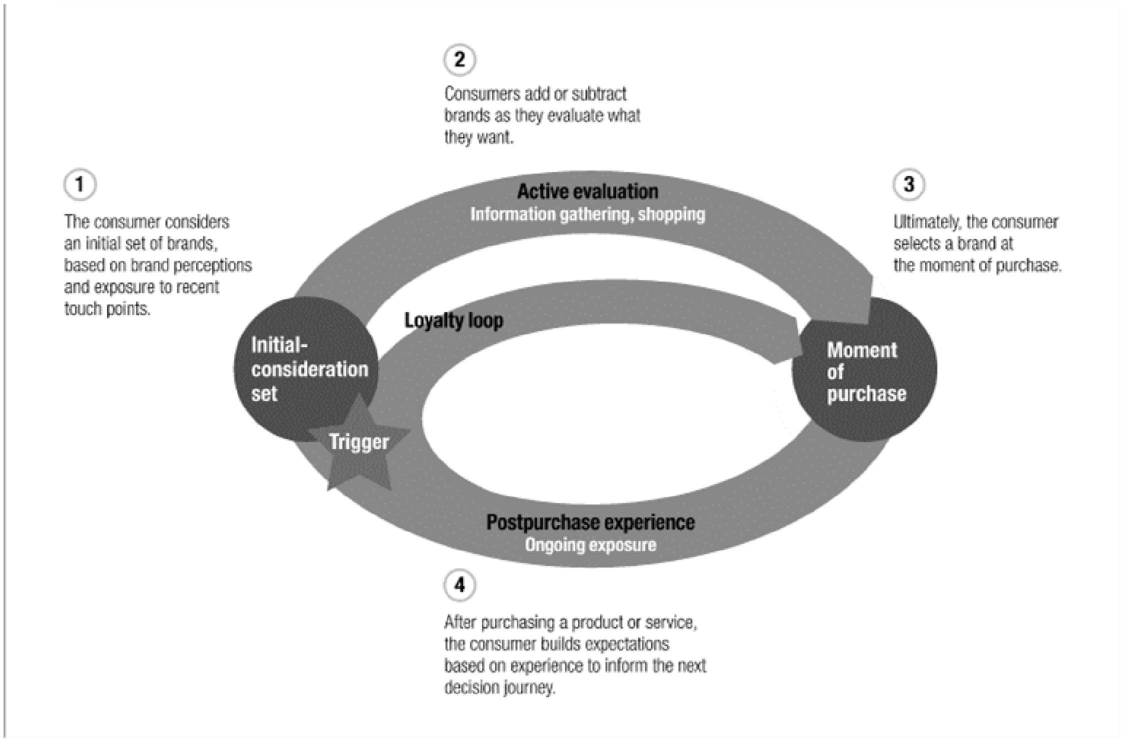

2
Consumers add or subtract brands as they evaluate what they want.
1
The consumer considers an initial set of brands, based on brand perceptions and exposure to recent touch points.
Active evaluation
Information gathering, shopping
3
Ultimately, the consumer selects a brand at the moment of purchase.
Loyalty loop
Initial-consideration set
Moment of purchase
Trigger
Postpurchase experience
Ongoing exposure
4
After purchasing a product or service, the consumer builds expectations based on experience to inform the next decision journey.

Figure 5: The decision process as a loop (Court et al., 2009, p.1).

Consumer behavior

Prospects form impressions of brands from different sources such as advertisements, news reports, and conversations with family and friends, and product experiences. However unless the targeting prospects are actively shopping, much of that exposure seems wasted. Nevertheless these impressions come to use when something activate an impulse to buy. In these circumstances these impressions become vital hence they form the initial-consideration set (Court et al., 2009).

The traditional view of a consumer behavior is as a funnel; consumers systematically narrow the initial-consideration set as they weigh options, make decisions, and buy products. Then, the post-sale phase turn into a test period defining the consumer loyalty to brands and the prospect of purchasing the products again. A common way is to market to the customer in every stage of the funnel to influence the behavior (Blank & Dorf, 2012). However according to a qualitative and quantitative research in the automobile, skin care, insurance, consumer electronics, and mobile-telecom industries shows that this is not a sufficient method to influence the behavior of the customers (Court et al., 2009). The findings according this research show that, the decision-making process is a more circular journey, with four primary phases representing potential opportunity to reach customers; initial consideration; active evaluation, or the process of researching potential purchases; closure, when consumers buy brands; and post purchase, when consumers experience them (see figure 4) (Court et al., 2009).

Even though the findings of these research contradict the funnel metaphor, the funnel metaphor can still be useful in some circumstances. For example when a company trying to understand the strength of its brand compared to its competitors. The metaphor provides support to highlight the bottlenecks that hinder purchases, and identify different marketing challenges (Court et al., 2009).

Kotler & Armstrong (2012) argued that there are different the forces that influence the consumer purchases. The forces are described below.

- Cultural: the set of basic values, perceptions, wants and behaviors learned by an individual from being a member of society.

- Social: the influences of social factors such as the consumer's relation to small groups, family and social roles.

- Individual: the characteristics of the individual such as the consumer's age, economic situation and occupation.

- Psychological: the motivation, perception and beliefs and attitudes of the consumer.

What these scholars describe is that there are many different views to see consumer purchasing behavior and it is not easy to target the right strategy. The insight from these scholars is to be aware that consumer behavior is complex and therefore the companies need to be careful when making conclusions (Court et al., 2009; Kotler & Armstrong, 2012).

Brand awareness is significant: brands in the initial-consideration set can be expected to be purchased three times likelier than brands that are not in this initial set. Even if these numbers shows negative impact for the companies that were not in the initial state there are still hope. According to the circular view of a decision making journey, the number of brands under consideration set is more likely to broader rather than narrow as consumers pursue information. Brands can intrude in the decision-making process by entering into the right touching points and by entering the right time the new brand can influence the exit of rivals. The number of brands added in later stages is depending by industry, research showed that people actively evaluating personal computers added an average of 1 brand to their initial-consideration set of 1.7, while automobile purchasers added 2.2 to their initial set of 3.8. These findings create opportunities for marketers in firms which are not in the initial set of consideration, all they need to do is enter in the right point and they can influence the behaviour of the prospects. Brands already under consideration can no longer take that status for granted (Court et al., 2009).

3.3 Customer Relationship Management (CRM)

Ever since the influential study by Reichheld and Sasser (1990), which showed the large impact on profitability of small increases in customer maintenance, the marketing community has been emphasizing more of the need to manage customer relationships in the long term and in addition the advantages to manage the first sale to start build the customer relationship. The fundamental assumption of all the loyalty models; is that keeping existing customers is more economical beneficial than acquiring new ones. Reichheld and Sasser (1990) claimed that a 5% improvement in customer preservation can cause an increase in profitability between 25% and 85% depending on the industry. Hence relationship marketing has been developed to satisfy customer needs, preferences, buying behavior, and price sensitivity. Therefore, by understanding customer motivational factors and customer profitability, companies are better prepared for creating and capture value from customers (Chen & Popovich, 2003).

CRM should be viewed as a strategic process that will assists the organization to dig deeper into the customers' needs and provide information to do more beneficial marketing strategies and at the same time provide support to improve a company's processes (Sherif & Newby, 2007). One way to increase the customer loyalty is by a CRM system. A CRM system can keep track of insightful customer information such as newest purchases, habits, credit information, name which support companies to manage their customer relationship in a more successful way. CRM system can be a tool for different department to fast reach important information, which can assist to make better decision and in addition provide better service for their customers. For example CRM system can provide help to understand customer's different needs and make customization for the mass-market possible. CRM concepts have been widely accepted both through companies and different industries, since the concepts have been proved to improve the customer relationship and therefore the sales. CRM can shorten the distance between customer and organization and contributing to organizational success by customer loyalty, superior service, information gathering and organizational learning (Sherif & Newby, 2007; Ramasehan et al., 2006).

One of the problems with CRM is that some managers tend to see it just from a technology perspective, when this is the case, this perspective will influence the CRM-projects in a fragmented way (Foss et al., 2008) "*The definition of a CRM system is a technology-based business management tool for developing and leveraging customer knowledge to nurture, maintain, and strengthen profitable relationships with customers* (Foss et al., 2008, p.1). However CRM systems are much more than a technology tool, it is a critical part of a global CRM strategy which emphasizes creation of shareholder value through the development of appropriate relationship with key customers and customer segments. The objective with CRM for a company is to build customer knowledge in order 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. By gather and use the customer knowledge more effective it will help to improve the customer relationship and thought this the loyalty should improve (Foss et al., 2008).

Application of CRM system can be divided into two different categories operational or analytical (Foss et al., 2008). The purpose of operational CRM is to minimize operating costs while allowing these functional areas to deliver higher value for customers. These systems usually have direct contact to the customer and include areas as, sales forces automation, marketing and customer support. One way to use the CRM system is for the sales person to look up the stored information about the target customer before making a sales call. Then the salesman can find relevant and important information that can support to improve the experience for the customer. The other categories; analytical CRM allows the system to gather, analyze customer information and evaluation of the customer data to improve managerial decision making and actions (Foss et al., 2008).

There are many reason why it is more beneficial to keep a customer than try to generate a new one and some of the major reasons are described by Buchanan and Gilles (1990). These scholars wrote that the increased profitability associated with customer retention efforts occurs because:

- The cost of procurement occurs only at the beginning of a relationship: the longer the relationship last the more the cost decreases.
- Account maintenance costs decline as a percentage of total costs (or as a percentage of revenue).
- Long term customers are usually less motivated to switch for another brand and tend to value the relationship more than the price.
- Long term customers are likely to spread word of mouth about the company.

- Long term customers tend to purchase supplementary products and high-margin supplemental products.
- Long term customers are likely to be satisfied with their relationship with the company and are less likely to switch to competitors, which create entry barriers for competitors.
- Long term customers tend to be less expensive to service because they are accustomed with the processes involved, and takes less time to satisfy.

In an ideal world, the customer database should be available for all departments, however recommended departments can be; sales, customer service, and marketing. CRM reports can be the foundation and support for *planning* and evaluation marketing campaigns and assists cross and up-selling functions (Foss et al., 2008; Champbell, 2003).

There have been shown that several advantages can be gained with CRM, however there are some difficulties to implement CRM systems successfully in an organization. One part of effectively coordinate an implementation of CRM is to synchronize the physical recourses such as customer databases, technological infrastructure with the informational resources such as customer databases, customer interaction, together with the organizational resources which can be the recording routines at the firm with the relationships resources. When these resources are coordinated in a proper matter there is big chance for a successful implementation of CRM (Foss et al., 2008).

CRM implementation success may be defined as occurring when a CRM system helps a company profitably deliver market offerings to customers that (1) provide value to customers — possibly at a lower cost (relative to competition), (2) provide more value at the same relative cost (relative to competition), or (3) provide more value at a lower cost (relative to competition) (Foss et al., 2008, p.2).

Baker (1993) argue that companies who understand the industry infrastructure and work close with their customers are more likely to improve their offering and achieve success. Mattson (1997) argue the problem with CRM are linked is a fuzzy definition about the concept. Relationship marketing is limited interpretation is just a marketing strategy aimed to increase customer loyalty, customer satisfaction and customer preservation. Relationship marketing is supported by information technology that makes it possible to individualize communication with customers in a mass market. In that sense relationship marketing is just a basic application of the marketing management thinking. However, the extended view that the relationship marketing means true interaction between the parties over time, a relatively high shared dependence between seller and buyer and a major concern for how individual relationships are organized in networks (Foss et al., 2008).

Therefore relationship marketing should be viewed as a market of networks (Mattson, 1997). The basics of marketing strategy, will encourage retail marketers to take their customers more seriously since this is a source of competitive advantages. In addition relationship and network perspectives will possible change the view of the critical strategic questions faced by firms as they and their 'markets' evolve and develop (Easton et al.. 1993). The view from a relationship and network perspective is appropriate at specific stages in the life cycle of the firm or business unit (Baker, 2013).

Global CRM (GCRM) includes strategy, processes and practices of CRM by firms operating in multiple countries or by firms providing value to customers who exists in several countries. From a practical perspective, GCRM can be explained as the process for nurturing the relationship with customers around the world even though local differences. GCRM is based on the expected response from each

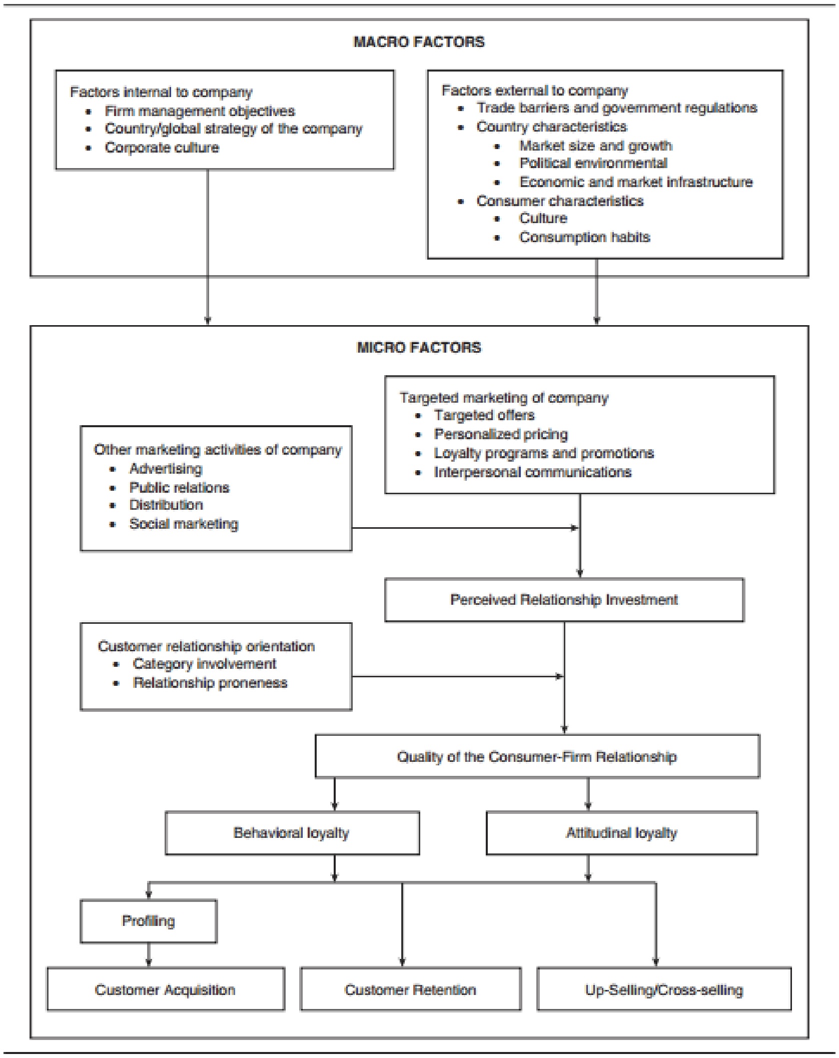

MACRO FACTORS
Factors internal to company
Firm management objectives
Country/global strategy of the company
Corporate culture
Factors external to company
Trade barriers and government regulations
Country characteristics
Market size and growth
Political environmental
Economic and market infrastructure
Consumer characteristics
Culture
Consumption habits
MICRO FACTORS
Targeted marketing of company
Targeted offers
Personalized pricing
Loyalty programs and promotions
Interpersonal communications
Other marketing activities of company
Advertising
Public relations
Distribution
Social marketing
Perceived Relationship Investment
Customer relationship orientation
Category involvement
Relationship proneness
Quality of the Consumer-Firm Relationship
Behavioral loyalty
Attitudinal loyalty
Profiling
Customer Acquisition
Customer Retention
Up-Selling/Cross-selling

Figure 6: Factors that influence CRM in a global perspective (Ramaseshan et al., 2006, p.198).

customer to available marketing initiatives, such that the contribution from each customer to overall profitability of the company is maximized (Ramasehan et al., 2006).

Ramasehan et al., (2006) identified three categories of factors that affected the success of firms practicing CRM across national boundaries or cultures. The first was external influences to the firm and arose from differences in customer expectations, drivers of satisfaction, loyalty, profitability, and customer value across countries or cultures. The second was also external and retired from differences in the competitive environments, technological infrastructure, political systems, and regulatory variations between countries around the globe. The third was internal to the company and arose from differences in the challenges faced by global firms in forming a customer-oriented organization, which already faced challenges in the form of culture and power issues (Ramasehan et al., 2006).Companies that strive to create value for customers across cultures face challenges in terms of both macro and micro factors (see figure 5). The macro factors involve differences that affect entire countries or regions (Ramasehan et al., 2006).

