CUSTOMER RELATIONSHIP MANAGEMENT MODEL FOR ALU (UTM)

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This dissertation is dedicated to my family for their endless support and encouragement.

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ABSTRACT

In today's competitive marketplace, educational institutions are sellers proposing courses, a degree, and a rich alumni life. It is more helpful for universities to keep its graduate students as alumni than recruit new students and new supporters for the university to decrease substantially amount of cost. Students are purchasers who register for courses, apply for graduation, and make donations as alumni. The longer these ongoing transactions are satisfactory to both parties, the longer the relationship will endure, to the benefit of every one. In this regard, one extremely useful technique to improve this relationship which has been adopted by many corporations is Customer Relationship Management (CRM). The aim of this research is to provide a better understanding of the usage of CRM based IDIC process model for Alumni Liaison Unit to improve relationship between UTM and its alumni community. Basically, this thesis conducted two research approaches; the first one is qualitative method on the basis of analysis of the empirical data gathered from structured personal interview across Alumni Liaison Unit as research case study. The second research method is quantitative method on the basis of analysis of the statistical data gathered from the distributed questionnaire to customers (graduate students). In fact, both research approaches were accompanied with intense support of literature review which has lead to the creation of new CRM strategy model. The role of this CRM model is to aid organization to realize a one-to-one relationship with customers and customize product and services to offer according to their values and needs.

ABSTRAK

Dalam persaingan pasaran yang semakin mencabar masa kini, institusi pendidikan dilihat sebagai pengeluar kursus, ijazah dan juga alumni yang sihat. Pihak universiti akan mendapat kelebihan sekiranya mereka menggekalkan pelajar siswazah sebagai alumni dan tidak perlu menggunakan khidmat pelajar-pelajar baru, yang seterusnya dapat mengurangkan banyak kos-kos yang terlibat. Pelajar boleh dikategorikan sebagai pelanggan kerana mereka membayar untuk mendaftarkan diri dalam kursus yang tertentu, menamatkan pengajian dan seterusnya menjadi penyumbang di dalam alumni. Semakin lama hubungan baik di antara bekas pelajar dan universiti terjalin, semakin banyak kelebihan yang akan diperolehi oleh kedua-dua belah pihak. Sehubungan dengan itu, salah satu teknik yang berkesan untuk mengukuhkan hubungan ini adalah dengan menggunakan sistem Pengurusan Perhubungan Pelanggan (CRM), yang mana telah diaplikasi dalam kebanyakan organisasi terkemuka. Tujuan utama kajian ini adalah untuk memberikan kefahaman yang lebih mendalam mengenai penggunaan sistem CRM berasaskan model IDIC untuk kegunaan Unit Perhubungan Alumni bagi mengukuhkan hubungan pihak alumni dan UTM. Tesis ini dijalankan menggunakan dua pendekatan; yang pertama adalah berdasarkan kaedah kualitatif bersandarkan data-data analisis yang dikumpulkan daripada temubual berstruktur dengan menggunakan Unit Perhubungan Alumni sebagai kajian kes. Pendekatan yang kedua pula ialah dengan kaedah kuantitatif berasaskan data-data analisis yang diperolehi daripada soal selidik yang diedarkan kepada pelanggan (pelajar siswazah). Kedua-dua pendekatan ini telah berjaya menghasilkan model CRM yang baru.. Fungsi model tersebut adalah untuk membantu organisasi merealisasikan hubungan yang lebih baik di antara pelanggan dan produk serta perkhidmatan yang ditawarkan mengikut nilai dan keperluan mereka.

TABLE OF CONTENTS

CHAPTER	TITLE	PAGE
	DECLARATION	Ii
	DEDICATION	Iii
	ACKNOWLEDGMENT	Iv
	ABSTRACT	V
	ABSTRAK	Vi
	TABLE OF CONTENTS	Vii
	LIST OF TABLES	Xii
	LIST OF FIGURES	Xiv
	LIST OF ABBREVIATION	Xv
	LIST OF APPENDICES	Xvi
1	**INTRODUCTION**	
	1.1 Introduction	1
	1.2 Background of Problem	3
	1.3 Problem Statement	5
	1.4 Research Objectives	6
	1.5 Scope	6
	1.6 Significant of the project	7
	1.7 Conclusion	7
2	**LITERATURE REVIEW**	
	2.1 Introduction	8
	2.2 Customer	9
	2.2.1 Definition of Customer	10

