A STUDY OF HOW A CUSTOMER RELATIONSHIP MANAGEMENT PROGRAMME CAN ASSIST SAB MILLER IMPROVE CUSTOMER SERVICE TO OFF-TRADE RETAILERS IN THE NELSON MANDELA METROPOLE

BY

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Submitted in partial fulfilment of the requirements for the degree of Magister in Business Administration at the Port Elizabeth Technikon.

Promoter: Margaret Cullen

Date of submission: November 2004
DECLARATION

I, Ricardo Dias, hereby declare that:

- The work in this paper is my own original work;
- All sources used or referred to have been documented and referenced; and
- This research paper has not been previously submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised educational institution.

_______________________
Ricardo Dias
Port Elizabeth
November 2004
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SUMMARY

A customer relationship management programme is a management tool that enables organisations to identify, satisfy and retain customers profitably by leveraging information technology. In addition to this the programme also links all the functional business units of the organisation together to operate as a single cohesive unit.

This paper investigates whether or not SAB Miller should utilise a customer relationship management programme to provide off-trade retailers with world-class customer service. An important reason for this investigation is that the local beer market has experienced declining growth over the past few years. Furthermore SAB Miller which has had a monopoly in the South African beer market now faces increased competition in the premium segment of the beer market, which is experiencing growth and has good margins.

In order to determine whether or not SAB Miller should institute a customer relationship management programme, a theoretical and empirical investigation was undertaken. The theoretical investigation provided a background to what components make up a customer relationship management programme and how these components are used to develop a customer relationship management strategic framework. Due to customer relationship management programmes not operating in isolation, the various key functions that support a customer relationship management programme were also introduced. Both the advantages and disadvantages of using such a programme were also introduced. The information technology aspects of the customer relationship management programme were also investigated.

In terms of the empirical study it was determined that SAB Miller is not currently using a customer relationship management programme. The company, however, does make use of a tailored service package to segment their customers, to determine call frequencies by representatives, the financial needs of customers and what level of service to provide to customers. However, after conducting personal interviews with a sample of off-trade retailers in the Nelson Mandela Metropolitan Municipality, it was determined that SAB Miller and
Namibian Breweries Ltd (Brandhouse) provided very similar levels of service in terms of key functions supported by a customer relationship management programme. Therefore, by introducing a customer relationship management programme, SAB Miller could enhance their service levels and profitability to off-trade retailers in the Nelson Mandela Metropolitan Municipality.
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1.1 INTRODUCTION

Customer relationship management (CRM) is a business tool that enables organisations to provide their customers with superior customer service by leveraging information technology. Customer relationship management is a valid business concept with benefits for both the company and its customers. However, it has been hyped and oversold to the point where many tend to see the tools and technology as ends in themselves and underestimate the complexity of process and organisational change (Gentle, 2002:34).

According to Gentle (2002:8) four out of five customer relationship management projects either fail outright or do not deliver significant business benefit.

The question why customer relationship management has failed so alarmingly to date needs to be asked. Gentle (2002) identified some of the following common problems:

- **Lack of clear business case and objectives:** The major problem here is that there is no recognised and identifiable business problem to solve, as well any measurable benefits to justify the investment.
- **Lack of active sponsorship:** This is needed to ensure the project has momentum. It is not enough to have an executive’s name associated with a project; there also needs to be a full-time director or manager reporting to the sponsor to actually run it. This is rarely the case and usually the executive sponsor’s distance from the day-to-day running of the project results in its demise.
- **An information technology-led project:** When the main driver of the project is information technology, the project assumes a technology focus rather than a business focus. This results in the project being presented as an information technology project rather than a business benefits project.
- **Thinking of customer relationship management as a system:** This results in companies having the impression that customer relationship management
is about installing systems and technology. An important factor for businesses to remember is that there is no such thing as a pure customer relationship management system.

- **Lack of organisational readiness for customer relationship management:** Prerequisites in terms of organisational and process maturity must be in place for customer relationship management to work. The organisation needs to be ready to implement the programme. If the organisation implements customer relationship management and it is not ready, the original customer relationship management objectives are rapidly shown to be unattainable.

- **An unrealistically wide project scope:** Customer relationship management programmes span the entire enterprise and companies therefore want to deliver results across multiple functions from day one. This represents a Herculean challenge in terms of people, processes and systems, which is more realistically managed via a phased, modular approach. This means that milestones must be realistically planned for, and provisions made for uncertainties.

- **Insufficient change management resources:** This implies that the business is unable to nurture the solution once it is in place. This is expressed in terms of an inability to define training from a business perspective, to drive process change, and to ensure data quality.

- **No buy-in from end-users:** Executives and management incorrectly assume that end-users will be motivated to adopt the customer relationship management programme. These end-users will only adopt the customer relationship management programme if it delivers tangible benefits that make their current jobs easier.

- **Information technology resisting organisational change:** Information technology has been traditionally structured by vertical function, for example, a silo for sales, another for order entry, etcetera - each responsible for a vertical system. Customer relationship management, however, is a customer-facing function and requires an information technology organisation with a horizontal component, which cuts across traditional boundaries and fiefdoms.
Businesses today need to consider these shortcomings when developing their customer relationship management programmes. By taking these points into consideration, organisations can develop world-class customer relationship management programmes and not become one of the companies whose customer relationship management programme fails.