Customer database

Customer database has been known as a concept, to capture and store information about the customers. Customer databases are important tools to support a successful CRM system. However the quality of customer databases have been mixed. With the technology of today a ton on information is accessible and therefore a lot of research is done about the quality of the information rather than the quantity. Databases need to be updated to serve their purpose and this can be a challenge. There is a lot of articles that discusses the actual influences a customer database has on the sales tactics and numerous of companies fail when trying to implement a customer database (Reichheld and Sasser, 1990).

As with most systems before implementation the objective with the project should be investigated (Zuluaga, 2013). To maximize the benefits from a customer database company must be able to answer the following five questions:

- What is the objective with the database?
- What information is available?
- How can the information be captured?
- How can the company make use of the information?
- What is the best way to segment the customer database?

In most businesses the customer database is used to generate more sales but it can also be used for achieving other benefits for example;

- Customer maintenance and creation of loyalty.
- Develop prospects into customers.
- Catch and grow an active referral network.
- Data mining for market research and intelligence gathering and analysis.

To truly take advantage of customer databases, the information needs to constant be updated and there needs to be a clear strategy why and how to use it (Zuluaga, 2013).

3.4 Knowledge Management

Knowledge management viewed as an asset has long been seen as a competitive advantage for companies (Schulz & Jobe, 2001). Research has shown that companies that explore and use knowledge internally have higher degree of achieving success to use knowledge management as a competitive advantage. In addition to keep the competitive advantages, the company needs to know how to protect information from competitor's awareness and their ability to imitate. Further, essential is that the companies share "know how" and transfer this information through all the involved parties in an organization to capture the advantages as knowledge viewed as a competitive source can provide (Schulz & Jobe, 2001).

The Oxford dictionary (2015) define knowledge as: *the facts, information, and skills acquired through experience or education; the theoretical or practical understanding of a subject*. However another definition more applicable for economics are *"Knowledge is a justified belief that increases an entity's capacity for taking effective actions" (Alavi & Leidner, 2001, p.14)*. This refers both to tacit and explicit knowledge. Knowledge can be divided into tacit and explicit knowledge. Tacit knowledge is for example how to learn how to ride a bike, it is possible to write down description how to do it, but it is not until, the participants try by themselves that this knowledge is created. Explicit knowledge is knowledge that can be transferred from one person to another, and can easily be documented (Fetterhoff et al., 2011).

Knowledge management is today viewed as an important resource for the organizations; in fact it is one of the most essential sources for value creation (Alavi & Leidner, 2001). The basic knowledge and the ability to create new knowledge, make a competitive resource. Knowledge management tends to be seen from a resource based view. Since knowledge based resources are hard to copy and socially complex, makes knowledge recourses long term competitive advantages. The concept of coding and transferring knowledge is not something new and has been existing in organization during several decades for example trough; employee program or organizational polices (Alavi & Leidner, 2001).

The definition of knowledge transfer is: *Knowledge transfer in organizations is the process through which one unit (e.g., group, department, or division) is affected by the experience of another* (Argote & Ingram, 2000, p.2). In an organization there are different levels of transfers levels above individual level further; organizational level, department level, local office and central office levels (Argote & Ingram, 2000).

Knowledge transfer trough out an organization is believed to be a competitive advantage (Argote & Ingram, 2000). "*The ability to transfer knowledge from one unit to another has been found to contribute to the organizational performance of firms in both the manufacturing and service sector*" (Argote & Ingram, 2000, p.1). Nevertheless knowledge transfer has been correlated to the performance of firms there are a lot of aspects that influence the effectiveness of knowledge transfer in firms (Argote & Ingram, 2000).

One complexity with knowledge transfer in an organization; is that normally the knowledge is stored in different places. The main sources of knowledge can be divided into, 1) individual members, 2) roles and organizational structures, 3) the organization's standard operating procedures and practices, 4) its culture, and 5) the physical structure of the workplace. To measure the transfer one need to measure the change in all these reservoirs (Walsh & Ugnson, 1991).

Transfer of knowledge occurs when experience in one unit of an organization affects another unit of the organization. An example of explicit knowledge transfer is when a unit communicates with another unit about a practice that have been identified to improve performance. Another way to transfer knowledge implicitly; is if an individual uses a tool that has been modified to advance its performance, the individual can benefit from the productivity improvement (Argote & Ingram, 2000). One reservoir can be moved to another and thereafter the knowledge transfer occurs.

Barney (1986) argued that resources acquired through competitive markets, the value compared to the cost of gathering the resources should always be consider. Hence the motivation for competitive advantage should be on resources developed or made valuable inside the organization boundaries rather than those purchased outside the boundaries of the organization. When evaluation of potential sources of competitive advantages the degree which they can be copied by competitors should be under investigation. Competitive resources must always be difficult to imitate by the competitors otherwise they become less valuable (Lippman & Rumelt, 1982).

Explicit, codified knowledge that is embedded in technology has been discovered to transfer more easily than knowledge not embedded in technology (Zander & Kogut, 1995). Additionally, technology transfer efforts have been found to be more successful when the technology is easy and well understood (Galbraith, 1990). In addition, attempts to move knowledge by transferring technology within firms have been found to be more effective when they are accompanied by employees who have the knowledge (Galbraith, 1990). Although embedding knowledge in technology is an effective way to transfer knowledge within the firm, it is also a way to simplify knowledge leaking out to competitors (Galbraith, 1990).

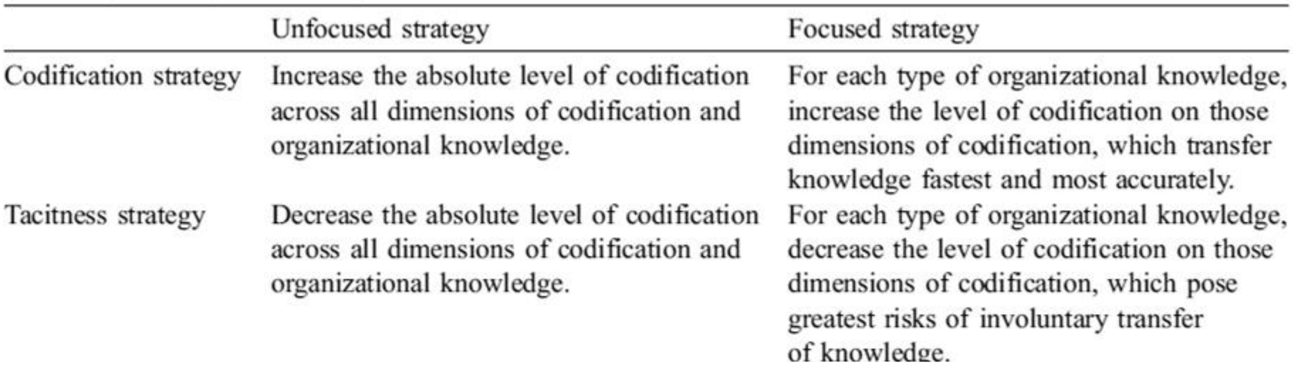
Szulanski (2000) analyzed how characteristics of the source of knowledge, the receiver, the context, and the knowledge itself influenced the transfer. Szulanski (2000) wrote that the impact of these factors varied over stages of the transfer process. Factors that affected the perception of an opportunity to transfer knowledge, were reliability of the source, foreseen struggle of transfer during the early initiation stage. Factor that affected the execution of transfer, were the receivers ability to captive knowledge.

Codification Knowledge transfer

Codifications approaches include the transformation of tacit knowledge into explicit knowledge in order to facilitate follows of organizational knowledge. To codify knowledge increase the ability to spread gained knowledge through an organization (Schulz & Jobe, 2001).

When organizations codify their knowledge, they package it into formats that support knowledge transfer. Codification can be accomplished in several ways, such as encoding of organizational knowledge in formulas, codes, expert systems, ``spec sheets,'' or budget information; expressing knowledge in natural language formats, such as reports, memos, or policies; embedding knowledge in physical objects, such as prototypes or technologies, or even depositing it in employees who visit or rotate between different departments. Codification can influence the flow of organizational knowledge between divisions, and thus help to identify new opportunities or emerging threats across markets and geographical regions. However, codification is no magical solution to transfer knowledge. Codification has costs and benefits for an organizations. Codification can enable uncontrolled transfer of strategic know-how to competitors by leakage of databases, formulas and specifications. Codification involves considerable cost of creating and maintaining sources of organizational knowledge, by creating expert systems and updating web pages (Schulz & Jobe, 2001).

Explicit knowledge consists of knowledge that can be expressed in symbols and can be communicated through these symbols to other individuals. Tacit knowledge consists of knowledge that is difficult to express and to communicate to other individuals by means of symbols (Hill & Ende, 1994; Nelson & Winter, 1982; Spender, 1993). Overall tacit knowledge is more problematic to transfer than codified knowledge (Kogut & Zander, 1993). Different approaches to transfer knowledge can be viewed in figure 6.



	Unfocused strategy	Focused strategy
Codification strategy	Increase the absolute level of codification across all dimensions of codification and organizational knowledge.	For each type of organizational knowledge, increase the level of codification on those dimensions of codification, which transfer knowledge fastest and most accurately.
Tacitness strategy	Decrease the absolute level of codification across all dimensions of codification and organizational knowledge.	For each type of organizational knowledge, decrease the level of codification on those dimensions of codification, which pose greatest risks of involuntary transfer of knowledge.

Figure 7: Knowledge management strategies (Schulz & Jobe, 2001, P.146).

3.5 Organizational Change

There is different types and degree of change in an organization. Change theory is important for this report since an organizational change is needed to benefit from the findings. Change is difficult since change is always facing some degree of resistance. Further to successfully implement an organizational change there are numerous of aspects to consider (Kotter, 1995). Kotter (1995) wrote his famous article on why transformation fails. He made clear that is not easy to manage change since a manager needs to consider several aspects to be successful. He made an 8 step list for managers to consider when trying to manage change**.**

The first step in order to manage change is to establish a great sense of urgency, this to influence and get al.l the necessary people on-board to be able to start the project. Essential is to have motivated people to transform the change and people that prioritise the change. Kotter (1995) writes that when 75 % of the managers that can affect the change are convinced and give their support, the change is most likely to be successful. If the change does not have this support in an early stage, the lack of support can prevent successful change. Second, one needs a group with legitimacy that support the change. Some scholars says that major organizational change is not possible if the top management is not supporting the change. This group needs to remove obstacles that may hinder the process (Kotter, 1995).

The third step is to create a clear vision to help others to understand why there is need for change and where this project is heading. Without a clear vision it creates difficulties with the legitimacy of the project and in addition the motivational part. Further without a goal, it is difficult to know if and when the project is finished. The vision needs to be desirable for the parties that will influence the project. The forth step is to communicate the vision, important to realize is that communication comes both in word and action. Essential is to make an example to strive toward the vision and constantly communicate the information. The fifth step is to empowering the vision. To empower others with the actual vision is essential since it is impossible to do an organizational change alone and therefore there is need to empower others to act the vision. The sixth step is to realise that organizational change takes time and to keep up the motivation, short term wins are very important. Bigger change can be hard to grasp and short term objectives is therefore important to reach, to get the feeling of that the project is moving forward (Kotter, 1995).

The seventh pillar to consider is; most people resist change and do not like transformation. *Some people can be hard to convince and these people when they finally are convinced and participating in the change, on the first chance they get they will declare the project done.* For example some manager may see the first performance as a victory and therefore declare victory too soon which can influence the transformation badly if difficulties appear after this declaration (Kotter, 1995). The last pillar to successfully implement the change is to root the transformation into the corporate culture. Highly significance that communication about how the new work methods for example are supposed to work since if this is left to people to incorporate by their own, they can make incorrect correlations. Further there is consistent need of follow up the change to hinder people falling back to old habits.

This can be compared with the researchers Fernandez & Rainey, (2006) who discuss similar factors that one need to consider for successful change management. The factors they described in their text are; ensure the Need, Provide a Plan, Build Internal Support for Change and Overcome Resistance, Ensure Top-Management Support and Commitment, build External Support, provide Resources, Institutionalize Change, and Pursue Comprehensive Change. Which are in line with what Kotter (1995) describe in his framework.

4. Investigation of the CRM system

This empirical information is based on interviews from different roles from the Sales Office, one Product and Marketing Manager from Ireland, agencies that are working with the Sales Offices and CSS. Additional information is gathered from different modules of the CRM system. First the description of the current situation will be presented, second the modules of the CRM system, the links between the modules and last the identified problems.

4.1 Current description

Volvo Cars has one Sales Office in Mexico and the Sales Office is located in Mexico City. They are working close together with CSS and their Dealers. The Sales Office has several different departments, however the department in focus in this report is the Marketing Department which consist of 3 persons. There are twenty Dealers located in Mexico today, and the Dealerships are the only ones the customers can buy a car from (Marketing Director, 2015) (Appendix 1). The biggest problem for the Sales Office today is that they do not sell as many cars as they desire (Marketing Director, 2015; Marketing Coordinator 1, 2015).

To understand the situation in depth: important customer insights are stored in different places and not transferred sufficiently. In the current condition there are several sources to gather customer information. To start with the two biggest sources; CCS keeps track of customer purchases and gives support to the Sales Office by sharing "know how". The second biggest source is the Dealers which are the sales channels for the Sales Office and the Dealers have direct contact with the customers. Then there are several agencies that are supposed to support the Marketing Department such as the one that has responsibility over the social media another that takes care of pioneer customers and the third one that support the marketing around the Dealer. In addition the CCS has a ton of different marketing tools available where information can be found to support the marketing strategy. The present situation with the CRM system is that many tools are available but not clear how to make sense of all the modules and how they are supposed to support the daily work. The first step to answer the research question is to identify the different modules and then identify what kind of opportunities exist to improve this system (Marketing Director, 2015; Marketing Coordinator 1, 2015).

Volvo Cars Customer Relationship Management

The most important target groups for the Dealership are without a doubt the existing and prospects customers (CSS Marketing Coordinator 1, 2015). In fact, it is the personal contact that has the greatest impact on customer satisfaction. Therefore managing the customer relationships is an essential part of the business. If the units of Volvo Cars want to have more turnover and profits, from loyal customers, they need to contact them on a regular basis based, in their customer lifecycle stage. At the same time communication has to be more effective and relevant to the targeting customers in order to be successful (CSS Marketing Coordinator 1, 2015).

Volvo Cars is supporting the prospect acquisition and customer retention activities through a holistic "Customer Relationship Management" (CRM) program. The program makes sure that right customers are contacted at the right time with the right material from pre-purchase through repurchase. In this way the CRM program builds customer satisfaction, drives incremental sales of services, accessories and parts as well as ensures customer retention for the Dealership and the Volvo brand (CCS Marketing Coordinator 2, 2015).

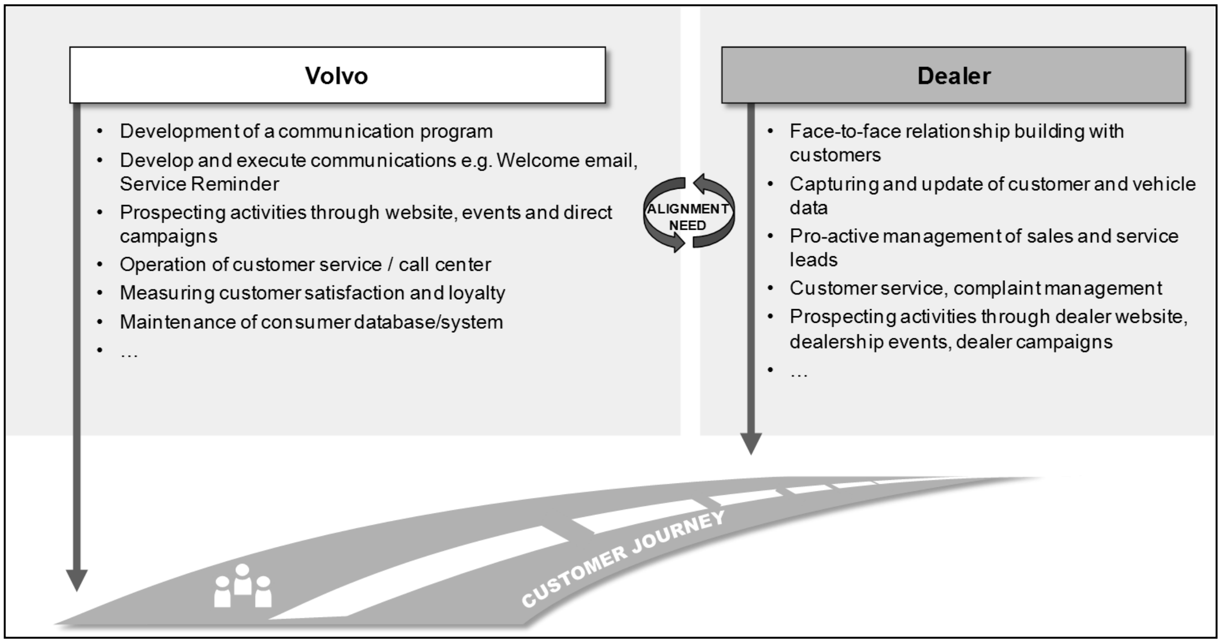

Volvo
• Development of a communication program
• Develop and execute communications e.g. Welcome email, Service Reminder
• Prospecting activities through website, events and direct campaigns
• Operation of customer service / call center
• Measuring customer satisfaction and loyalty
• Maintenance of consumer database/system
• …
ALIGNMENT NEED
Dealer
• Face-to-face relationship building with customers
• Capturing and update of customer and vehicle data
• Pro-active management of sales and service leads
• Customer service, complaint management
• Prospecting activities through dealer website, dealership events, dealer campaigns
• …
CUSTOMER JOURNEY

Figure 8: The assignments the Dealer has vs the assignments the Sales Office has (Volvo Cars, 2015).