2.2.2 Customer Satisfaction 10
2.3 Customer Relationship Management 11
2.3.1 CRM Definition 11
2.3.2 CRM Components 13
2.3.2.1 People 14
2.3.2.2 Process 14
2.3.2.3 Technology 15
2.3.3 CRM Value Cycle 15
2.4 Three CRM Process Models reviews 16
2.4.1 CRM Adoption Model 17
2.4.2 CRM Process Model 22
2.4.3 IDIC Process Model 23
2.4.3.1 Identify 24
2.4.3.2 Differentiate 25
2.4.3.3 Customize 25
2.4.3.4 Interact 26
2.4.3.5 Summary for IDIC Process Model 27
2.4.4 Justification for the Selection Model (IDIC Model) 29
2.4.4.1 The First Phase Justification (Identification) 29
2.4.4.2 The Second Phase Justification (Differentiation) 29
2.4.4.3 The Third Phase Justification (Customization) 30
2.4.4.4 The Fourth Phase Justification (Interaction) 30
2.4.4.5 Summary for IDIC Model Selection 31
2.5 CRM Technology 31
2.5.1 Web Portal 33
2.5.2 The Role of Internet in Web Portal Application 33
2.5.3 Medium of Communication 34
2.6 Summary 35

3 METHODOLOGY

3.1 Introduction 36
3.2 Case Study Approach 36
    3.2.1 Exploratory Case Study 37
    3.2.2 Explanatory Case Study 37
    3.2.3 Descriptive Case Study 38
    3.2.4 Summary of the Case Study Research 38
3.3 Research Methodology 39
    3.3.1 Research Flow Chart 39
        3.3.1.1 Operational Framework 40
    3.3.2 Conceptual Framework 43
3.4 Research Approach 44
    3.4.1 Quantitative and Qualitative Research 44
3.5 Data Collection 46
    3.5.1 Secondary Data 47
    3.5.2 Primary Data 47
        3.5.2.1 Interview 48
        3.5.2.2 Questionnaire 50
            3.5.2.2.1 Justification of the Questionnaire 51
3.6 Research Quality 52
    3.6.1 Validity 52
    3.6.2 Reliability 53
3.7 Conclusion 55

4 FINDING

4.1 Introduction 56
4.2 Demographic of Respondents in this Thesis 57
    4.2.1 Questionnaire Group 57
    4.2.2 Interview Group 58
4.3 Interview Finding 58
    4.3.1 Alumni Liaison Unit Organizational Background 60
    4.3.2 Alumni Liaison Unit Mission and Vision 62
    4.3.3 Alumni Liaison Unit Services 62

4.3.4 Membership Process of UTM Alumni 63

4.3.5 The Benefit for the UTM organization and Alumni 63

4.3.6 Alumni Medium of Communication 64

4.3.7 Summary for the Interview Finding 66

4.4 The Questionnaire Finding 67

4.4.1 Information in UTM Alumni Liaison Unit Website 69

4.4.2 Alumni Liaison Unit Medium of Communication 69

4.4.3 Suggestion for ALU Medium of Communication 70

4.4.4 ALU Interaction with its Members 71

4.4.5 Need for Identification 72

4.4.6 Need for Alumni differentiation 73

4.4.7 Need for Customization towards Service Based on Alumni’s Value 74

4.4.8 Need for Customization towards Service Based on Alumni’s Requirement 75

4.4.9 Need for Interaction based on Alumni’s Value 76

4.4.10 Need for Interaction based on Alumni’s Requirement 77

4.5 Summary of the Questionnaire Finding 78

4.6 Chapter Summary 79

5 DESIGN

5.1 Introduction 80

5.2 Compare IDIC Model and New CRM Strategy Model 81

5.3 Model Design 81

5.3.1 Phase 1- Identify 84

5.3.2 Phase 2- Differentiate 84

5.3.3 Phase 3- Customize 85

5.3.4 Phase 4- Interact 85

5.3.5 Summary of the Phases with Benefit 86

5.4 Chapter Summary 87

6 CONCLUSION
6.1 Introduction 88
6.2 Research Achievements 88
6.3 Constraints and Challenges 89
6.4 Future study 90
6.5 Recommendation 91
6.6 Chapter Summary 91

REFERENCES 92
APPENDIX 95

LIST OF TABLES

TABLE NO.	TITLE	PAGE
2.1	Comparison between the CRM Process Models	17
2.2	Feature of Elements in IDIC Model	28
3.1	Description of Operational Framework	41
3.2	Comparison of Research	45
3.3	Mapping Interview Question with the IDIC CRM Model	49
3.4	Reliability Statistics	53
3.5	Item Statistics	54
3.6	Inter-Item Correlation Matrix	54
4.1	Questionnaire Group	57
4.2	Interview Group	58
4.3	Mapping Interview Question with the IDIC CRM model	59
4.4	UTM Alumni Type	67
4.5	UTM Current Relationship with alumni	68
4.6	Kind of UTM Alumni	68
4.7	Perception on Alumni Liaison Unit Information	69
4.8	Alumni Liaison Unit Medium of Communication	70
4.9	Suggestion for ALU Medium of Communication	71
4.10	Alumni Liaison Unit Interaction with its Members	72
4.11	Need for Identification	73
4.12	Need for Alumni differentiation	74