1.2 THE MAIN PROBLEM

The following has been identified as the main problem of this study:

Does South African Breweries Miller (SAB Miller) need to utilise a customer relationship management programme to provide world-class customer service to off-trade retailers in the beer market in the Port Elizabeth region?

1.3 SUB-PROBLEMS

In order to address the main research problem, the following sub-problems were identified:

1 What does a customer relationship management programme involve?
2 What technologies can be utilised by the company to institute a customer relationship programme?
3 What type of programme or system is the company currently implementing?
4 What type of customer relationship programme should SAB Miller adopt?

1.4 DELIMITATION OF THE RESEARCH

The purpose of demarcating the research is to make the research topic more manageable from a research point of view. When the research is demarcated to a specific area and topic, it does not mean that research on the same topic and area is not needed in other areas of the country.
1.4.1 Off-trade retailers

The focus of this research will be on off-trade retailers. These off-trade retailers are commonly referred to as bottle stores. The study will ignore all other forms of retailing such as restaurants, pubs, clubs, hotels and taverns.

The following off-trade retailers have been identified to be included in the study:

- Preston’s Group;
- Solly Kramers;
- Makro;
- Ultra;
- Western Province Cellars;
- Picardi;
- Independent Liquor Stores; and
- Tops.

1.4.2 Beer market

This study will focus exclusively on the beer segment of the alcohol market. Therefore SAB Miller brands that fall into the ready to drink (RTD) segment, such as Brutal Fruit, will be excluded from the study. This study will also exclude other alcohol products such as wines, spirits, ciders, and RTD alcohols such as Smirnoff Spin and Klippies and Cola.

1.4.3 Nelson Mandela Metropolitan Municipality

The study will focus only on those off-trade retailers that are located in the Nelson Mandela Metropolitan Municipal area.

1.5 DEFINITION OF KEY CONCEPTS

The following concepts will be defined to ensure that the topic is clearly understood by readers of this study:
• Customer relationship management;
• World-class service;
• Off-trade retailers;
• Beer market; and
• The value of relationships.

1.5.1 Customer relationship management

According to Molenaar (2002:115), customer relationship management is a collection of individual functions and facilities used in combination to enable a more direct approach to the customer and to improve the management of customer relations. The objective of customer relationship management is to know customers well enough to accommodate their wishes, to proactively approach them on the basis of their anticipated needs and to provide them with active support during the buying process.

Furthermore, Strauss, El-Ansary and Frost (2003:31) state that customer relationship management involves retraining and growing business and individual customers through strategies that ensure their satisfaction with the firm and its products. Customer relationship management seeks to keep customers for the long term and to increase the number and frequency of their transactions with the firm.

1.5.2 World-class customer service

Customer service means all features, acts, and information that augment the customer’s ability to realise the potential value of a core product or service (Davidow & Uttal, 1990:22). When one adds world-class to this definition, it means to do the abovementioned better than anyone else or as well as the best companies in the world.
1.5.3 Off-trade retailers

According to Newman and Cullen (2002:12), retailing is the set of activities that markets products or services to final consumers for their own personal or household use. It does this by organising their availability on a relatively large scale and supplying them to consumers on a relatively small scale.

Furthermore, Levy and Weitz (1992:G13) state that a retail market is a group of consumers with similar needs (a segment) and a group of retailers using similar retail mixes (types of merchandise, price, promotions, and services) to satisfy those consumer needs.

In terms of SAB Miller, off-trade refers to all licensed retailers that sell their products to consumers who consume alcohol off premises. Other licensed establishments, which include pubs, clubs, restaurants and shebeens, are referred to as on-trade retailers.

1.5.4 Beer market

Economists describe a market as a collection of buyers and sellers who transact over a particular product or product class. According to Kotler (2000:8-9), businesspeople often use the term markets to cover various groupings of customers. They talk about need markets (for example the diet-seeking market); product markets (for example the shoe market); demographic markets (for example the youth market); and geographic markets (for example the French market). Or they extend the concept to cover other markets, such as voter markets, labour markets and donor markets.

In terms of this study, the market refers to the beer market. This deals with retailers who purchase beer for off-trade resale.

1.5.5 The value of relationships

The development of a customer relationship management programme requires an investment by the firm and as such should deliver a measurable return to the
firm. Therefore, organisations need to consider the lifetime value that the customer will provide to the firm.

According to Varey (2002:114), based on lifetime value (i.e. the profitability of the trading relationship in the long term), customers should be rewarded, disciplined, or sacked. The task is to prioritise the value provided in line with the value received.

Similarly, Frazer-Robinson (2000:58) confirms that “thinking about the value of the customer to one’s business for the long term enables one to reconsider attitudes, tactics, marketing, thinking, service – in fact everything!”

1.6 ASSUMPTIONS

It is assumed that customer relationship management has certain universal competencies, which will promote improved customer understanding as well as methods for organisations to improve customer relationships. Furthermore, it is also assumed that customer relationship management is independent of the type of organisation and operates in the same way irrespective of the type of organisation.