The Dealer's assignments

The Dealer has direct contact to the customers on a day-to-day basis and CCS and the Sales Office want to help the Dealer to build long-term customer relationships (figure 8). In order to achieve this, support is needed to make the CRM initiatives succeed. The goal from CSS is to establish a close cooperation between Volvo Cars Mexico and the Dealers when it comes to acquiring and retaining customers. The basis for successful customer relationship management is the CRM database according to CSS. A well-kept prospect and customer database is essential for the dialogue. Especially regular data maintenance is a prerequisite for a well-functioning database and results in an optimal care of all customers at the Dealership and in the service workshop. As most of the customer interaction will be between the Dealer and the customer, CSS rely on the Dealer to capture customer data at each customer contact (CSS Marketing Coordinator 1, 2015). Therefore CSS has defined the following data quality criteria for the Dealer's guidance:

Data completeness:

- Are the Dealers asking for the right and complete data such as phone number, postal address, and email address?
- Do the Dealers always enter the gathered customer data into the provided systems?

Data validity:

- Is the data entered correctly?
- Is all information captured in the correct entry fields?

Data up-to-datedness:

- Is the data entered within due timeline?

When this information is located in the CRM system, makes the CRM system one of the most valuable assets within the Sales Office and the Dealer. The biggest benefits the system enables are:

- Stays in contact with the common customers.
- Inform prospects and customers about general Volvo news and new model launches.
- Stimulate interest and generate additional sales.
- Monitor customer satisfaction for new and used car sales as well as aftersales activities.
- Address the customers in a personalized way and therefore meet the requested high quality standards.
- Save costs by making sure that the marketing activities reach the target prospects.

(CSS Marketing Coordinator 1, 2015).

Communication Channel and media

Additional sales can only be generated by acquiring new prospects and retaining the existing customers. Therefore Volvo Cars provides and uses different communication channels for marketing activities to create a dialogue with the customers. The CRM program builds customer loyalty and satisfaction throughout the whole customer lifecycle by delivering the relevant communication at every stage. The communication channels the CSS provides for the Sales Office are the following;

- *Brochure*, regarding test drive and offer requests: Prospects have the opportunity to request brochures, a test drive or an offer via the Volvo website or call center. The prospects are able to select a specific Dealership for their requests. All requests for the Dealership are forwarded to Sales Office, for them to follow-up in order to benefit from potential sales opportunities.
- *Welcome email*: All customers of a new Volvo vehicle will receive a welcome email shortly after the vehicle handover. This first email introduces the customer into the Volvo brand world and contains links to the Volvo website, community sites or social media sites for further Volvo brand and lifestyle information.
- *Post-sales survey*: A survey is sent to every new customer, to measure satisfaction with the sales and vehicle delivery process, which support sales effectiveness.
- *eNewsletter:* An electronic newsletter, emailed regularly to customers and prospects on a bi-weekly basis. It contains Volvo model news, competitions, events, and other relevant Volvo updates.
- *Service reminder*: This reminder is sent out when a vehicle is due for service, to remind customers it is time to book an appointment and help ensure they understand the importance of regular servicing at their Volvo Dealership. The reminder is always sent out approximately 4-8 weeks before the inspection is due (CCS Market Coordinator 2, 2015; Marketing Coordinator 1, 2015; Marketing Director, 2015).

4.2 Descriptions of platforms

One of the main findings when investigated the different modules features, is that the CRM system is *a collection of modules coordinated with different functions, availabilities and user accesses*. The different modules are integrated in a landscape which form the CRM (see figure 9). The main advantages as minor market to participate in the central CRM are; cost efficient, the tools are evaluated and supported by the CCS and it makes it easy to follow the CCS for a coherency throughout the company. The main disadvantages to participate in this system are; the information that is put into the system is the information the whole system is relying on. If the integration does not work the whole purpose of the system fails. The last important insight is that since the CRM system has been developed gradually it has become a rather complex system (CSS Marketing Coordinator 1, 2015).

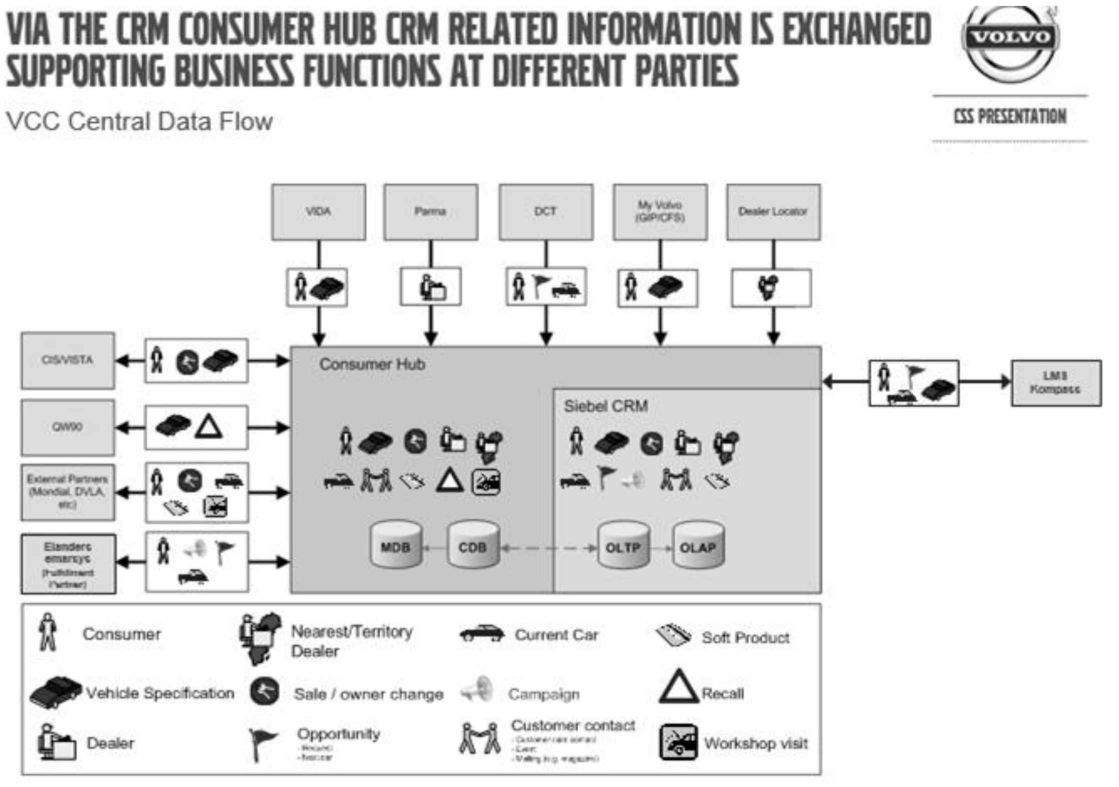

VIA THE CRM CONSUMER HUB CRM RELATED INFORMATION IS EXCHANGED SUPPORTING BUSINESS FUNCTIONS AT DIFFERENT PARTIES
VCC Central Data Flow
VOLVO
CSS PRESENTATION
VIDA
Parma
DCT
My Volvo (GIP/CFS)
Dealer Locator
CIS/VISTA
QW90
External Partners (Mondial, DVLA, etc)
Elanders emarsys (Fulfillment Partner)
Consumer Hub
Siebel CRM
MDB
CDB
OLTP
OLAP
LMS Kompass
Consumer
Nearest/Territory Dealer
Current Car
Soft Product
Vehicle Specification
Sale / owner change
Campaign
Recall
Dealer
Opportunity
Customer contact
Workshop visit

Figure 9: Different modules in the CRM system and how they are linked to each other (Volvo Cars, 2015).

The present CRM landscape is built by different pillars of information. The system should consist the following information (CSS Marketing Coordinator 1, 2015);

- Consumer Profile Data such as B2B & B2C
- Addresses, Hobbies, Preferences
- Covering customers, prospects and suspects
- Consumer relations
- Consumer surveys
- Consumer subscriptions

The goal with the vehicle is to figure out this information;

- Vehicle profile
- Volvo vehicles as well as current consumer vehicle
- Vehicle relations
- Vehicle service

The sales and soft products should include following information;

- Sales history
- Relations to vehicle, Dealers and customers

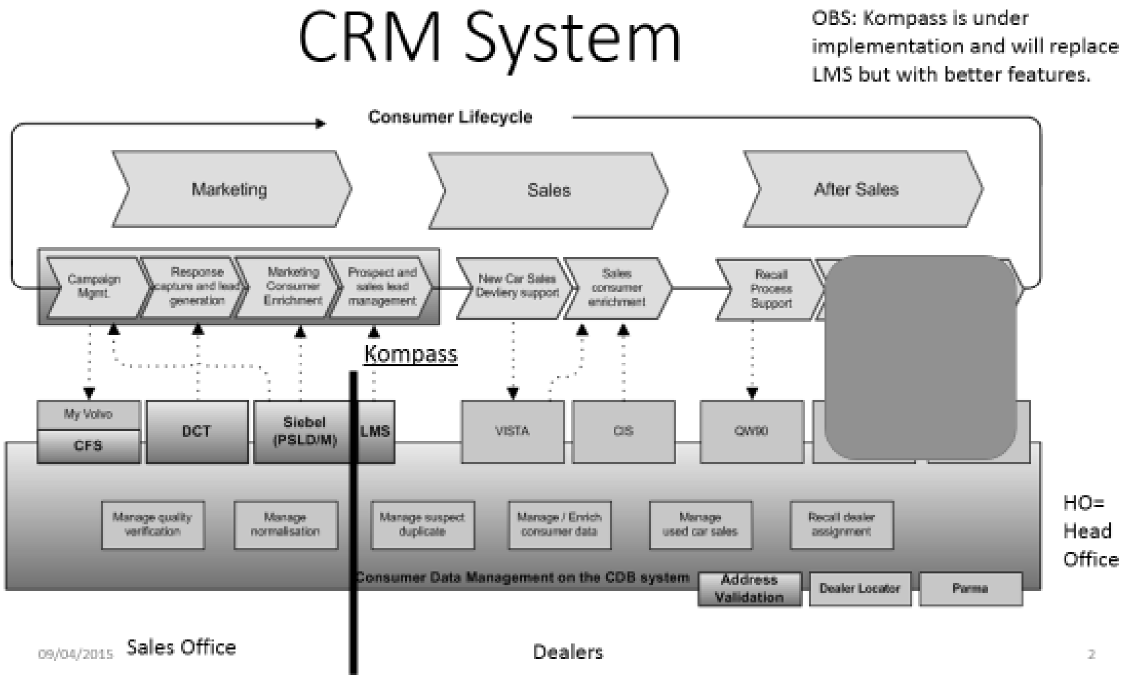
The marketing plan must include following information;

- Marketing plans
- Campaigns
- Segments and Target lists

The leads are recorded by the following areas;

- Responses
- Opportunities
- Opportunity relations

The current objective with the CRM system from the CSS is to create a 360 view of the life cycle of the consumer and record this information see figure 10. To give an example when a campaign is done, it is of importance to track the results to compare with the objectives, and see if it increased the sales. Another important aspect of the CRM system is that it is expensive, the Product and Marketing Manager of Ireland (2015) said it is 8% of the whole marketing budget in addition the Marketing Director in Mexico (2015) mentions that the system is expensive hence the CRM system is questioned if the system adding value.



CRM System

OBS: Kompass is under implementation and will replace LMS but with better features.

Consumer Lifecycle
Marketing
Sales
After Sales
Campaign Mgmt.
Response capture and lead generation
Marketing Consumer Enrichment
Prospect and sales lead management
New Car Sales Devliery support
Sales consumer enrichment
Recall Process Support
[redacted]
Kompass
My Volvo
CFS
DCT
Siebel (PSLD/M)
LMS
VISTA
CIS
QW90
Manage quality verification
Manage normalisation
Manage suspect duplicate
Manage / Enrich consumer data
Manage used car sales
Recall dealer assignment
Consumer Data Management on the CDB system
Address Validation
Dealer Locator
Parma
HO= Head Office
09/04/2015
Sales Office
Dealers
2

Figure 10: The CRM system and the most important modules linked to the consumer lifecycle.

The modules in the CRM system are supposed to support different parts of the consumer life cycle. The Sales Office has user access to some modules, the Dealers have user access to other modules and the CSS/HO has access to all the information in the CRM system. Below, the most important modules in the CRM system will be explained.

Customer database (**CDB):** The general database where all customer information is stored both updated and outdated information. This module can be viewed as a warehouse of customer information. For example if a customer changes its email address, the new email address and the old email address are both stored here. The information that exists in this database comes from the migration of the old database in January 2012 and information later than that comes from Vista (CCS Marketing Coordinator 1, 2015).

Siebel: The biggest and most important module for the Marketing Department. This module has the main purpose to keep updated information from the customers. To put the same example as when explained CDB, when there is a change of email address, this system will only store the new one. The module provides tools to make analysis of planning, performance and evaluation of customer data. Further it includes information about sales statistics, customer info, and involvement with Dealers. For example it is possible to review how the Dealers are monitoring their leads. Siebel is directly connected to CDB (CSS Market Coordinator 1, 2015).

Siebel is divided into different segments, one that needs extra attention is the dashboard, which provides pre build reports to create consumer analysis. This dashboard is divided into two different parts one global which is available for all Sales Offices of Volvo Cars and one local part which is only available for the focal office (CSS Market Coordinator 1, 2015).

Lead Management System (LMS): The module the Dealer uses to follow up leads which includes both sales and service opportunities. LMS is being replaced by Kompass which will work in the same way, however Kompass has better features (will be explained further below). The leads come from a DCT form. A DCT form is a form that the customer fill in online when for example applying for a test drive. This information is recorded as an opportunity (CCS Market Coordinator 1, 2015; CCS Market Coordinator 2, 2015; Market Coordinator 1, 2015).

Vista: When the Dealer sell a car, the sale is registered in this module and the data goes automatically to the CDB. This system is used to record every new sell that exist and does not include second hand purchases as the select program. The personnel in the Marketing Department do not have user access to Vista (CCS Market Coordinator 1, 2015; Product and Sales Training Coordinator, 2015).

Content Store: Content store is a module that consists of information how to form different marketing material such as the content of welcome letters. Both the CSS and the Sales Office have user access to this module (CCS Market Coordinator 1, 2015; Market Coordinator 1, 2015).

CIS: A module that consists of all the technical information of a new vehicle. The user access is available for both the Dealer and the Marketing Department (CSS Market Coordinator 1, 2015).

QW90: This module is a Quality system that keeps track of warranties of the car such as reminders of service. The user access is available for the Marketing Department (CCS Market Coordinator 1, 2015).

Kompass: This is a new module that is being implemented through the Dealers. This platform will replace the old LMS system and add value through user-friendly, better features, more functions and the latest versions of Kompass will be integrate into the CRM-system. For example if a Dealer follow up a sales opportunity, the Dealers will not need to put this information in Parma (which they needed before). The information about the sold car will go directly to Siebel instead of LMS-Parma-Siebel. This system provides a way to monitor the prospects daily (CSS Market Coordinator 1, 2015; Product and Sales Training Coordinator, 2015).

Parma: This system is used by the Sales Office to register a new Dealer and provides the Dealer with an identification number which gives the Dealer access to the modules in the CRM system. The user access is available for the financial department at the Sales Office (CCS Market Coordinator 1, 2015; Product and Sales Training Coordinator, 2015).

4.3 Identified problems

In this section the advantages of Volvo Cars CRM system will first be presented and then the problems with the system will be investigated more in depth.