4.13 Need for Customization towards Service 75
4.14 Need for Customization towards Service 76
4.15 Need for Interaction 77
4.16 Need for Interaction 78
5.1 Summary of the Phases with Benefit 87

LIST OF FIGURE

FIGURE NO.	TITLE	PAGE
2.1	Framework of Literature Review	9
2.2	CRM components (source: Goldenberg, 2003)	13
2.3	Pyramid Framework of a CRM Value Cycle	16
2.4	A Model for CRM Adoption (Source: Reinarts, 2003)	18
2.5	CRM Process Model (Source: Kincaid, 2008)	22
2.6	IDIC Model (source: Siddiqi, 2002)	24
3.1	Research Flow Chart	40
3.2	IDIC Model (source: Siddiqi, 2002)	43
4.1	Alumni Organizational Chart	61
5.1	New CRM Strategy Model	83

LIST OF ABRREVIATION

ALU	Alumni Liaison Unit
AOL	American Online
CRM	Customer Relationship Management
ICT	Information Communication Technology
IDIC	Identification Differentiation Customization
IRC	Internet Relay Chat
IT	Information Technology
ROI	Return on Investment
SPS	School of Graduate Studies
SPSS	Statistical Package for the Social Sciences
UPA	Unit Perhubungan Alumni
UTM	University Technology Malaysia

LIST OF APPENDIX

APPENDIX	TITLE	PAGE
A	Interview Question	95
B	Questionnaire Question	96

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter will present readers with the background of an educational institution and UTM Alumni Liaison Unit as well as the problem to be studied. Besides that, research questions and the purpose of this research as well as delimitation and definition of key terms will be presented respectively.

Customer Relationship Management (CRM) is becoming an imperative strategyfor virtually every sector of a business organization.. Organizations are moving closer to their customers, putting in more effort in seeking new ways to create value for their customers, and transforming customer relationship into one of solution finding and partnering instead of one of selling and order taking (El Sawy and Bowles, 1997).

Educational institutions also realized the importance of their operations and interactions with their customers who include students, alumni, donors, faculty members, and staff members (Richard, 2002). Higher education customers are requesting more attention from the service provided by the Information Communication Technology (ICT). ICT in this field can play an important role especially for customer satisfaction in higher education institutions. Because of this need, many institutions are taking this opportunity to use technology in achieving their objectives. One of the most popular strategies that has been accepted and confirmed by researchers and many organizations is, Customer Relationship Management (CRM). CRM helps in automating and improving process, and contributing towards the management of customer relationships in the area of recruitment, marketing, communication management, services and support.

To ensure that the proposed model developed meets the objective of development, the developed system used the concept of Customer Relationship Management (CRM) strategy based on CRM model which has been recognized for its effectiveness in higher education. However, CRM was initially applied in the world of information technology (Randy Harris, 2003). In a university such as University Technology Malaysia (UTM), satisfying its alumni is essential and one of the university targets is to continue the communication with them but without a suitable CRM strategy, it may not be possible. The approach to CRM concepts will be discussed further in the literature review.

The emphasis of this research is on the proposed model of the strategy of Customer Relationship Management (CRM) in the higher education field. The model will act as an agent of the supplier, storage, transmission and contain a variety of current information on its database systems to support potential more effective customer service delivery. The model will also improve the communication and interaction system in the process of establishing a friendly relationship, and address the concerns with regards to the knowledge about rights and responsibilities between the customer and university.

This study will take create a new CRM strategy model based on CRM concept as a problem solver to enable the Alumni Liaison Unit to understand and satisfy its alumni community's service needs. Basically, the study would aid UTM to improve its relationship with its alumni as well as achieve its objectives.

1.2 Background of Problem

Information and communication technology (ICT) is "a diverse set of technological tools and resources used to communicate, and create, disseminate, store, and manage information" (Blurton, 2002). ICT includes computers, the internet, broadcasting technology and telephones. Recently, there is an interest towards the use of computers and internet which have had a positive effect on improving the efficiency and effectiveness of education at all levels. It has become necessary that organizations in higher education must focus on the development of such technology and use them to address their customer's needs by providing the best services possible.

The Alumni Liaison Unit has an official and long history of service with University Technology Malaysia (UTM). It was set up on April 1, 1996 with the aim of establishing relationships between UTM and its alumni members. The objectives of the Alumni Liaison Unit are to sustain in a good relationship between UTM and alumni, and foster a sense of belonging among UTM Alumni. Following that, the is the center in UTM for sustaining communication with its alumni and this could be possible only by providing a good information and service according to their needs of the alumni.