1.7 THE SIGNIFICANCE OF THE RESEARCH

According to Varey (2002:159), the combination of information systems and communication systems offers an infrastructure for operating a customer relationship management strategy that integrates otherwise discrete production and support functions in the service of the customer.

This statement sums up the importance of customer relationship management. It states that customer relationship management strategy links the entire organisation to provide superior customer service. This has become vital in the competitive marketplace in which many businesses currently operate.

“Listening to customers and seeing their perspectives, providing reliable, excellent service, having the information technology installed to make sure that
the service strategy happens, being able to recover on the fly when you do make a mistake, delivering service above and beyond the expected, developing a spirit of teamwork, listening to employee perspectives and having management that leads by example are all keys to success” (Anton, 1996:9).

Customer relationship management should play a role in SAB Miller’s business strategy. The company holds a monopoly over the local beer market. However, this situation is slowly changing. Organisations such as Namibian Breweries have entered the South African market.

In addition to smaller companies encroaching on SAB Miller’s market, larger global competitors are also entering the market. According to an article in The Herald entitled “Budding beer war hits SA” (2003:15), the world’s biggest brewer has taken the global beer war into the backyard of its main rival, SAB Miller. United States giant Anheuser-Busch is now selling its best-known brand, Budweiser, in major centres in South Africa, including Port Elizabeth.

SAB Miller is facing increased competition in the South African marketplace. The current competitive nature of the local beer market increases the significance of this research. To counter such attacks on its local market, an effective customer relationship management programme should assist in delivering world-class customer service to ensure that SAB Miller maintains a dominant position in the local beer market.

1.8 AN OVERVIEW OF RELATED LITERATURE

The following section gives an overview of literature that is related to the study. This section gives abstracts from four different authors on customer relationship management.

1.8.1 Gentle’s (2002) view on customer relationship management

According to Gentle (2002:40), customer relationship management can be defined as “effective processes that favour customer retention and increase profitability.” Gentle goes on to state that through the use of an effective CRM
programme the company can generate cost savings in terms of more effective and more efficient processes.

Systems are critical for customer relationship management to work. For customer relationship management to function, the best solution would be to have a single system that spans all functions across the customer lifecycle.

Critical success factors are also described that are needed for effective customer relationship management. This is described in terms of organisational readiness. Organisational readiness is the ability of the organisation to absorb customer relationship management into its operations based on levels of maturity in terms of customers, processes and systems. The higher the maturity levels of the organisation, the lower the barriers for implementing a customer relationship management programme. Finally, a risk analysis is provided to assess the risks in terms of a risk analysis questionnaire.

1.8.2 Anton’s (1996) perspective on customer relationship management

In order to become customer-focused, companies must set in place a measurement system that includes the voice of the customer (Anton, 1996:13). This is extremely difficult because it is made up of what has become known as “soft” numbers, which are also sometimes called soft metrics.

Anton (1996) covers some of the following concepts:

- Companies need to combine financial metrics with customer metrics for more effective long-range decision-making;
- The best customer relationship management measurements are a combination of qualitative and quantitative inputs;
- The best measurement tools for corporate management are those that produce financial indices, customer satisfaction indices, and market share percentages (Anton, 1996:69); and
- Corporate culture needs to change and adapt to the changing needs of managing customer relationships. This needs to start at executive level.
Literature is also provided to assist management in measuring the results of customer satisfaction. This is important because of the “soft” nature of the data that is received from customer satisfaction measurements.

**1.8.3 Varey’s (2002) view on customer relationship management**

Varey concentrates on explaining the role that technology and e-commerce play in customer relationship management. According to Varey (2002:143), a fully integrated eCRM system integrates internal and external communication channels, sales management, marketing management and the rest of the corporate management system.

Application technology plays an important role. Varey (2002:145) covers important aspects such as web-based customer interaction, web-enabled call centres, virtual customer service representatives, and self-service technologies. By using these technologies, organisations can build winning customer relationship management programmes.

A customer relationship management system should be capable of doing the following:

- Enabling responsive and responsible interaction;
- Allowing customers to manage their trading relationship;
- Instilling confidence in users, by demonstrating response and ease of use;
- Mapping integrally the way the business needs to operate, so that the processes are relevant and understandable for staff and customers; and
- Encouraging return of customers and continuing interaction.

**1.8.4 Peppers and Rogers’ (2002) view on customer relationship management**

According to Peppers and Rogers (2002:115), customer relationship management is a collection of individual functions and facilities used simultaneously to enable a more direct approach to the consumer and to improve the management of customer relationships.
Peppers and Rogers (2002:116) state that customer relationship management involves three operating systems, namely information and communication technology, marketing, and the organisation. These three systems are then broken down into their component parts and discussed in greater detail. It is important for these systems to be analysed to determine how they can be integrated to provide superior customer service.

Furthermore, Peppers and Rogers (2002:131) indicate that the customer occupies the central position of any customer relationship management programme that is developed. The customer is then linked directly to the organisation’s interaction with the customer. The core functions that the organisation must provide are as follows:

- Sales;
- Marketing and fulfilment;
- Customer service and support;
- Retention and loyalty programmes; and
- Storefront and field service.