The main advantage with the system is that when used in the right way the CRM system can support the Sales Office to maintain customer relationships and increase the sales. The support the Sales Office has from CSS is one of the biggest advantages when they are being a part of the CRM system of Volvo Cars. For a small market there are a numerous of opportunities the Sales Office in Mexico gets access to, when having the support from CSS which the Sales Office would not have resources to enable otherwise. The disadvantages with Volvo Cars CRM system is, that the Sales Office does not have all the resources to use all the available modules but needs to choose which parts of the CRM system it should focus on. The Irish Product and Marketing Manager (2015) is positive to the CRM system and sees a future with the current CRM system even though the Irish Sales Office cannot take advantage of all the modules as well. The biggest advantage according to CCS Marketing Coordinator 1 (2015) is that the current CRM system is cost efficient compared to if the focal market would create a new CRM system by themselves.

The first identified problem is that the CRM system is a complex landscape, there are a lot of modules that support the CRM system and there are difficulties to organize and view how all modules are supposed to support each other (CSS Marketing Coordinator 1, 2015; CSS Marketing Coordinator 2, 2015). Since the CRM system is built over time, a rather complex landscape of CRM-modules have been formed. Instead of supporting the Marketing Department and the process for effective marketing, the marketing team has an overload of available tools, and they are not used in a sufficient way (Marketing Director, 2015). Whishes about coordination of all the modules exist. One fundamental question that has been raised is; should the CRM system even by used at all, since the system is not used regularly and the information inside the system is not updated. Besides the CRM system will never get better than the information that is filled in there. Identified through the interviews were some lack of training of how and why to use the system plus every employee had different definitions about what the CRM system was (CSS Marketing Coordinator 1, 2015; Marketing Coordinator 1, 2015; Marketing Director, 2015).

Knowledge transfer has been identified as an area of improvement since the information is stored in several locations and seldom recorded, which makes it difficult to keep track of insightful information through all the units. In addition that the personnel that are working are new makes it difficult to find out what kind of information exist and further where to find the information. The transfer of information from previous employees has not been done sufficiently (Marketing Coordinator 1, 2015; Marketing Director, 2015). Additionally at this point of time there are no standards that describes how to record information. From the local agency there are monthly reports about the information tracked from the digital channels (Marketing Director, 2015). This information is qualitative and quantitative. The information is located in several places and it is not recorded in a formal way, however notes for memories are recorded but not shared (Marketing Director, 2015). There are no identified standards how to recorded information, it is up to every employee in this department how to do it (Market Coordinator 1, 2015; Market Coordinator 2, 2015; Marketing Director, 2015).

Most of the information in the system comes from the Dealers since this is done automatically when a car is sold or when they follow up of a lead. However there is no information about what is happening after the car is sold (CCS Marketing Coordinator 1, 2015; CCS Marketing Coordinator 2, 2015), this creates difficulties when trying to capture the customer at the right moment when the customer wants to change the old car for a new one or to maintain the customer relationship. CCS is currently working to implement a life cycle program which is used to contact the customer with different information depending were the customer is located in the purchase process. This program is in the implementation phase however the program is facing difficulties since the Dealers do not record or share the information they have gained (CCS Marketing Coordinator 1, 2015).

Leads come from the local website of Mexico or the Dealer's websites and are delivered directly to the Dealers. Leads which are derived from the social media such as; Facebook, Instagram, Twitter and YouTube are analyzed and provided from the Digital Coaster agency once a month to the Marketing Director (Digital Coaster, 2015; Marketing Director, 2015). However the leads tracked by the Digital Coaster are more about creating awareness while the leads tracked from the DCT-formats are sales or service leads that will generate sales numbers. When a customer shows interest in for example a test drive and apply for this kind of opportunity in the national or Dealer website, this information goes directly to the Dealer and in to the Siebel platform where the Marketing Department can access the information. Two different leads reports which comes from the DCT reports can be viewed in appendix 10-11. There one can see that 2014 there were 2331 sales and service opportunities and 41.9 % of these leads were followed up to late. 156 of these were not contacted at all. Sine there have been a lot of change during the last year in Sales Office a snapshot of the leads were also done for the 2 first months of 2015 to see if there have been some drastic change of how to monitoring the leads. The first 2 months of 2015 there were 230 opportunities and 53.9 % of these were contacted late, see figure 11.

Tot	Opportunities	In time contacted	Overdue contacted	Not contacted at all	Overdue %
2015 (JAN/FEB)	230	106	88	36	53.9
2014	2331	1352	821	156	41.9

Figure 11: Summary of findings from the lead report (Siebel 11/03/2015).

To get more in depth information about how to monitoring the leads, a bench mark was done with the Irish market by an interview with the Product and Marketing Manager. This market is the same size as Mexico and facing similar challenges such as scarce resources both financial and personal. However the Irish market is further in their approach to the CRM system and therefore this market can be a good example what the Mexican Sales Office can develop into (CCS Marketing Coordinator 1, 2015; CCS Marketing Coordinator 2, 2015). The Irish market has shown that leads from test drivers generates 25-30% sales in average. The lowest correlation in the sales opportunities is between the newsletter and sales. However the high average number of test drives is explained by that the customer is in a further phase of buying when going for a test drive. Therefore to follow up test drive opportunities is fundamental since these have high correlation with sales (Product and Marketing Manager of Ireland, 2015).

There are weekly meetings with the CCS office to support the Marketing Department with global marketing strategies such as the modules of CRM. The CCS coordinator is usually responsible for several markets and has therefore a lot of “know how” about different kind of markets and the challenges and the opportunities these markets are facing. During these meetings knowledge about different opportunities and problems are shared. The meetings are mainly conference calls with shared screen on the computer. These meetings are used as support but also to spread new information from the CSS to the Sales Office (CSS Market Coordinator 1; Market Coordinator, 2015). There is also a database where one can ask questions about customer information or specific data that will be located and sent back if this information is asked for. Much insightful information is available but, the hassle is to find it and get access to it in the right time (CSS Marketing Coordinator 1, 2015).

Updated information is another big issue. In fact the most essential information is lacking, such as contact information of the customers. In many cases, the Dealer has put its own phone number in the column for the customer phone number. This lack of information makes it hard to pursue the desirable marketing strategy. The Sales Office has put some incentives for the Dealers to urge them to follow up different aspects in their businesses. If they succeed to follow up a list with different aspects they will get 2.5% more margin of each sold car, and if the marketing aspects are fulfilled the Dealers will earn 0.5% of this extra bonus. At the current condition, none of the Dealers manage to get the bonus (Marketing Director, 2015).

Questions to investigate further are why the Dealers do not want to share and record customer information and how one can remove this barrier to reach more insightful information. Currently the information located in the system is not updated. Up to 50% of the emails addresses are not valid and this depend upon mainly two reasons. The Dealers do not want to share information and put up their own email address "since they believe it is their customer", and second lack of proper training of new employees in the Dealerships. One third reason which do not effect whole Mexico, is that some customers do not want to share contact information due to safety reasons (Market Coordinator 1, 2015; Marketing Director, 2015).

To solve the problem with updated information the Irish market is updating its CRM system continuously and has regular meetings with their Dealers. Knowledge that is gained is recorded in spreadsheets and shared between the units within the Sales Office. The Irish market has regular meetings to capture demands and variations in an early stage (Product and Marketing Manager Ireland, 2015). Additionally the Irish market is working with bonuses to try to improve the information gathering from the Dealers. To increase the knowledge transfer they have weekly meeting with the Managers from different departments and the sales department makes weekly calls to the Dealers to capture new information. To summarize the Irish Sales Office is solving the problem with updated information in their system by constant update the system one bit a time and giving bonuses to the Dealers when they are manage the CRM system correctly (Product and Marketing Manager Ireland, 2015).

Today there are around 20 different Dealers throughout Mexico (where the Dealers are located see appendix 1). These Dealers is the face of the company and the ones that meet the customers daily.

However the current condition is that they are not recording information and not sharing "know how" in another way. Adding that they have exchange of personnel frequently, constantly knowledge is lost within the previous employees. This problem is keep coming back since the Dealers are the face of the brand as well and they have a lot of information that is not being used and recorded sufficiently. For example when investigated how the Dealers manage the LMS system there is a high degree of variety between the Dealers. The reasons why the Dealers do not share information have been identified to three reasons (Marketing Coordinator 1, 2015; Marketing Director, 2015):

1) When new personnel enters there is not sufficient training of these modules.

2) The underlying purpose and importance to take care and share the data is not widely spread.

3) The Sales Office has not followed up the Dealers sufficiently.

The exchange of personnel in the Dealer's offices has been a custom for a long time. In Mexico the salary of the sales man is connected to all the sales he succeeds with. If the salesman do not succeed to sell any cars the placement at the Dealers' office will not be long. This is one of the reasons why there is a constant exchange of personnel. When a new employee enters, the employee is supposed to get two different trainings, one which includes all the technical details about the cars and one which explains the approach the new employee should have when selling premium cars. However this is in theory and not always the reality. Since a majority of new employees come from other car manufactures they use their knowledge that have before and it is not always that knowledge match the standards of a premium manufacturer (Product and Training coordinator, 2015). Therefore the Sales Office has tried to change the behavior through decrease margin on the cars if they do not use the CRM-system (Marketing Director, 2015).

The training programs provided from the Sales Office to the Dealers, are divided into different parts. One is the technical knowledge of the cars and one is the process of selling the cars. There are one person responsible for this at the Sales Office and he is supposed to visit all the Dealers once a month but this is seldom the case due to other work assignments he needs to attend to (Product and Training Coordinator, 2015). The training for the sales process takes a day to cover and later the person given them a test to control their knowledge. There are also undercover agents that pretend to buy cars and visit the Dealers to make sure the Dealers use the training (Product and Training Coordinator, 2015).

4.4 Sales and service leads

The current CRM system is huge and therefore one part of the CRM system is the module LMS which is a tool to support monitoring the leads. The leads have been in focus since they are connected to sales numbers; both direct and indirect. In the leads analysis taken from Siebel there are different segments. The segments are defined as accessories requests, offer requests, ownership service requests and test drive requests. The leads in these segments are also divided into different categories such as contacted, nurture and letter, depending on what phase the customer relationship is positioned in. Whenever a lead is forwarded to the LMS, the Dealer receive an email notification regarding the lead and the request to contact the prospect in the next 24 hours. It is important that the lead status (e.g. contact made, scheduled/done test drive, made offer) is always updated in LMS. The leads can be seen in figure 12 and figure 14.

The leads are different sales and service opportunities that comes to the Dealers that they can choose to follow up and possibly generate sales. Leads can be first contacted, nurture and loyal contacted. Leads that are located in Siebel comes from the DCT reports (Appendix 6). The DCT reports are reports the customer fill in on the website, either the national or the Dealers' local website (Siebel). Other leads that exists comes from the an local agency that are responsible for all the media, YouTube, Facebook, Twitter and Instagram however this leads are more to make an impression rather on focusing on sales and are not located in the CRM system (Marketing Coordinator 1, 2015).

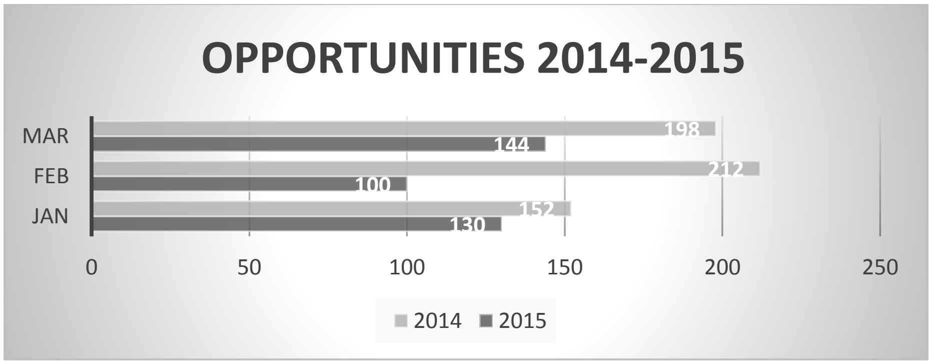
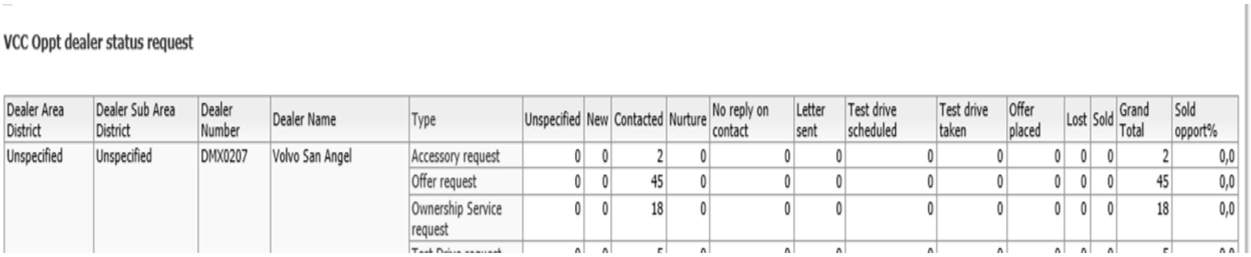


Figure 12: The sales and service opportunities compared 2015 to 2014 (Siebel, 2015)



VCC Oppt dealer status request

Dealer Area District	Dealer Sub Area District	Dealer Number	Dealer Name	Type	Unspecified	New	Contacted	Nurture	No reply on contact	Letter sent	Test drive scheduled	Test drive taken	Offer placed	Lost	Sold	Grand Total	Sold opport%
Unspecified	Unspecified	DMX0207	Volvo San Angel	Accessory request	0	0	2	0	0	0	0	0	0	0	0	2	0,0
				Offer request	0	0	45	0	0	0	0	0	0	0	0	45	0,0
				Ownership Service request	0	0	18	0	0	0	0	0	0	0	0	18	0,0

Figure 13: Lead report in Siebel and the categories (Siebel, 2015).

In Siebel one can analyze all the sales and service leads connected to the Dealers and see how they are followed up. There are four different report available to follow up the leads; new lead overdue analysis, overdue analysis per Dealership, planned close date overdue analysis and opportunity Dealer status. These different categories are updated monthly and the Sales Office can review how the Dealers are monitoring the sales and service opportunities. From Siebel the Sales Office can take this information and put it into excel to make further investigations of the data. Figure 13 shows how leads are divided into different categories in Siebel. When the Dealer takes more than 24 hours the leads will be displayed as delayed. However Saturdays, Sundays and national holidays are dates where the 24 hours rule does not apply (CCS Market Coordinator 2, 2015).

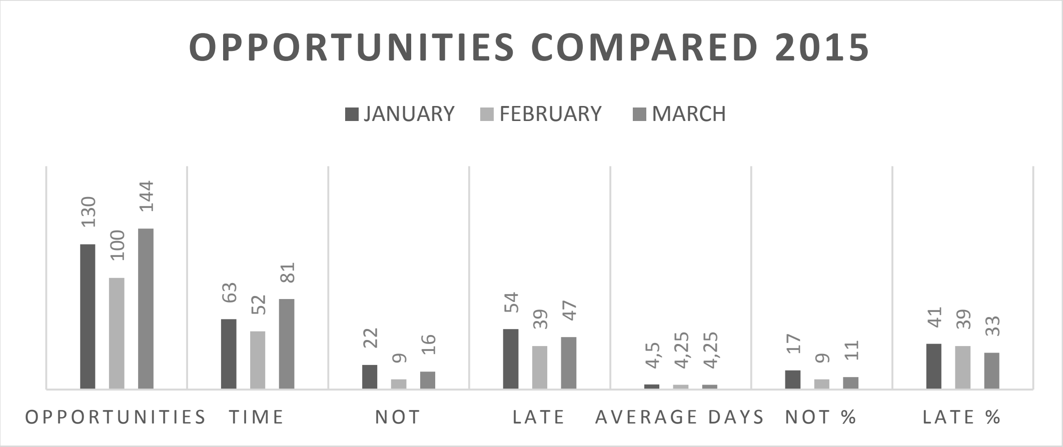


Figure 14: Opportunities compared 2015, (Siebel, 2015).

According to the Marketing Director (2015) there are three main reasons why the Dealers do not follow up the leads. 1) The business culture the Dealers have. This means that the Dealers see themselves independent and as a franchise rather than part of a global company. Hence they want to make their own decision and make it their own way. The size of the Dealers are rather different, for example San Angel has 50 people working in the Dealership and they have roles as Marketing

Director while for example the Dealer in Metepec has 8 people working in total and therefore not the same resources. 2) The digital culture varies depending on Dealer. Some Dealers feel comfortable using the programs while others want to do it "the old way" and do not see the value of the system. 3) The last big issue that influence the situation with the sales and service leads are the constant change of personnel in the Dealer's offices.