Basically, the Alumni Liaison Unit is a critical constituent of UTM because it has an imperative role in sustaining the alumni which is one of the most valuable assets of the university. The members of the alumni are varied and are they could be from different countries, fields, ages, work positions, faculties, departments, etc. Because of the variations within the huge community in the alumni, of the strategies of the Alumni Liaison Unit is to find a way to recognize each of the individual and provide satisfactory services. Based on initial interview conducted with Mr Ishak bin Ahmad. Yusof who is the Alumni Liaison Unit registrar assistant, it was found that that the Alumni Liaison Unit lacked the capability for developing its alumni segmentation or market segmentation to develop its interaction that focuses on a particular market segment or alumni segment.

According to Payne (2005) “market segmentation or (customer segmentation) is a key aspect in CRM and it involves dividing a potential market up into a series of sub markets based on customer characteristic”. This is supported by Johnson (2009) who provided the definition in which market segment is “a group of customers who have similar needs that are different from customer’s needs in other parts of the market and consequently it helps organization to identify their strategic customers who have the most influence on the organization’s revenue” (P.46).

On the other hand, based on initial observations the Alumni Liaison Unit as the UTM center of for organizing the alumni was weak by not understanding the alumni, managing the alumni’s information and providing the services needed. As a result, a member of the alumni has no idea about the privileges that are offered by the Alumni Liaison Unit as many do not know of the benefits and potential opportunities of being a UTM Alumni member. Thus, there is a need for the Alumni liaison Unit to portray a good image of its organization towards its members and also potential members by having Customer Relationship Management (CRM).

According to Kotler (1995) “developing a lot of happy, satisfied customers-whether they are students, alumni, professors, or industry employers should be a primary goal of causing quality in higher education” would be the key to the success of a unit. In addition according to the general definition of Customer Relationship Management (CRM) by Deck (2003), “CRM is an approach to customer service (customer service approach) that focuses on customer’s needs and behavior in order to establish a close and permanent relationship between the customer and the organization”.

Therefore, each type of needed service and information delivered must lead to customer satisfaction and even higher than the expected level of satisfaction. Thus, the spread of new pace in Information and Communication Technologies (ICT) effectively emerged to organize such relationships between university and its students by powering them to systematically identify, collect, analyze, and satisfy their needs and preferences.

1.3 Problem Statement

By looking back at the background of problem, the researcher believes that university is forced to stay relevant in this competitive era by having a customer-orientated strategy that concentrates on building effective and enduring relationships with the local and international UTM Alumni. Not surprisingly, Information and Communication Technology (ICT) has a vital responsibility here. For this reason, studying the field of information technology and management as well as the novelty of this area inspired the researcher to dissect this problem and look at it from the ICT position within the framework of business. Thus, the main problem identified was "How Customer Relationship Management Model can be cultivated in assisting Alumni Liaison Unit for improving relationship with UTM Alumni?’’

The main problem was analyzed from the following aspects:

i. What is the alumni’s segmentation need from the Alumni Liaison Unit in UTM?

ii. What are the elements of satisfaction for UTM Alumni?

iii. How can CRM Model improve the relationship between Alumni Liaison Unit and UTM Alumni?

1.4 Research Objective

The research objectives based on the UTM Alumni Liaison Unit are as follows:

i. To identify the alumni's segmentation for improving alumni's needs.
ii. To identify the elements of UTM Alumni satisfaction related to CRM.
iii. To develop a CRM model for improving the relationship between the Alumni Liaison Unit and Alumni of UTM.

Therefore, by considering the aforementioned discussions, the researcher explored the coherent elements and transferred them into an integrated model and finally described them according to their essence needed to form the proposed CRM model.

1.5 Scope

This study was conducted in UTM Alumni Liaison Unit and considered the following aspects:

i. This research was restricted to Alumni Liaison Unit as its design for UTM Alumni.
ii. The respondents are the local and international UTM Alumni members who have Bachelors, Masters and Ph.D degrees.

1.6 Significance of the Project

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i. This research will enhance the understanding on the abilities to establish, manage and retain effective relationship between UTM and its alumni by satisfying their requirements, preferences and values as well as by solving problems and addressing complaints.
ii. The research will also increase the awareness of UTM Alumni Liaison Unit about its students who are part of the UTM environment and those who are directly or indirectly interacting with the unit.
iii. The research will provide a model for effective services to be provided by the alumni based on their values and requirements which were gained through the segmentation process after students' graduation as they become alumni groups. As a result, the university will be able to satisfy the needs of the alumni and finally renders its services to be increasingly engaged in sponsoring and fundraising activities among its alumni members as well as obtain other beneficial contributions.

1.7 Conclusion

This chapter is an overview of the research comprised of introduction of the project, background of problem, problem statement (analyzing of the problems), objective, scope and finally, the importance of the project. The research would provide a better understanding of CRM strategies as a whole to achieve the research objectives. The next chapter will review and discuss the various aspects of CRM strategies based on previous researchers' work, as well as different types of CRM models.

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