1.9 PRIOR RESEARCH

A search of the National Inquiry Service Centre CD Rom was conducted to determine what previous research had been conducted on customer relationship management. It was discovered that research has been conducted on customer relationship management in South Africa. However, no research was found to have been conducted into the establishment of a customer relationship management programme at SAB Miller.

There are two studies that have been conducted that should assist in the writing of this study. The first study, conducted by Sporke in 2000, was the development of a model of customer relationship management. The second study was conducted by Murray in 2000 and dealt with critical success factors in the implementation of customer relationship management.
1.10 RESEARCH DESIGN

This section will deal with the methodology that will be followed in this study.

1.10.1 Research methodology

The following procedures will be adopted to solve the main problem and the sub-problems:

1.10.2 Literature survey

Literature from the Technikon, The University of Port Elizabeth library, as well as other tertiary institution’s libraries in South Africa were consulted to determine the critical components needed for a customer relationship management programme. A search of the Internet was also conducted to find relevant information.

1.10.3 Empirical study

The empirical study will consist of the following:

- Personal interviews will be conducted in the demarcated area to determine whether or not SAB Miller needs to implement a customer relationship management programme;
- The measuring instrument that will be used in this study will be a questionnaire that will be developed based on information from the literature review. The questionnaire will attempt to determine whether or not SAB Miller needs to implement a customer relationship management programme or if they should stay with their current customer service model;
- The population will consist of off-trade liquor retailers in the Nelson Mandela Metropolitan Municipal area. These retailers have been identified in section 1.4. The total sample will be 40 stores if all the retailers agree to cooperate in the study.
1.11 CONCLUSION

Chapter one introduces the topic of customer relationship management to the reader. This was done by defining the key problem that was to be investigated, as well as the sub-problems that contributed to the main problem. Key terms were defined and the scope of the research to be conducted was delimited. A brief synopsis of the views of various authors on the topic of customer relationship management was also introduced. Following on from this Chapter two will give a history of the beer market in South Africa and the Eastern Cape. Chapter three will cover the theoretical aspects of customer relationship management. Chapter four will give the reader information on the theoretical aspects of doing empirical research. Chapter five will present the findings of the research that was conducted on the main problem as well as the various sub-problems. Lastly, Chapter six will provide a summary, recommendations and conclusion. It should be noted that all of the following chapters will attempt to answer the main problem and the four sub-problems that were introduced in Chapter one.
CHAPTER 2
THE BEER MARKET IN SOUTH AFRICA AND THE EASTERN CAPE

2.1 INTRODUCTION

Chapter two provides an overview of the beer market in South Africa and the Eastern Cape region. This chapter will be divided into three sections. The first section will provide an analysis of the beer market in South Africa. The following section will provide the history of SAB Miller in South Africa from its inception until the present day. The final section will provide a history of SAB Miller in the Eastern Cape.

2.2 ANALYSIS OF THE BEER MARKET IN SOUTH AFRICA

This section will provide an analysis of the beer market in South Africa. Details of the size of the market, market conditions as well as the major players in the South African beer market will be provided.

According to Alcoholic Beverage Review 2003 (2003:5), the alcoholic beverage industry in South Africa is in a healthy state at the manufacturing and distribution level. However, the retail level faces many obstacles. The main obstacle faced at retail level is from illegal traders who compete unfairly against licensed liquor stores and on-consumption outlets.

A few large companies dominate the local liquor market. Furthermore over 80 percent of all liquor volumes sold in South Africa is beer, and the beer industry is dominated by SAB Miller (Trade Partners 2004).

The following segments make up the liquor industry in South Africa: alcoholic fruit beverages, beer, sorghum beer, natural wine, brandy, other spirits, whisky, fortified wine and sparkling wine. For the purpose of this study only the beer industry will be evaluated.

The beer market in South Africa has undergone changes over the last decade. In a personal interview conducted with Sharon Viljoen, Market Analyst at SAB
Miller, (personal communication, 7 January 2004) the following information about this was obtained. In previous years the market was served on a geographic basis. This meant that representatives called upon all outlets for example on a specific street or in a demarcated area. Today the market has become more sophisticated and is serviced according to both the customer segment as well as the brand segment being targeted. The market has been divided into 13 segments. The market has also seen increased competition from other manufacturers, especially Namibian Breweries. Competition has also come from other segments such as flavoured alcoholic beverages and premium segment brands.

SAB Miller dominates the total liquor market with volumes of 80 percent and a value of 52.5 percent. Its main rival in the beer market, Namibian Breweries, has volumes of 2.1 percent and a value of 1.9 of the liquor market (Alcoholic Beverage Review 2003, 2003:22).