4.5 The benefits of managing the LMS Correctly

The benefits of the LMS system are described below.

Less work and less costs

Sales and service communication conducted centrally will reduce overall campaign costs due to better targeting possibilities. In addition centralized fulfillment of communication will enable the Dealer to spend more time on value-added activities within the Dealership instead of ordering, personalizing and shipping the mailing (CCS Marketing Coordinator 2, 2015)s.

Additional sales and service opportunities

The CRM program is designed to create sales and service opportunities for the Dealership, driving customers to the showroom or workshop. Communication activities such as service reminders aim at mobilizing customers to contact their Dealer or visit the showroom or workshop and purchase the promoted products and services (CCS Marketing Coordinator 2, 2015).

Stronger customer relationships

All retail-relevant communications will carry the Dealership name and contact details, making the Dealer the obvious first point of contact for the customers. Increased showroom and workshop visits will allow the Dealer to build stronger relationships with the customers and enable them to identify and convert further business opportunities (CCS Marketing Coordinator 2, 2015).

Better customer knowledge

The Dealer will be informed of all mailings sent out on the behalf and supplied with target lists of the customers to be contacted, which at the same time enables the Dealer to keep track of the CRM program to gain. Further insight into each customer's ownership cycle and to strengthen the relationship to the customers (CCS Marketing Coordinator 2, 2015).

Quickly updated customer information

The Lead Management system will forward leads automatically after the prospect submits a request.

A faster contact of a lead increases the probability of a successful car sale to a customer (CCS Marketing Coordinator 2, 2015).

Incremental revenues

Increasing the turnover by increasing Dealer visits does not require a major change. In fact, less than one and a half extra customer visits per day can make a significant difference. To achieve these increases does not mean a major increase in workload, it rather signify making the most of the Volvo Customer Relationship Management program. Because the better the customers are connected to the Dealer, the more the Dealer can profit and which direct influence the Sales Office in a positive matter (CCS Marketing Coordinator 2, 2015).

5. Analysis

Here will the empirical findings be analyzed with respect to the theoretical framework and the research question. First a general analysis of the CRM system will be presented and then a specific analysis regarding the management of leads.

5.1 General analysis of the CRM system

Reichheld and Sasser (1990) claimed that a 5% improvement in customer preservation can increase the profitability between 25% - 85% depending on the industry. Right now the Sales Office does not sell the desired number of cars. The Sales Office desires to change their sales statics by using their CRM system in a better way (Marketing Coordinator 1, 2015; Marketing Coordinator 2, 2015; Marketing Director, 2015). The strategy focus on improving the relationship with the current customers since maintaining a customer relationship has a correlation with increased profit. Campbell (2003) writes that there are difficulties with implementation of a CRM system and several challenges have been identified in this case study. The Sales Office has access to a number of tools that are supposed to support the Sales Office to achieve their sales strategy. The modules have been created and evaluated by CSS. In the Sales Office most of the modules are seen from a technological perspective and not as an instrument to achieve the marketing strategy. This is a common mistake in CRM programs (Sherif & Newby, 2007). The CRM system can shorten the distance between customer and organization and in addition contributing to organizational success by customer loyalty, superior service, information gathering and organizational learning (Chen & Popovich, 2003; Sherif & Newby, 2007; Ramasehan et al., 2006). Yet, these are advantages that can be gained when the CRM system is used in a proper matter, which is not the current condition in the Sales Office (Marketing Coordinator 1, 2015; Marketing Coordinator 2, 2015; Marketing Director, 2015).

In this investigated case, the Sales Office had not a clear view what the CRM system was (Marketing Coordinator 1, 2015; Marketing Coordinator 2, 2015; Marketing Director, 2015) hence if one does not know how to use the system, one cannot be able to manage or improve the CRM system. Therefore to take advantages of the current CRM system, one needs to start with the basics, such as identify the purpose and the content in the system and how to keep the information updated as Zuluaga (2013) suggests. According to the Marketing Director (2015), there are clear objectives with the CRM system and therefore the appropriate action is rather to figure out how one can take advantages of the current system. The access the Sales Office has to the central CSS can be viewed as a source of knowledge (Alavi & Leidner, 2001). In addition the weekly meetings the Market Coordinator 1 and the CCS Market coordinators have is a way of transferring knowledge from different units. Walsh &

Ugnson, (1991) describe knowledge transfer as a process when knowledge has been shifted from one source to another. The flow of knowledge is not successfully done with the Dealers and therefore information get caught between CSS and the Sales Office. According to the Market Coordinator 2 (2015) there is no standard meeting with the Dealers, it is rather random checkup, which increase the problem with knowledge transfer. In this case different knowledge is preserved by the Dealers, the Sales Office, and CSS and in the platforms of the CRM system.

The CRM system provides many possibilities to increase the sales and the Volvo Cars Relationship Management is developed for several markets and has a clear strategy which is fundamental for successful CRM system implementation (Sherif & Newby, 2007). Court et al. (2009) & Kotler & Armstrong (2012) describe the essential to pursue the prospect in the right time and this is crucial in a competitive industries as (Mohr et al., 2013) describe the automotive industry. Further Porter Five Forces (1979), indicates that the automotive industry is very competitive and there are many aspects the companies need to consider when trying to create and capture value. There are several different brands available, there are substitutes available for the cars, there are medium entry barriers for new car manufactures, the Dealers and the costumers have high barging power against the companies. This analysis provides arguments that customer insights can be viewed as an advantage which will help the firm to increase sales by targeting prospects and improve the customer relationship.

The CSS provides the Sales Office with extensive knowledge but the knowledge is fixed in the Sales Office. It does not matter how good the CRM modules are, they will not be useful, unless they are being used in a proper matter. There are clear strategies from CCS which including how to use the system and increase the customer relationship however the execution is not sufficiently done. The benefits are clear (see page 39) however yet again this information is not transferred to the Dealers which are the one with the major responsibility for filling in data in the system. It does not help if the CSS and the Sales Office know all the advantages and the features, if the person that shall fill in this data does not have this information. The CRM system should therefore work as a support to improve the customer relationship and in addition the CRM system can be used as a tool to efficiently spread customer insight (Ramasehan et al., 2006) through different parts of the organization only be given them access to the system, and important knowledge which can gain competitive advantages for the firm.

Since the CRM system is not used in a proper matter (Marketing Coordinator 1, 2015; Marketing Coordinator 2, 2015; Marketing Director, 2015) one way to pursue this problem is to target the problem in different stages. The first one is actually to spread what the CRM system is and how it is working, and this knowledge should be written down and guidelines how to use the systems is recommended to be formed. Knowledge transfer is not done until it has transferred from the CSS to the Sales Office and from the Sales Office to the Dealer. Which is exactly what Schulz & Jobe, (2001) describe when they argue that transfer of knowledge through different department in an organization is how knowledge transfer is achieved. Then in the future these guidelines will provide easier access to guide oneself through all the modules, the learning curve how to use the CRM system will decrease and this knowledge will not be lost if there will be an exchange of personnel, which several roles in this Marketing Department have expressed as a problem. Combine with training these guidelines, the knowledge transfer how to use the system will improve and the benefits the CRM system are supposed to give will be achieved. In addition it is really important to consider the availability of the recorded information since if none reads or use it, the purpose of these documents get lost.

One strategy to codify the consumer knowledge in a formal way is by guidelines (Schulz & Jobe 2001).The guidelines have been divided into two parts, one part is description of how the systems are linked and how the platforms work practically and when one should use the platforms. The first guideline is made to answer the question why and to create an overview of the CRM system and then one can know how ones actions in one platform will influence the other platforms. The overview is supposed to help to get a bigger picture of the CRM-system. To get a holistic picture can help to see where ones position is located in the company which creates an understanding and sense making of the information one put into the system since one know who will use it (Kotter, 1995). The other guideline is a detailed description of the platform Siebel since Siebel is the most important module for the Marketing Department. This is codified explicit knowledge and can be transferred easily from one source to another (Schulz & Jobe 2001). More than a guideline there needs to be sufficient training to successfully transfer knowledge (Schulz & Jobe 2001). Explicit, codified knowledge that is embedded in technology has been discovered to transfer more easily than knowledge not embedded in technology (Zander & Kogut, 1995). This can be viewed as advantages in this particular situation, since the knowledge is located in three different units, and in two different continents, and if these sources can share information via the CRM system that all units have access to, simplifies the transfer knowledge between each unit.

Alavi & Leidner, (2001) wrote that knowledge management is one of the most important advantages a firm can have, however it is just an advantage if it is difficult to imitate by competitors. Further

Schulz & Jobe (2001) wrote that codified knowledge is easier to spread through an organization, however codification increase the ability of knowledge leaking out to competitors. Given that the current culture with high degree of exchange personal in the Dealerships and the Sales Office, increases the risk that information from the CRM system will get into the hands of competitors. This is not desirable since already written, the automotive industry is very competitive and when competitive advantages is gained it is important to keep it hidden from competitors, especially as the CRM system includes sensitive information. However firms need to consider if the value is higher when trying to get organizational learning by codifying the consumer knowledge than the risk of this information leaking out to competitors (Galbraith, 1990).

The current database has options to fill in a variety of data such as demographics and customer behaviors nevertheless the database will never be more successful than the data that is filled in (CSS Marketing Coordinator 1, 2015; Zuluaga, 2013). Bradley (2015) and Blank & Dorf (2012) stressed that companies should try to find all insights about customers. In this competitive industry a great vehicle is not enough, the whole sales process is an experience that will decided if the firm can maintain a customer relationship (Blank & Dorf, 2012). Volvo Cars is trying to provide a customer experience since Volvo Cars is targeting the premium segment (Annual report, 2013).

Court et al., (2009) write that the marketing strategy in the modern time has shifted and the marketing and customer behaviour should rather been seen as a loop than a process. Which is the current marketing strategy CSS has when they are moving towards a 360 loop of customer life cycle process. In theory this creates advantages but at the current moment the follow up is not done with the customer even though there are tools that can support this process. Again there are a lot of advanced tools provided and knowledge from the CCS, however the execution must be done in a different way. Kotter (1995) writes that for success in organizational change one needs to involved people who matters (for example top management) to show what is important and if the top management shows interest there will be better motivation for organizational change. Volvo Cars Mexico is on the right way however there needs to be more focus on the implementation and not just the strategy.

Since Volvo Cars is a global company and working within several markets there are several factors that according to Ramasehan et al., (2006) define success in a CRM system. These scholars divide the success factors into three categories. The first factor is related to external influences, and arose from differences in customer expectations, drivers of satisfaction, loyalty, profitability, and customer value across countries or cultures. The second success factor is another external influence and arose from differences in the competitive environments, technological infrastructure, political systems, and regulatory variations between countries around the globe. The third were internal to the company and arose from differences in the challenges faced by global firms in forming a customer-oriented organization, which already encountered challenges in the form of culture and power issues (Ramasehan et al., 2006). Which are total in line with the critical factors this Sales Office is facing for example; Marketing Director has mention that Mexicans normally do not have prospection of Scandinavian design which is one of the main marketing arguments Volvo Cars has for the global marketing strategy.

There is no doubt that one of the most essential parts with a CRM system is updated information and there is a big problem in the current system (CSS Marketing Coordinator 1, 2015; Marketing Coordinator 1, 2015; Reichheld and Sasser, 1990). The main source of information comes from the Dealers since every time they sell a car, the car is registered and put into the system (CSS marketing Coordinator 1, 2015). However the information what happens after the purchase is not recorded and when emails are sent out from the CCS about information about service and additional services the rate of delivered emails are really low (CSS Marketing Coordinator 1, 2015; Marketing Coordinator 1, 2015). Therefore the current CRM system cannot take advantages of the benefits that Champbell, (2003) describe that general CRM systems provides.

One suggestion for improvement is to start to explain the essential with CRM and what can be done with updated information, according to Kotter (1995) and Fernandez & Rainey (2006) before all changes is implemented there need to be a sense of urgency and a clear vision. To achieve a successful change important is that people who are affected of the change are involved in the change. Hence the target action to change the habit of using and recording customer information to improve the relationship with customers, is to start following up the sales and service leads. The second half of this analysis will describe the actions that must be done with the sales and service leads.

5.2 Investigation of sales and service leads

This case study has shown that one of the biggest channels of customer information is from the Dealers. Therefore extended attention has been on the Dealer's information flow. The first step to approach the Dealer's information flow, has been to focus on the sales and service leads since they have direct correlation to the sales numbers. The sales and service leads are correlated to sales numbers (CSS, Marketing Coordinator 1, 2015) and improvement of the management of the leads will enable coding of customer information which will automatically end up in the Siebel which is the main module for the

Marketing Department. This will create a flow of updated information and in addition this can influence the habit of using the CRM system through the Dealers (CSS Marketing Coordinator 1, 2015).

One information channel that records customer information automatic and is updated, are the sales and service leads. The sales and service leads are recorded through the DCT report by the Volvo Mexico website or the Dealer's independent website. When the sales and service leads are managed the Dealers fill in information manually in the LMS. This information is updated and has a close connection to sales (CSS Marketing Coordinator 1, 2015; CSS Marketing Coordinator 2, 2015) therefore this is suitable to start to change the habit of the use of the system. The first question when starting to investigate the sales and service leads for the researcher was; **Is it possible to link the management of the leads to the sales in each Dealership, to measure if there are any correlations between these?** If there is correlation, this calculations can provide more evidence to encourage the importance for the Dealers to start using the system and share the data.

Based on the data gathered from Siebel regarding the leads, the first act the researcher did was to compare the opportunities with the management of the leads to the sales during the period of 2014 and the three first months of 2015. The sales statistics came from the platform Vista and it was given from the Sales Department, the numbers of the leads were located from the module Siebel. However the result of these calculations did not make sense and provided the researcher with to high average numbers which created suspicion of the numbers validness. To validate the numbers, they was compared to the other markets by the CSS Market coordinator 1 which conformed they were invalid. There was not possible to see a correlation between the Dealers who followed up their leads in time with the sales, compared to the Dealers who did not. Therefore an interview was made with a similar market to compare average numbers, to try to solve this equation in another way. The leads were calculated with focus on opportunities and then by the number from the similar market were coordinated to see the numbers of sales which were lost due late opportunity tracking. However these numbers should be used as a direction rather than an exact average.

The Irish market has shown that leads from test drivers generates around 25-30% sales in average. The lowest correlation is between the newsletter and sales. However the high correlation number for test drives is explained by that the customer is in a further phase of purchasing when going for a test drive (Product and Marketing Manager of Ireland, 2015). Therefore to follow up test-drives is significant since if the Dealers want to improve their sales.

This results of these calculations were supposed to be a way to motivate the Dealers and gather leverage for implementation of change which is in line with Kotter (1995) that describes for a successful organizational change there needs to be a feeling of urgency for change. This have been in focus since it is easy to connect sales and service leads to direct sales and increased sales is the motivational driver for the Dealers according to the Marketing Director (2015) & the Product and Marketing Manager of Ireland (2015).

Two snapshots have been done one of the whole year of 2014 and one of the first two months of 2015 to have updated information. The two months of 2015 are important since it has been a lot of change of personnel. The investigation has shown rather poor results. In 2015 there were 230 opportunities but just 46% were contacted in time. 2014 the Dealers had 2331 sales and service opportunities and 58% of these were contacted in time. The Dealers have been investigated to locate the worst and the best ones to find out their work methods. The average days of contact 2014 were 8 days and the two first months in 2015 provided an average of 3 days of contact. The numbers are taken from the platform Siebel. One can see the numbers in the diagrams figure 11 and the foundation of these calculations exist in the Appendix 8-11.

The effort for Dealers to manage the sales and service leads will not be overwhelming and will help them to improve their sales statistics. This action will be easy to follow up by the Marketing Department since CCS can monthly provide the Sales Office with leads reports and all they need to do is to check the number and compare to the desired target and then interact with the Dealers.

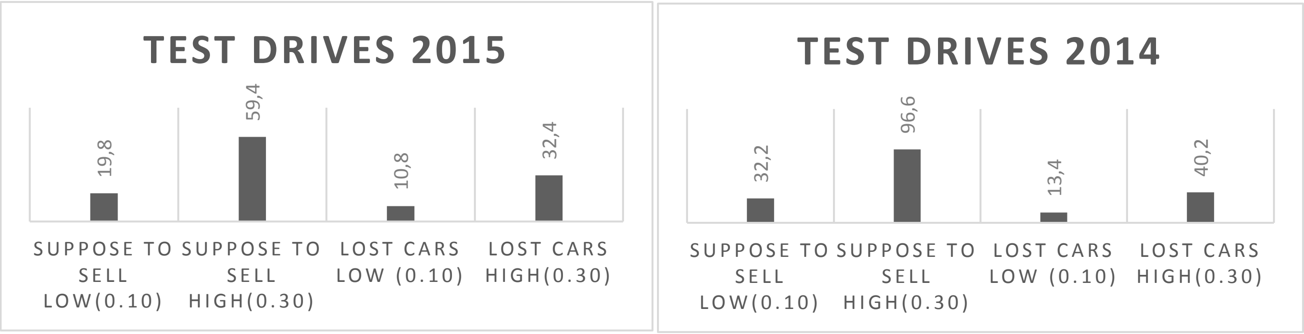


Figure 15: Lost sales due to late or not contacted test drives leads.

Calculation of how many cars are lost due to poor lead management can be viewed in figure 15. The correlation of 30 % is given from the Product and Marketing director in Ireland and counted as the high average and the 10% correlation is given from the Marketing Director in Mexico (2015) and counted as the low average. The purpose of these calculations is to visualize the amount of cars which are lost due to poor lead management, this can be seen as another way to make this project urgent which is one of Kotters (1995) essential pillars for organizational change. By actually showing how many cars are lost, gives the Dealer a clear picture of what they can earn “almost” by no efforts. If the Dealers work according to the standards that the Sales Office gives them, they are getting 2.5% more margin for each sold car and of these 2.5%, 0.5% is linked to how the Dealers are using the CRM system and manage the leads. However the 0.5% is a rather low number and therefore it makes more sense to emphasis on the lost sales they are missing out on rather on the bonus they will gain when monitoring the CRM system in a correct matter (see figure 16).

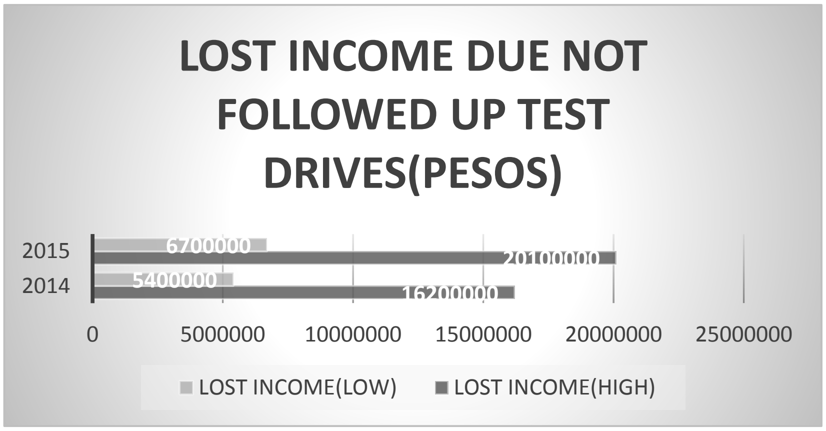
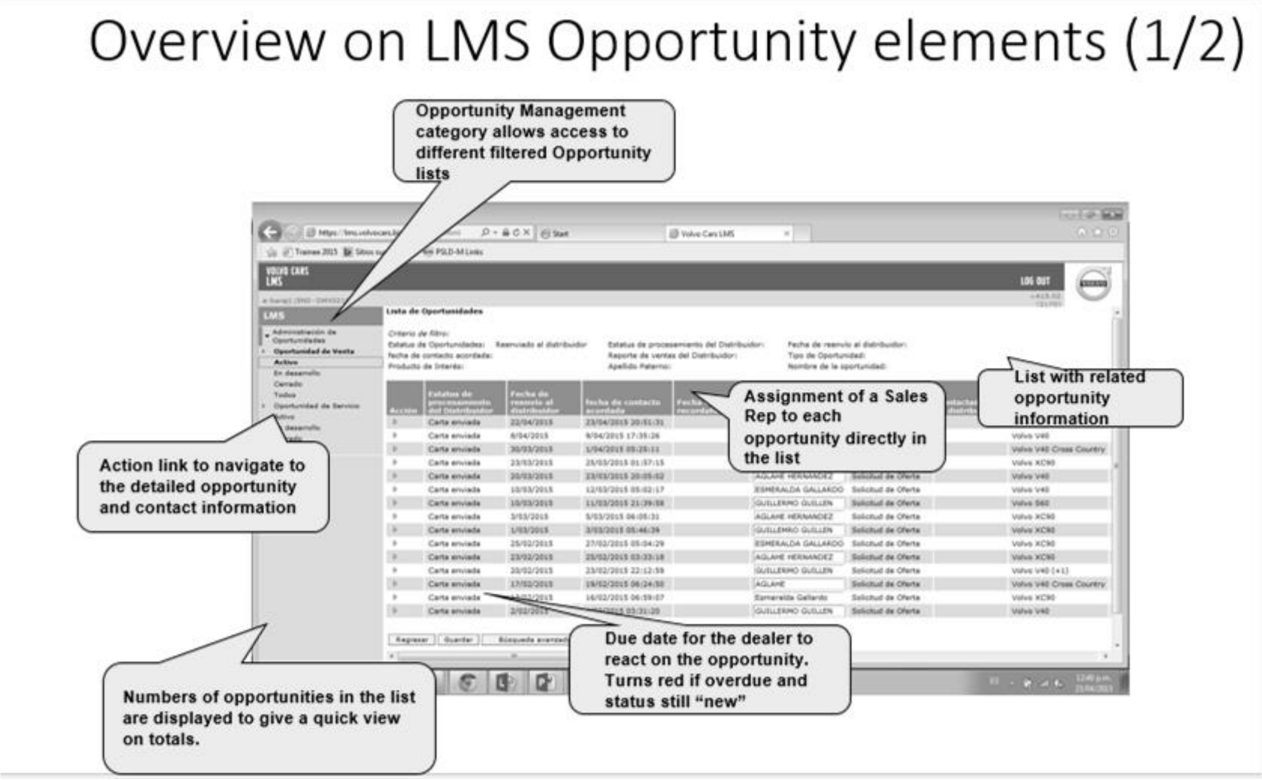


Figure 16: Lost income due to not followed up test drives in total.

This calculations shows that one way to increase the sales is to manage the leads in a proper way. Kotter (1995) and Fernandez & Rainey (2006) emphasis the importance short term goals and if one start to manage the sales and service leads better there will be correlation to increased sales and then this performance will create legitimacy to implement other changes.

The first action to change the behavior of managing the sales and service leads is to create guidelines about how and why the Dealers need to manage their leads. Most of the knowledge is explicit knowledge and therefore it is possible to write down in manuals to keep insightful information (Schulz & Jobe, 2001). A guide about the purpose, the use and the connection about the system has been written and a detailed guideline has been written about the LMS system which is the main module to use for the Dealers (figure 17). The guideline has been divided into two documents. One PowerPoint (figure 18) how the Dealer should use the LMS practically and a short text on why the leads are important to follow up and the benefits the Dealers will get by doing so (appendix 11-12). These documents have been written both English and Spanish, to make the knowledge easier to access.



Overview on LMS Opportunity elements (1/2)

Opportunity Management category allows access to different filtered Opportunity lists

List with related opportunity information

Assignment of a Sales Rep to each opportunity directly in the list

Action link to navigate to the detailed opportunity and contact information

Due date for the dealer to react on the opportunity. Turns red if overdue and status still "new"

Numbers of opportunities in the list are displayed to give a quick view on totals.

Figure 17: First part of the guideline of LMS.

Important is that when the Sales Office implement the changes of managing the sales and service leads in the Sales Office needs to keep track of the progress, to ensure right behavior regarding the monitoring of the LMS system

6. Discussion

The first question to consider is; should the Sales Office use their CRM system that CSS provide them at all? To answer this question the researcher has investigated if the value of keeping the system and solve the existing problems is higher than the second option which is to remove and replace the current CRM system with another system. The Sales Office is on a tight budget and the price for the access to the CRM system is expensive, therefore it is of interest to investigate if this system is adding value and helping the Sales Office to sell more cars and can support their marketing strategy. The analysis of this case study shows that the CRM system is beneficial nevertheless there are many areas for improvement.

In the benchmark with the Irish market, which has similar characteristics as the Mexican market, information came forward that to create a CRM-system by themselves would be difficult and the Irish Sales Office had just seen big advantages to be a part of the global CRM system. The additional support from the CSS is an advantage since the Sales Office gets access to tons of "know how". This is an advantage especially for the small markets with even more limited resources than the bigger ones. Access to this "know how" can help the Sales Office to be more effective and make better decision since the CSS can share know how about similar situations. This source of knowledge is even more important in the Sales Office since the people in the Marketing Department is relative new.

6.1 Short term actions

The recommended action to the Marketing Department is to start following up the sales and service leads since these have correlation to sales numbers. Except increasing the sales this action will help the Sales Office to update the CRM system with valid information and creating a habit of using the system.

Recommended is to make sure that the Dealers and the personnel in the Sales Office understand the value they will gain by using the system and how it can support them with their daily work. When the why question is understood, it is essential to explain how the personnel must use the system supported by the guidelines to ensure information is filled in a proper way.

One way to start the implementation of change is to begin with one to five Dealers at once to make sure all the implementations tactics work. The advantage with a pilot project for this department is mayor, due to limited resources both as financial and personnel. Via a pilot project, the Sales Office can make sure the tactics will work before implementing throughout all the Dealers. The leads should be valued and prioritized by degree of connection to sales numbers.

Therefore the suggestion to the Marketing Department is to follow up the sales and service leads one time each week to monitor the progress. This can be done by ordering a report from CCS weekly. Since the new LMS module Kompass is under implementation, it is appropriate to take advantages of this opportunity and create a habit of using the CRM modules.

6.2 Long term goals

The bottom line is that to benefits from the CRM system there is no quick fix rather an ongoing process to solve these problems that have been identified. One essential problem to solve with the current customer information is that the CRM system does not has information about the customer after they purchase of the car. This information is essential to start to record if ones focus is to have a life cycle marketing approach. One area were the car companies makes the most profit today is from accessories and parts and these is a big opportunity to explore.

Updated information is one of the other fundamental parts in a CRM system and I cannot emphasize enough how important it is to constantly update the information. I suggest the Sales Office to start trying to make a habit of updating the information as soon as it becomes changes then it does not need to be so much work at one time. Start by trying to update the email addresses and the contact information one bit a time and since the module Kompass is during implementation this is a golden opportunity to transform the customer contacts into updated contact information.

Since research has shown several times, that one of the most important assets in a firm, is the personnel. Therefore there needs to be more investigation about the reasons behind the big exchange of personnel, since the constant exchange of personnel is one of the root problems to why there is poor knowledge transfer.

7. Conclusions

To recall the research question: **How can Volvo Cars Mexico compile and maintain important Customer information via their CRM system in order to improve their sales?**

The first step to start using the CRM system in an effective matter is to make sure everyone that is using the system understands why and how the modules can provide support to the daily work. Today Volvo Cars Mexico collects information from several sources; local agencies, Dealers, Sales Office, CSS and the different websites. The information that is recorded automatically is the one that comes from the Dealer website or the international website. However important customer insights are not recorded and shared between the units. Hence it is important to start recording the customer insights that the Dealers get since they have face to face contact with the clients. The Dealers are the extended link of the company which face customers daily. They need to understand the value of recording and sharing important customer insights. To make the Dealers adhere to the process, one need to highlight the value the Dealers can get if they start coding and sharing information. Since sales is the most important driver for business, and recording insights has a direct correlation to closing leads and thereby increasing sales. Dealers were made aware of this co-relation as a motivation to capture customer insight.

To increase the sales via the CRM system the Dealers need to start following up the sales and service leads, which are sales opportunities that are offered but not used by the Dealers. Since the test drives have a turnover of 10-30%, it is especially important to follow up those leads. When this process is created, the system will include more updated information which will help the Marketing Department, CSS and the Dealers to target more successful marketing/sales campaigns which will increase sales by closing high potential leads. When the information is recorded and updated, it will help the Sales Office and the Dealers to maintain and improve the customer relationship which will lead to more sales.

8. Recommendations

Based on the analysis and the conclusion, my recommendations for the Marketing Department are:

- Start to create, updated and use guidelines. It is essential to preserve gained knowledge in some form to prevent it to disappear when people are shifting in the department. Crucial is to update the guidelines to support the departments in the best way.
- Create a habit of transferring information between all the three parties. Since already a lot of knowledge is availed but not throughout the whole organization. Hence this can help the units to make better and more effective actions to influence the sales.
- Start with one area instead of the whole CRM system at once. Currently the CRM system is not used at all, therefore to make the organizational change, suitable approach is to take it one step at the time.
- Focusing on the Dealers since the Dealers have the closest contact to customers. I cannot emphasize enough the value the Sales Office can gain, if they capture the updated information the customers have.
- Follow up every week how the Dealers are working with their sales and service leads and reward Dealers that are successful and give more training to unsuccessful Dealers.
- Set specific goals regarding the sales and service leads, for example to 90% of the leads should be target in time in the next 3 months.

9. Further research

This thesis should be used as a source of inspiration how a Sales Office is working with a CRM system and what kind of challenges its facing and suitable way to approach them. Since there are many opportunities for improvements in this Sales Office some have actively not been investigated due to constrains of this report and these areas are the following;

- Investigation of how the Dealers are marketing themselves and how they are approaching their customers.
- Wider case study with more companies and Sales Offices to draw conclusions outside this context.
- Cultural differences and their impact on knowledge transfer.

References

Alavi, M., & Leidner, D. E. (2001). Review: Knowledge management and knowledge management systems: Conceptual foundations and research issues. *MIS quarterly*, 107-136.

Argote, L., & Ingram, P. "Knowledge transfer: A basis for competitive advantage in firms." *Organizational behavior and human decision processes* 82.1 (2000): 150-169.

Barney, J. B. (1986). Strategic factor markets: Expectations, luck and business strategy. *Management Science*, **32,** 1231–1241.

Baker, M (2003). The Marketing Book. http://htbiblio.yolasite.com/resources/Marketing%20Book.pdf(05/05/2015).

Bradley, C.J (2015) Customer Characteristics Marketing. http://smallbusiness.chron.com/customer-characteristics-marketing-57902.html (05/05/2015).

Bryman, A., & Bell, E. (2007). *Business Research Methods.* Oxford: Oxford University

Buchanan, R. & Gilles, C. (1990). Value managed relationship: the key to customer retention and profitability. European Management Journal, 8(4), 523-526.

Campbell, A. J. (2003). Creating customer knowledge competence: managing customer relationship management programs strategically. *Industrial marketing management*, *32*(5), 375-383.

Chen, I. J., & Popovich, K. (2003). Understanding customer relationship management (CRM) People, process and technology. *Business process management journal*, *9*(5), 672-688.

Court, D. & Elzinga, D. & Mudler, S. & Vetevik, J. (2009) Consumer Decision Journey. http://www.mckinsey.com/insights/marketing_sales/the_consumer_decision_journey). (05/05/2015).

Darr, E. D., & Kurtzberg, T. R. (2000). An investigation of partner similarity dimensions on knowledge transfer. *Organizational Behavior and Human Decision Processes*, 82**,** 28–44.

Dealers visit, Bosques (19/2-15),Volvo San Angel and Metepec (6/4-15).

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory Building from Cases: Opportunities and Challenges. The Academy of Management Journal, 50 (1), 25-32.

Fernandez, S., & Rainey, H. G. (2006). Managing successful organizational change in the public sector. *Public administration review*, *66*(2), 168-176.

Foss, B., Stone, M., & Ekinci, Y. (2008). What makes for CRM system success—Or failure? *Journal of Database Marketing & Customer Strategy Management*, *15*(2), 68-78.

Fetterhoff, T., Nila, P., & McNamee, R. C. (2011). Accessing internal knowledge: organization practices that facilitate the transfer of tacit Knowledge. This new ROR group is investigating how large organizations access and capture complex tacit knowledge. *Research technology management, 54* (6), 50-54.

Frost, A. (2013). The Different Types of Knowledge. http://www.knowledge-management-tools.net/different-types-of-knowledge.html (05/05/2015).

Hutt, M.D. & Speh, T.W. (2012). Business Marketing Management: B2B, South Western, Cengage Learning.

Investopedia (2015) *Emerging Market*. (http://www.investopedia.com/articles/03/073003.asp). (05/05/2015).

Kotler, P. & Levy, S. (1969). Broadening the Concept of Marketing .*Journal of Marketing*. 33(1): 10-15.

Kotter, J. P. (1995). Leading change: Why transformation efforts fail. *Harvard business review*, *73*(2), 59-67.