According to Alcoholic Beverage Review 2003 (2003:74), sales in the R10 billion a year beer market are making a recovery. The market recovered one percent in the first six months of 2003, after being in decline for a number of years. The factors that have contributed to static and declining sales of beer can be attributed to cell phones, the lottery and casinos as they have reduced consumers’ discretionary recreational spending. Consumers have now stabilised their spending on these items. The average consumption per capita of beer now stands at 65 litres of beer a year. It should also be noted that there has been a shift or change in the preferences of liquor consumers in South Africa. An important shift has been the move by beer consumers away from the traditional brands to the premium brands, which carry higher margins for the brewers. There has also been a change in tastes, as the traditional younger beer drinkers have changed to the alcoholic fruit beverages and ready to drink mixes. This has had an impact on alcohol consumption patterns.

Viljoen (2004) also feels that interest rates play a major role in the beer market. In 2003 the beer market experienced growth due to the lowering of interest rates. In terms of the traditional White market, major expenditures are the consumer’s bond repayments, food and entertainment. When the interest rate
decreases these consumers have more money to spend and beer consumption increases. In terms of the traditional African consumers their major expenditures are food and entertainment. Therefore, as interest rates decline and the price of food declines as well, these consumers have additional money to spend on beer.

There has been a shift in the South African beer market with Carling Black Label taking over from Castle Lager as having the greatest share of “throat”, which refers to consumption. Beer sales volume has grown from 79 to 81 percent of all alcohol products sold over the last year, according to AC Nielsen. It should be noted that beer sales are also facing increased competition from flavoured alcoholic beverages. The beer market, however, remains extremely strong and now provides more revenue to the fiscus than the mining industry. The top eight beer brands sold in South Africa are: Carling Black Label, Castle, Hansa, Amstel, Castle Lite, Castle Milk Stout, Windhoek Lager and Heineken (Alcoholic Beverage Review 2003, 2003:74). These eight brands have advertising support of R169 956 000.

The premium brand segment also played a major role in the recovery of the beer market. According to the Alcoholic Beverage Review 2003 (2003:74), this niche segment is expected to continue to grow and will represent 10 percent of the beer market in the next three to four years compared to the three to four percent that it currently holds.

The major players in the beer market in South Africa, SAB Miller and Namibian Breweries Limited, are waiting to see what the changes in the liquor legislation will mean for their business. This legislation, if passed, will allow for beer to be sold in supermarkets. This will change the face of the market, as the traditional distributors, the bottle stores, will face competition from supermarkets. Beer companies in South Africa will have to develop new business models for distributing and selling beer to the supermarket trade.

Another piece of legislation that is causing controversy in the liquor industry is the three-tier distribution law. This piece of legislation states that in the liquor value chain, companies are not allowed to manufacture, distribute and retail
their product. They are only allowed to be active in one of these segments. This would be a serious blow for SAB Miller if the legislation is passed because the organisation obtains a competitive advantage in the market place through its distribution network, as well as its manufacturing process. Fortunately for the liquor industry this bill was not passed and is currently under review.

The government has also asked the provincial governments of each province to draw up their own liquor bill. This is being done so that each province can develop their own licensing laws in terms of opening and closing times of alcohol retailers, the granting of liquor licences, and the licensing of shebeens. The licensing of shebeens has become an important factor for the beer industry. This is because 90 percent of these establishments are unlicensed, often raided, their stock is confiscated and the shebeens are closed down. This results in a loss of sales to the beer industry and SAB Miller is working closely in conjunction with shebeen owners and the government to licence these establishments.

SAB Miller is the largest brewer in South Africa. It controls more than 95 percent of the local beer market (Alcoholic Beverage Review 2003, 2003:74). The company operates seven breweries in South Africa with a capacity to brew 30.8 million hectolitres. All segments of the market are serviced by SAB Miller brands. The premium segment of the market is the fastest growing segment for the company. According to the Alcoholic Beverage Review 2003 (2003:74), the company intends to capture 75 percent of the market in 2003. The key challenges facing SAB Miller remain core brand innovation and differentiation. The company has a strong stable of brands that need to maintain their credibility, relevance and differentiation.

Another critical area that affects SAB Miller is that beer needs to be relevant to the 18 plus market. This is important because this segment has moved away from beer to beverages such as spirit coolers, which are presently more fashionable than beer. This is especially important in South Africa where the majority of the population falls into this age group, and are traditionally beer drinkers. According to Viljoen (2004), it is important to target the 18 plus
market. This is because if this target market is initially a beer market it is unlikely that these consumers will change allegiance to another liquor type.

Namibian Breweries Limited (NBL) is SAB Miller’s major competitor in the South African Market. The history of Namibian Breweries can be traced back to the early 1900’s. According to Nambrew (2004), four small breweries were formed to produce beer for the German soldiers stationed in South West Africa. However these breweries ran into financial problems when the soldiers had to return to Germany because of World War I. In 1920 Carl List and Hermann Ohlthhaver bought these breweries and amalgamated them to form South West Breweries Ltd.

On 21 March 1990 South West Breweries Ltd changed its name to Namibian Breweries Ltd when South West Africa gained independence. After five years of growth the company became a public company and listed on the Namibian Stock Exchange.

The company began to expand rapidly into South Africa. According to Nambrew (2004), the company has a large fleet of trucks that transport all products to South Africa. This expansion also resulted in the opening of a new ten million Namibian dollar distribution centre in Johannesburg. However this distribution centre soon became too small and a new larger depot had to be opened in Linbro Park in Johannesburg.