Liker, J.K. and Meier, D. (2006) *The Toyota Way - Fieldbook.* McGraw-Hill

Lippman, S. A., & Rumelt, R. P. (1992). Demand uncertainty and investment in industry-specific capital. *Industrial and Corporate Change*, 1**,** 235–262.

Interview Digital Coaster (2 people)(13/2-2015)(8/4-2015).

Interview Financial Assistant (19/2-2015).

Interview CSS Fullfillment Specialist (4/2-11/2-18/2-25/2-4/2-11/3-18/3-25/3-2015).

Interview, CSS Ireland Product and Marketing Director (19/3-2015).

Interview, CCS Market Coordinator 1 (4/2-11/2-18/2-25/2-4/2-11/3-18/3-25/3-2015) (9/4-15).

Interview, CCS Marker Coordinater 2(25/3-8/4-15/2-22/4-29/4-6/5-2015).

Interview, CSS Mexcio Market Coordinator 1 (4/2-11/2-18/2-25/2-4/2-11/3-18/3-25/3-2015) (25/3-8/4-15/2-22/4-29/4-6/5-2015).

Interview, CSS Mexico Market Coordinator 2 (16/2-2015).

Interview, CSS Mexico Marketing Director (4/2-12/2).

Interview, CSS Mexico Product and Sales trainer(24/2-18/3-2015).

Nguyen, T. H., Sherif, J. S., & Newby, M. (2007). Strategies for successful CRM implementation. *Information Management & Computer Security*, *15*(2), 102-115.

Oxford Dictionaries (2015). *Definition Knowledge*. http://www.oxforddictionaries.com/definition/english/knowledge (05/05/2015).

Porter, Michael E. (1979) "How competitive forces shape strategy." Harvard Business Review: 21-38.

PWC (2014) Doing business in *Mexico- automotive industry.* http://www.pwc.de/de/internationale-maerkte/assets/doing-business-mexico-automotive.pdf (05/05/2015)

Ramaseshan, B., & Kiat C.P. "Factors influencing implementation of CRM technology among small and medium sized enterprises." *Proceedings of Australian and New Zealand Marketing Academy Conference*. 2008.

Ramaseshan, B.,Bejou, D., Jain, S. C., Mason, C., & Pancras, J. (2006). Issues and perspectives in global customer relationship management. *Journal of Service Research*, *9*(2), 195-207.

Schulz, M., & Jobe, L. A. (2001). Codification and tacitness as knowledge management strategies: an empirical exploration. *The Journal of High Technology Management Research*, *12*(1), 139-165.

Siebel (2015). Volvo Cars. https://psldm.volvocars.net/ (06/05-2015).

Statista (2015) *U.S. luxury car market share in 2014, by brand*. (http://www.statista.com/statistics/287620/luxury-vehicles-united-states-premium-vehicle-market-share/9)(05/05/2015).

Talwar, H (2013) Basic Principles of Marketing. http://www.londoninternational.ac.uk/sites/default/files/programme_resources/lse/lse_pdf/subject_guides/mn3141_ch1-4.pdf (05/05/2015).

The system Kompass, traning day, (13 April 2015).

Volvo Cars (2015) All-New XC90. (http://www.volvocars.com/intl/all-cars/all-new-volvo xc90/Pages/default.aspx#/pioneers/pioneer/809)(06/05/2015).

Wallen, G. (1996). *Vetenskapsteori och forskningsmetodik.* Lund: Student Literatur.

Walsh, J. P., & Ungson, G. R. (1991). Organizational memory. *Academy of Management Review*, 16**,** 57–91.

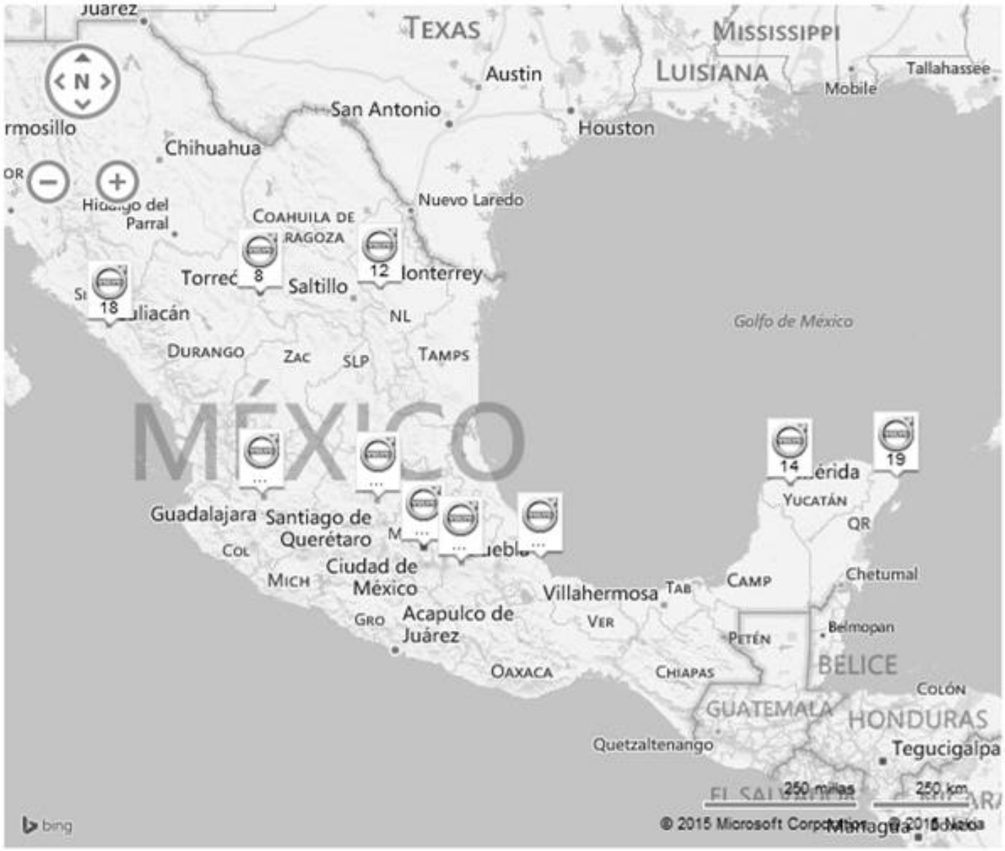
World Bank (2015) *Mexico Overview*. http://www.worldbank.org/en/country/mexico/overview (29/04/2015).

Zuluaga, P. (2013) How to Make your Customer Database your Best Friend. http://www.pmzmarketing.com.au/articles/How-to-Make-your-Customer-Database-your-Best-Friend.htm(05/05/2015).

Appendix

Apendix 1- Map of the Dealers in Mexico (2015)

San Angel
Polanco
Minerva
Satélite
Monterrey
León
Mérida
Veracruz
Guadalajara
Puebla
Morelia
Interlomas
Toluca
Cancún
Querétaro
S.L.P.
Sinaloa
Laguna
CDA
Cancún
Bosques
Metepec


Juarez
TEXAS
MISSISSIPPI
Austin
LUISIANA
Tallahassee
Mobile
San Antonio
Houston
rmosillo
Chihuahua
Nuevo Laredo
Hidalgo del Parral
COAHUILA DE ZARAGOZA
8
12
Torreó
Saltillo
Monterrey
18
Culiacán
NL
Golfo de México
DURANGO
ZAC
SLP
TAMPS
MÉXICO
14
Mérida
19
YUCATÁN
QR
Guadalajara
Santiago de Querétaro
COL
Puebla
MICH
Ciudad de México
Villahermosa
TAB
CAMP
Chetumal
GRO
Acapulco de Juárez
VER
Belmopan
PETÉN
BELICE
OAXACA
CHIAPAS
COLÓN
GUATEMALA
HONDURAS
Quetzaltenango
Tegucigalpa
EL SALVADOR
250 millas
250 km
bing
© 2015 Microsoft Corporation
Managua
© 2015 Nokia

Appendix 2- Interview Guide- CCS

What is your role in the marketing strategy?

Mexican market

- What kind of target do you have in the Mexican market?

Brand

- How is the situation for Volvo Cars right now in Mexico? Describe biggest opportunities and challenges?
- Customer perception of the brand right know in the Mexican market?
- Biggest advantages for the brand and the barriers for selling the cars in an emerging market?

International adaption to the local market

- Biggest advantages and barriers for Volvo to transform to emerging markets?
- Describe how marketing is transformed from the international to the local market?
- Can you describe which kind of channels you use?
- Do you have social media channels?
- To what extend can a local office decided their own marketing tactics?
- Customer loyalty program

Technical information!

- Describe the process to get information?
- Describe the process to document the information?
- Describe the process of evaluating the quality of the information?
- Describe how one share customer insights?
- How do you keep track of your customers?
- Describe wishful information to put into the customer database?
- Are the processes to increase knowledge sharing and please describe these processes?
- What kind of CRM systems are there? How can you link them together?
- What kind of system is existing right now?

Dealers

- How do you work with your Dealers to record the information?
- Do you have some tips to give me or any recommendation what kind of information is necessary to put in the database?

Appendix 3- Interview Guide- Customer insights Agency

Basic information

- What is your role in the marketing strategy?
- How long have you worked as an agency for Volvo?

Mexican market

- Describe in general how the premium market works in Mexico?
- Describe your target customer, (do you want to add something not included from the pp?)
- Do you know how many customers there are in respective group?
- What is the biggest target customer group?
- How you treat them? (as different segment or one main target)

Brand

- Describe the situation for Volvo Cars right now in Mexico? (Biggest opportunities and barriers!)
- Describe the biggest problems to create awareness?
- Describe the customer perception of the brand right know.
- Biggest advantages for the brand and the barriers for the brand to sell the cars?

The digital life of the customers

- Which communities, websites are they visiting? How do you know this?
- How are you thinking when you are working with the social media?

Technical information!

- How do you collect the information from the customer?
- How do you document your information?
- How do you keep track of your customers?

Additional questions

- Describe this system of CRM
- Describe how to measure customer impressions?

Appendix 4-Interview Guide- Customer Insights

What is your role in the marketing strategy?

Mexican market

- How does the premium market work in Mexico, description?
- What kind of target, do you have right now?
- Do you know how many customers are in respective group?
- What is the biggest target customer group?
- Which car model sales the best for respective target group?

Brand

- Describe biggest opportunities and barriers for Volvo Cars!
- What are the biggest problems to create awareness?
- Describe customer perception of the brand right know and how can it change.
- Describe the biggest advantages you has as a company?
- Biggest advantages for the brand and the barriers for selling the cars?

Customer characteristics

- How well does the customer characteristics fit with the target group?
- How well do you know the customer characteristics?
- Which communities, websites are they visiting? How do you know this?
- How is the fb page, Instagram etc., working.(Numbers)
- Number of how many visits.
- Customer loyalty program
- Do you have some numbers how many customers are new and how many are old?

Technical information!

- How do you document your information?
- How do you get your information
- How do you do your research?
- How do you keep track of your customers?
- How long have you worked as an agency for Volvo?

Dealers

- How do you work with your Dealers to record the information?
- How well do they know the common marketing strategy?
- Describe the process of how do they sell their products?

Further

- Do you know the marketing slogan for Volvo?
- How well do you know what design around you means?
- How well do you feel connected to Sweden heritage?
- Which information do you see as most important?
- Do you record valuable information? And in what kind of medium?
- How do you collect the information from the customer?
- Do you want to add something?

Marketing team

What do you think is most important to find out in my project?

Appendix 5- Interview Guide- Marketing Coordinator Ireland

Basic information

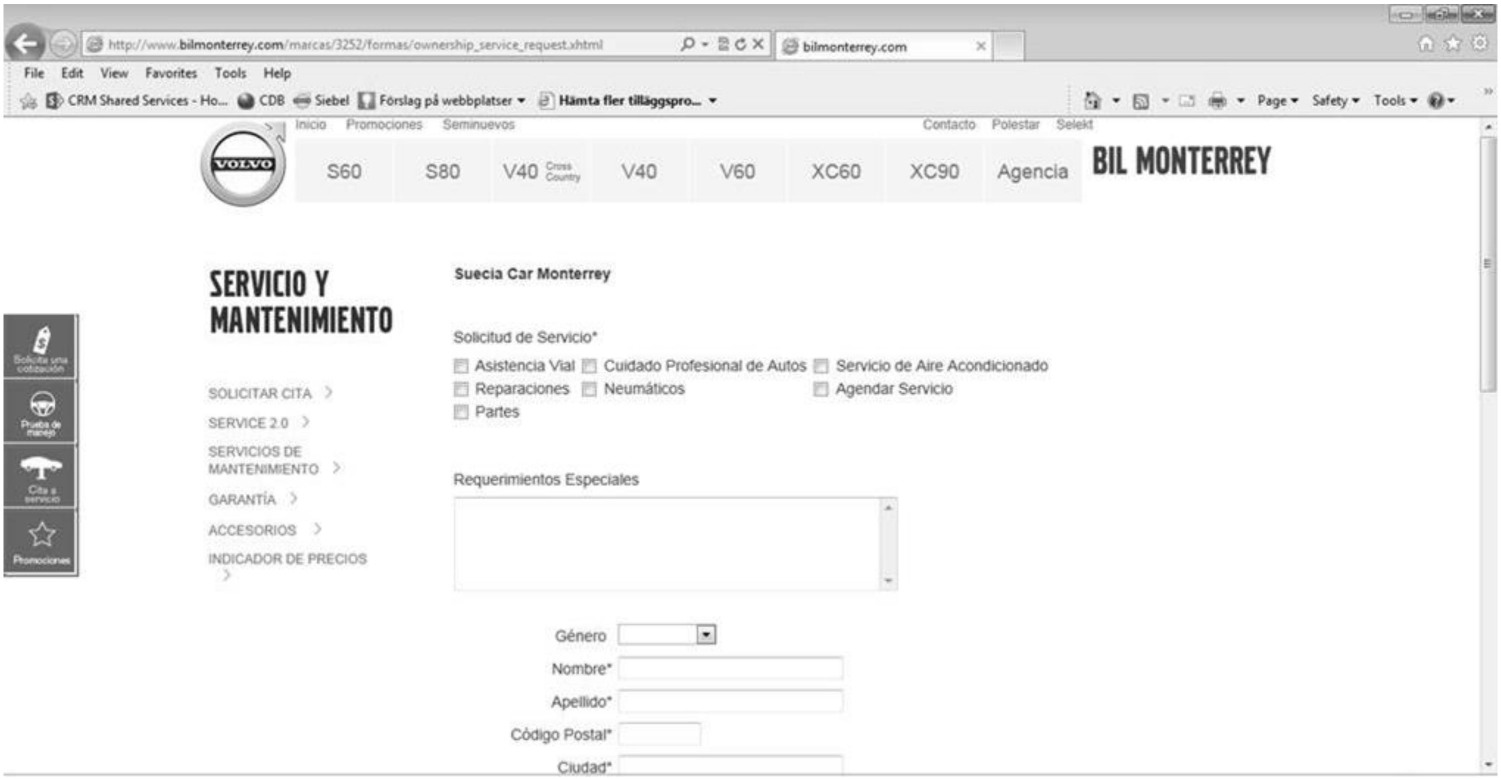
- What is your role?
- How long have you been working as this role?

Knowledge transfer

- What is the benefits and the disadvantages with this CRM system?
- How do you view the CRM system as a help for increasing sales?
- How do you see the future of the CRM system?
- Describe how one transfer the customer information through the organization?
- Describe how one gather information from the Dealers?
- How do you make sure the knowledge is transferred?
- How do you make sure the knowledge is recorded?
- Numbers of the opportunities
- Do you have some number of the opportunities that generates sales?
- If there is a link between the correct followed up opportunities and the sales?
- Do you have any tips to improve the monitoring of opportunities?
- Do you want to add something?

Appendix 6- DCT -Report.

When the customers show interest they are able to write down their personal information and this goes via the sales and service leads into Siebel and LMS.


http://www.bilmonterrey.com/marcas/3252/formas/ownership_service_request.xhtml
bilmonterey.com
File Edit View Favorites Tools Help
CRM Shared Services - Ho... CDB Siebel Förslag på webbplatser Hämta fler tilläggspro...
Page Safety Tools
Inicio Promociones Seminuevos
Contacto Polestar Selekt
VOLVO
S60 S80 V40 Cross Country V40 V60 XC60 XC90 Agencia
BIL MONTERREY
Solicita una cotización
Prueba de manejo
Cita a servicio
Promociones
SOLICITAR CITA
SERVICE 2.0
SERVICIOS DE MANTENIMIENTO
GARANTÍA
ACCESORIOS
INDICADOR DE PRECIOS

SERVICIO Y MANTENIMIENTO

Suecia Car Monterrey

Solicitud de Servicio*

☐ Asistencia Vial ☐ Cuidado Profesional de Autos ☐ Servicio de Aire Acondicionado
☐ Reparaciones ☐ Neumáticos ☐ Agendar Servicio
☐ Partes

Requerimientos Especiales

Género
Nombre*
Apellido*
Código Postal*
Ciudad*

Appendix 7- Opportunities Calculations (January and February 2015)

General information

Opportunities: 230

In time contacted: 106 (106/230=0.460869) 46%

Not contacted: 36 (36/230=0.15652) 16%

Overdue Contacted: 38 (88/230=0.382) 38%

Overdue one day: 34 (34/230=0.0565) 6%

Overdue 1-2 days: 8 (8/230=0.0347) 3%

Overdue 3 days: 33 (33/230=0.14347) 14%

CDD overdue 53.9%

Average day of contact 3 days

Focus on test-drive

Average test drive contact: 3 days

Test-drive opportunities: 33

Not contacted 5: (5/33=0,151) 15%

Contacted late: 12 (12/33=0,363) 36%

Lost cars

33*0.015*0.33=1.633 ca 2 cars for two months

33*0.36*0.33=3.9 ca 4 cars for two months

33*0.36*0.15=1,782 ca 2 cars for two months

In a year basis this means (N*6 months)

2+4=6, 6*6=36 High numbers.

2+2=4, 4*6=24 Low numbers

Appendix 8-Opportunities Calculations (Year 2014)

General information

Opportunities: 2331

In time contacted 1354 (1354/2331=0.5808) ca 58%

Not contacted: 156 (156/2331=0.0669) ca 7%

Overdue Contacted: 821 (821/2331=0.3522) ca 35%

Overdue one day: 389 (389/2331=0.1668) ca 17%

Overdue 1-2 days 122 (122/2331=0.0523) ca 5%

Overdue 2-3 days: 64 (64/2331=0.0274) ca 3%

Overdue 3 days: 246 (246/2331=0.10553) ca 11%

CDD overdue 41.9%

Average day of contact 8 days

Focus on test-drive (calculation for a whole year)

Average test drive contact: 4 days

Test-drive opportunities: 322

Not contacted 19 (19/322=0.059) 6%

Contacted late: 115 (115/322=0.3571) ca 36%

Lost cars

322*0.059*0.33=6.2 ca 6 cars

322*0.36*0.33=38.2 ca 38 cars for two months

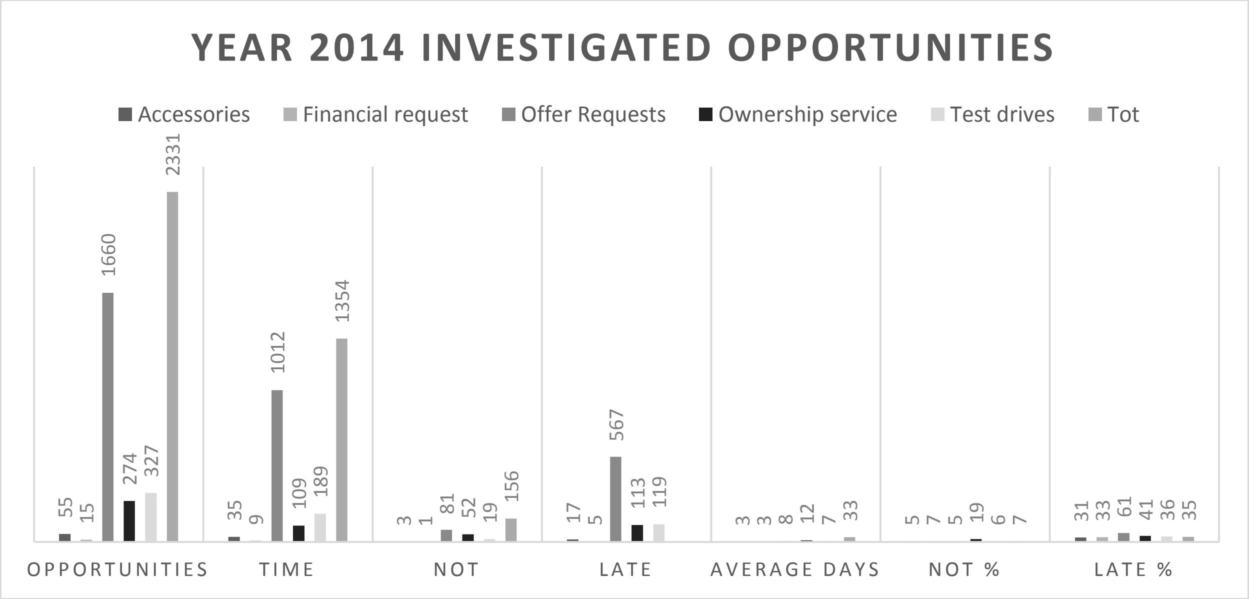
322*0.36*0.15=17.3 ca 17 cars for two months

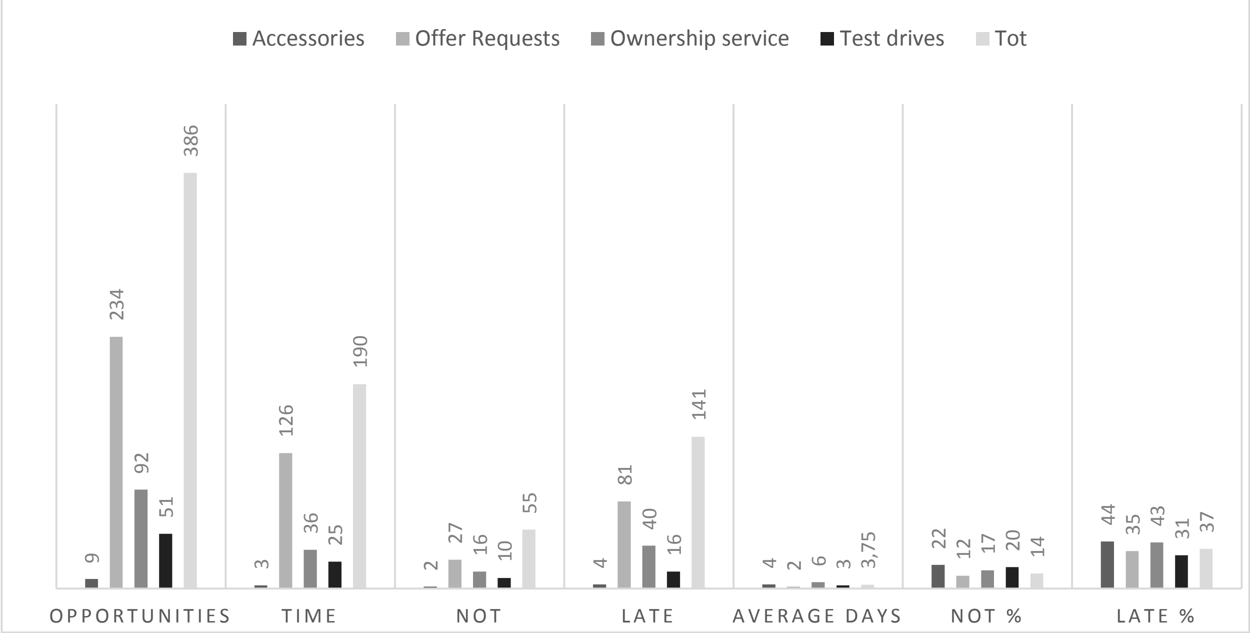
In a year basis this means (N*6 months)

6+38=44, 44 cars lost High numbers.

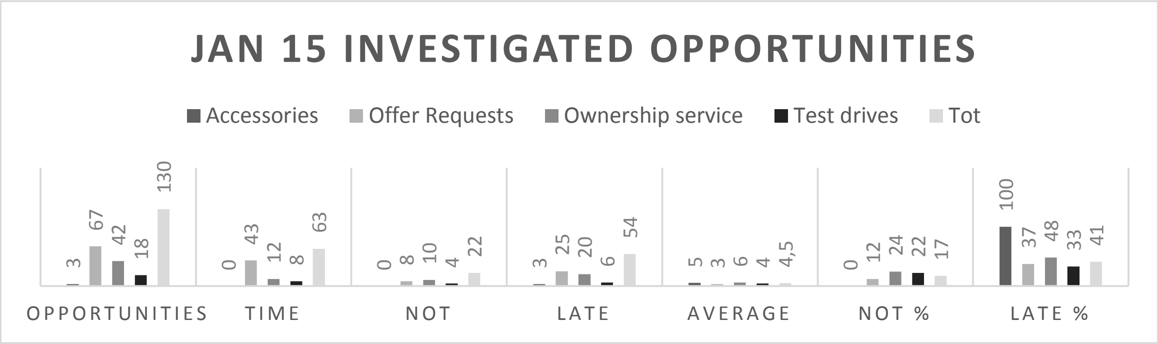
6+17=23, 23 lost Low numbers.

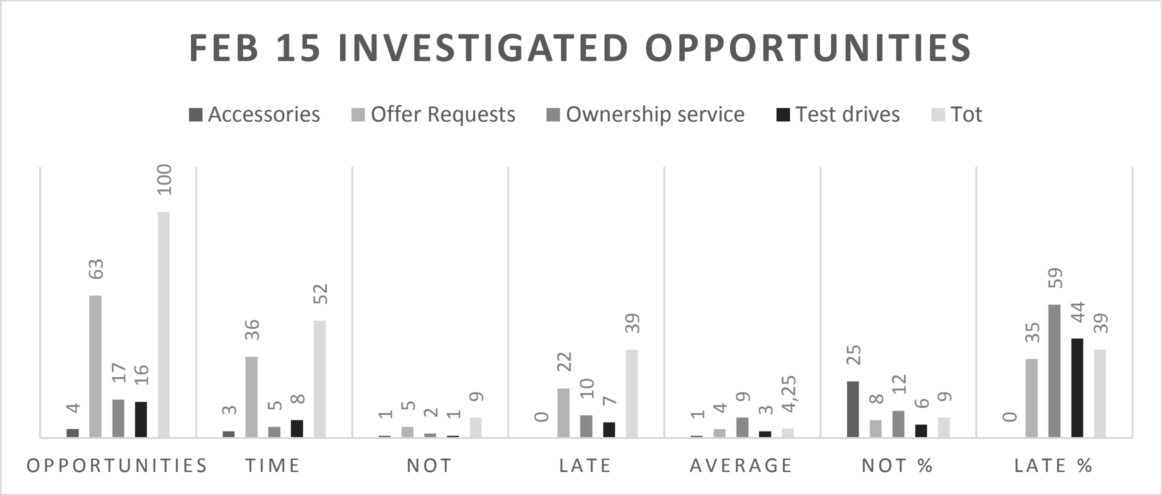
Appendix 9-Investigated opportunities of all the different segments 2014

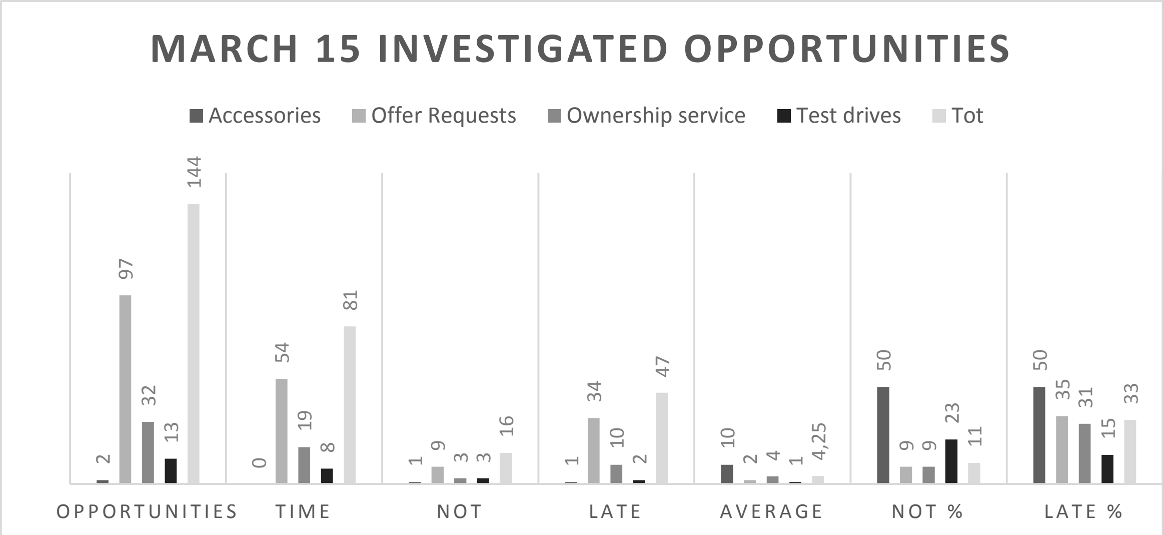




Appendix 10- Investigated opportunities all the different segments 2015


JAN 15 INVESTIGATED OPPORTUNITIES


FEB 15 INVESTIGATED OPPORTUNITIES


MARCH 15 INVESTIGATED OPPORTUNITIES

Appendix 11- Informational document of the benefits of using LMS.

Information about the LMS for the Dealer

Here I will explain why and how you as a Dealer will get advantages when using the LMS system correctly. Imagine this scenario; today test-drives have a conversion rate of 1-3 cars per 10 test-drive. If you have ten prospects that come to you and you do not follow them up. Then you lose "big" opportunities that were delivered to you. LMS is for you, to help you to keep track with your sales and service opportunities. LMS is a tool to nurture your current customer and access your future customer. To keep in contact with our customers is important since we are selling an experience and not just a car, and we are a premium brand.

Why!

Right now we all have a common mission to try to sell more cars. LMS is a tool to increase your sales. The sales leads comes from the DCT formats and are customers who willingly apply that they want you to contact them! Therefore if these leads are not followed up, you are missing on prospect sales that are contacting YOU. In the current state approximately 50% of all the leads are followed up late and that is lost sales that are delivered right into your hands.

- You as a Dealer has an important role in the process of selling;
- You are the face of Volvo Cars and therefore you play a key role in CRM.
- You have direct contact to customers and we want to help you build long-term relationships and one tool to help you is the LMS. Increasing your relationship can help you increase the profit rather than always finding new customers.
- You have the best chance to collect important customer data which can be used to generate more sales.
- Correct use of LMS will support you in increasing sales.
- It is highly important that you use the LMS system daily to get a habit to always keep track of your prospects.
- Remember LMS will never be better than the information you put in there, it is important you put in the right phone number, right email address etcetera.

How: How to use this system is described in the attached Power Point.

Appendix 12- Informational document of the benefits of using LMS.

Información de LMS para los Dealers.

Aquí voy a explicar cómo y porque tu como dealer puedes obtener ventajas utilizando el sistema LMS correctamente. Imagina este escenario, la conversión de pruebas de manejo es de uno a tres coches por cada diez demos. Si te llegan diez prospectos y no les das seguimiento, entonces perderás grandes oportunidades. LMS es para ti, para darte un mejor seguimiento de tus ventas y oportunidades de servicio. LMS es una herramienta para desarrollar tus clientes actuales y tener acceso a tus prospectos. Mantener el contacto con nuestros clientes es importante ya que vendemos una experiencia y no solo un coche, somos una marca Premium.

¿Por qué? Ahora tenemos una misión en común vender más autos. LMS es una herramienta para incrementar tus ventas. ¡Los leads de ventas vienen del formato DCT y son clientes que voluntariamente aplicaron para ser contactados! Por lo tanto si estos leads no se les da seguimiento, estarás perdiendo prospectos para venta que te contactaron. Actualmente aproximadamente el 50% de los leads reciben seguimiento tardío y esa son oportunidades perdidas que habían llegado a tus manos.

* Tú como dealer tienes un roll importante en el proceso de venta.

* Tú eres la imagen de Volvo Cars y por lo tanto juegas un roll clave en CRM.

* Tú eres el contacto directo con los clientes, y queremos ayudarte a construir relaciones a largo plazo y una herramienta de apoyo para llegar a esto es LMS. El incremento de tus relaciones es directamente proporcional al incremento de tus ganancias.

* Tienes una mejor oportunidad para recolectar información importante de los clientes que puede ser utilizada para generar más ventas.

* El uso correcto de LMS te apoyara a incrementar tus ventas.

* Es de alta importancia que tú uses LMS diario para que se vuelva un habito, de esta manera siempre habrá un seguimiento a tus prospectos.

* Recuerda que LMS será tan bueno como la información que tú le ingreses, es importante que el teléfono, email, etc… sean correctos.

Como: Como usar el sistema es se describe en el Power Point adjunto.