The Namibian based brewery has recently sold 28.9 percent of its shares to the United Kingdom based premium beverage multinational Diageo. According to Alcoholic Beverage Review 2003 (2003:76), the company views South Africa as a strategic opportunity for leveraging future growth in the premium segment of the beer market.

Namibian Breweries competes with SAB Miller in the premium segment of the beer market. According to Heita (2003), Windhoek Lager has in excess of 30 percent of the South African premium beer market. The main challenge for the company will be to grow ahead of segment growth expectations, and ensure that its service offerings remain suitable to both the consumer and trade.
According to Alcoholic Beverage Review 2003 (2003:78), the company believes that it has positioned itself well in South Africa in terms of three major global trends which are as follows; health and wellness, lower alcohol by volume and premium products.

2.3 THE HISTORY OF SAB MILLER IN SOUTH AFRICA

This section will provide the history of SAB Miller in South Africa. This will be presented in the form of a timeline.

South African Breweries (SAB) was launched in 1895 in South Africa with share capital of £350 000 and £300 000 of debentures. The same year Castle Lager was launched from a newly commissioned lager brewery. The capacity of this first brewery was 50 000 barrels per annum.

According to SAB Miller (2003), in 1897 the company was listed on the Johannesburg Stock Exchange – the first industrial share. A year later in 1898 the company was listed on The London Stock Exchange.

Despite the Anglo-Boer war the company’s annual profits rose to £100 000. This was no small feat as the war disrupted both economic and social development in the country. In 1901 assets exceeded £1 million. A decade later SAB adopted a programme to stimulate the local barley industry. This was achieved by supplying imported seed free of charge and contracting to buy the crops at market prices (SAB Miller, 2003). In 1917 SAB purchased Union Glass to counter the shortage of bottles during World War 1. This was done to ensure that the company could continue to deliver its products to its customers.

1933 saw extensive hops fields established in George in the Southern Cape in a joint venture with competitor Ohlsson’s. After World War II the company embarked on a number of expansion plans. The first of these was in 1949 when £4,5 million was invested in breweries, small hotels and pubs. In 1950 the head office was moved from London to Johannesburg. In 1953 work began on the new Castle Brewery site in Isando in Johannesburg. SAB Miller (2003)
states that this was the largest brewhouse in Africa and one of the most modern in the world.

However, in 1955 discriminatory excise duty structures were introduced into South Africa. These duties favoured spirits and prejudiced beer, making beer the most heavily taxed beverage in South Africa. In response to this SAB purchased its main rival Ohlsson’s and Chandler Union Breweries in 1956 for £400 000. This enabled extensive rationalisation of production and distribution facilities. Capital of the new group increased to £6,25 million and catapulted SAB to a virtually unassailable position in the market.

The next step that SAB took was to extend its involvement in the liquor industry by acquiring control of Stellenbosch Farmers’ Winery. However, by 1961 after five years of growth, national volumes of beer only stood at 800 000 hectolitres.

To remedy this situation the company started focused marketing activities in 1963. The establishment of a corporate identity for the company and the establishment of a new head office on Braamfontein Ridge, on the site of Ohlsson’s 1902 Thoma Brewery, achieved this. In 1964 and 1965 SAB was granted the licence to brew Guinness, a first outside Ireland, and Amstel locally. This was followed by an agreement to brew Carling Black Label in South Africa in 1967. During 1962 the prohibition was lifted on consumption of liquor by Black South Africans. This opened a vast new market for SAB because the majority of the population could now purchase their products. An important addition to this was that it provided a more responsible liquor alternative to the “moonshine” brews that were brewed illegally in the townships during prohibition.

1970 saw SAB celebrate its 75th anniversary. According to SAB Miller (2003), the company became fully incorporated in South Africa, with 80 percent of its shareholders South African – reinforcing its South African identity. In 1972 Luyt Breweries tried to enter the South African market. This resulted in local competition for SAB, however after six years Luyt Breweries closed down. In 1974 the company tried to change the taste of its main brand, Castle Lager.
This move was not well accepted by the market, almost ending the brand’s life and saw a return to the original taste of Castle Lager.

In 1975 SAB share prices fell to record lows resulting in the total reappraisal of the SAB group’s mission and structures. This was done with the aid of strategic input from international management consultants. In 1978 the company published a code of non-discriminatory employment, a first in apartheid South Africa. 1979 saw the South African liquor industry comprehensively restructured. SAB agreed to purchase the beer interests of the Rembrandt Group, which resulted in the company controlling 99 percent of the market.

The next two decades saw SAB focus on the domestic market as the country was shut out of international business due to the government’s racial policy. However, 1990 saw a new dispensation in South Africa and a mega brewery programme was started at Alrode, Prospecton and Newlands. For the first time domestic beer volumes exceeded 20 million hectolitres per year.

During 1993 and 1994 the company expanded into Hungary, Tanzania and China. The acquisition of Hungary’s largest brewery, Dreher, was used as a beachhead to move into Central Europe. In 1995 SAB celebrated its centenary. The company now had a market capitalisation of R30 billion and a record R10 billion in added value for the South African economy. In the same year SAB expanded into Poland and this was followed by entry into the Romanian market. Following on from this expansion the company made a decision to focus on core beverage business and in 1997 started to sell off non-core operations.

In 1998 the company expanded into the Russian market, this presented opportunities in the form of a vast consumer base. However, the main challenge was that Russia is a vodka drinking country. Despite this, SAB continues to do well in this market. 1999 was a watershed year for SAB. The company moved its primary listing back to London and raised £300 million in international markets to develop and expand the company into new markets. This resulted in SAB becoming a FTSE 100 stock, and meant that the company could now also rely on international capital markets to raise capital. Finally, in 1999 the company entered the Czech Republic and acquired the Pilsner Urquell brewery.
This was a major coup on the part of the company as Pilsner Urquell is a premium brand that has international recognition.

According to CNNMoney (2000), SAB has been attempting to reduce its dependence on the South African market. The reason for this is that three quarters of its profits come from South Africa, with 15 percent from other African countries and the rest from Eastern Europe and Asia.

“By 2000 total beer sales and other beverages reached 77 million hectolitres – about 44 000 “drinks” or 300 millimetres every minute” (SAB Miller, 2003). SAB also entered the Indian market in 2000. The company’s international operations now accounted for 42 percent of group turnover. The year 2000 also saw SAB enter the Romanian market, as well as becoming the first international brewer to enter Central America, when it acquired the Honduran Brewer, Cerveceria Hondurena.

In 2002 SAB Miller Public Listed Company (plc) was formed as SAB plc purchased 100 percent of the Miller brewing company. Miller Brewing was the second largest brewery in the United States of America by volume. SAB now changed its name to SAB Miller plc and became the second largest brewer by volume in the world. The purchase of Miller was critical to the growth of SAB, as the company had no firm foothold in developed markets. 2003 resulted in expansion into Western Europe. This was done through the key Italian market.

During 2003 the total group beverage volumes were 151.4 million hectolitres and the group achieved organic growth of three percent. Locally, Beer South Africa increased volumes by point eight percent to 24.4 million hectolitres (SAB Miller, 2003).

Graham Mackay, chief executive of SAB Miller stated that the groups’ current strategy was to grow shareholder value through four key strategies. According to SAB Miller (2003), these four strategies are to drive volume and productivity, to optimise and expand existing positions through acquisitions, to seek value-adding opportunities to enhance the company’s position as a global brewer and finally, to grow SAB Miller brands in the international premium beer segment.
Currently SAB Miller has major brewing and distribution operations in over 40 countries across four continents. According to Watchfire Corporation (2002), SAB Miller has a strong portfolio of European beers, African beers, Asian beers as well as North American beer company subsidiaries.

2.4 A HISTORY OF SAB MILLER IN THE EASTERN CAPE

This section will provide a history of SAB Miller in the Eastern Cape as well as the Port Elizabeth area.

According to an internal memorandum of South African Breweries Eastern Cape Region (2003), good quality beer has been synonymous with Port Elizabeth and the Eastern Cape region since the arrival of the 1820, settlers and SAB’s old brewery in Govan Mbeki Avenue, Port Elizabeth was a city landmark for nearly a century.

Jenny Cowie, Personal Assistant to the general manager Ibhayi (personal communication 31 October 2003), provided the following information about the history of SAB in Port Elizabeth. In 1886 Messrs Morgan and White opened a brewery in Queen Street, which is now known as Govan Mbeki Avenue. In 1900 the building of a new brewery was put out to tender. The new brewery, which was known as Morgan’s brewery was commissioned in 1901. This is essentially the old brewery in Port Elizabeth. In 1906 Castle Brewery purchased Morgan’s Brewery. This brewery continued to operate until its closure in September 2000, when the Ibhayi Brewery at Perseverance replaced it.

The Ibhayi Brewery was built to meet the projected national demand for SAB Miller brands in the Eastern and Southern Cape regions. The production capacity of Ibhayi is 230 million litres of beer a year and the production line fills approximately 14 bottles a second. According to South African Breweries, the Ibhayi Brewery layout is based on a single control room concept, where all brewing, bottling and support facilities and processes are managed from one central point. The main brands that are brewed at Ibhayi are Castle Lager,
Carling Black Label, Hansa Pilsner and Castle Milk Stout. These brands are only produced in quart bottles and all cans and carry-packs are trucked into the region from other breweries. The Ibhayi brewery was built to meet the specific demands of the Eastern Cape. However because of excess demand over the Christmas period of 2003 Ibhayi supplied beer to the Western Cape and KwaZulu Natal market.

The Eastern Cape region is geographically one of the largest in the country, and stretches from the Tsitsikama National Park in the south, to the KwaZulu Natal border in the north, and inland to Aliwal North. This area has approximately 2 600 customers. SAB Miller is also actively involved in the communities in which it operates. This can be seen through its corporate social investment and business development programmes.

In a personal interview conducted with Sharon Viljoen (2004), some important information about the Eastern Cape market was discovered. This information will be used to give an overview of how SAB Miller views the Eastern Cape.

The Eastern Cape is the smallest region in the country by volume. The second smallest region by volume is the Western Cape. The largest region by volume is the Northern Province. Some of the main contributing reasons for the Eastern Cape being the smallest region by volume is that the area has a widely dispersed population. The second reason is that the population has very little discretionary purchasing power. This is because of poor economic conditions in the region and, therefore, these consumers purchase cheap alternatives to beer such as cheap bottled wine and ‘papsak’.

The Eastern Cape is a large area to cover and is divided into three districts. The first is the Kei district. This district stretches from Butterworth to the Kwazulu Natal border and is serviced by two sales teams. The second district is the East London district. This area covers East London and surrounding areas and is serviced by three sales teams. The final region is the Port Elizabeth region, which covers the Nelson Mandela Metropolitan area and surrounds, such as Uitenhage and Despatch. Three sales teams service this area.
The distribution for these areas is also handled from three distribution points. The Perseverance distribution centre distributes to the Port Elizabeth region. The distribution for the Kei district is handled from the distribution centre in Butterworth, Umtata. The distribution centre for the Border district is handled from Queenstown.

Customer segmentation is important. Customers are segmented using a Tailored Service Package (TSP). The TSP determines which customers fall into which segment. This is done by determining what type of promotions are needed at the various outlets, how long representatives should call on a customer and with what frequency. The financial needs of the customers are also determined as well as what service level they need. This means that SAB Miller must look at the minimum service level the outlet should get.

Demographics are also very important. The starting point that SAB Miller uses for determining the demographics of any region is the customers themselves. Brand teams write out brand plans for each demographic segment. This is usually done for the primary market and the secondary market, whose members make up the core market for that brand. Due to demographic differences not all brands will be stocked in all outlets. A good example of this is that Prestons in Walmer will stock more of the premium brands in carry packs and cans, while Big Daddy’s in North End will carry flagship brands such as Castle and Black Label in quart bottles.

SAB Miller believes that providing superior customer service is key to their success. This is done in the Eastern Cape by using their Tailor Service Package to determine customer needs. The company also makes use of Markinor, which conducts a customer service monitor with all of SAB Miller’s customers. This is used to determine if customers are happy with the service that they receive from both the sales and distribution teams in that region.

This questionnaire determines if the representative is adding value to the customer, and if so what value. The questionnaire also looks at the representative’s recall rate, which is how many times he is recalled to fix a
problem and, if there is draft sold on premises, whether it is fresh and whether the dispensing machines are being serviced.

Bigger customers are visited by representatives once to twice a week. Normal bottle stores have a call rate of every two weeks. The very small bottle stores are called on once a month.

Discounts are extremely important in the beer market. Discounts are classified according to three main groupings in the Eastern Cape. Firstly, the national groups operating in the region, such as Makro, have their discount structures negotiated at central office in Johannesburg. Secondly the regional groups operating in the region, such as Prestons, have their discounts negotiated by head office at Ibhayi. The final group is the independent stores, which are owned by individuals. The sales team responsible for that area negotiates these discounts.

It is important to note that all customers pay the same price for the beer. However, the discount structure revolves around volume purchased. Brand awareness also plays an important role especially in terms of display and forward share, which involves the visual display of the product. Representatives also monitor volumes sold to customers. This means that national account buyers are only allowed to buy in volumes in accordance with their deals so that they do not overbuy to obtain the discounts.

2.5 CONCLUSION

Chapter two provides a detailed overview of the beer market in South Africa. The purpose of providing the answers is to explain the beer market in South Africa and in the Eastern Cape region. This chapter establishes the background to the main problem statement in terms of the beer industry. The overview gives a breakdown of the beer market in South Africa and the Eastern Cape. It also allows the reader to establish a background to the main problem statement in terms of the beer industry. This was achieved by providing an analysis of the beer market in South Africa. Information was provided on the
value of the market, market conditions as well as who the major players are in the market. A detailed history of SAB Miller was also provided. This is important because SAB Miller is the largest player in the South African market and the focus of study is on SAB Miller. Chapter three will follow on from here and covers the various theoretical overviews on customer relationship management.
CHAPTER 3
A THEORETICAL INVESTIGATION OF CUSTOMER RELATIONSHIP MANAGEMENT

3.1 INTRODUCTION

Chapter three provides a theoretical analysis of customer relationship management literature. These key areas include, *inter alia*, a definition of customer relationship management, the components of a customer relationship management programme, developing a strategic framework for customer relationship management, the key functions supported by customer relationship management, how to implement a customer relationship management programme, the advantages and disadvantages of using such a programme and the role that information technology plays in customer relationship management programmes.

3.2 A DEFINITION OF CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management is a young discipline and has only been in existence since 1997 (Bergeron, 2002). Various authors were consulted to provide a definition of customer relationship management. Knox, Maklan, Payne, Peppard and Ryals (2003), Tiwana (2001), Bergeron (2002) and Brown and Gulycz (2002) all concur that customer relationship management consists of the process of identifying, satisfying and retaining the firm’s best customers. Furthermore, there is agreement that these relationships have to be managed so that customer needs can be identified and that the organisation can meet them profitably. All of these steps need to form part of the organisation’s business strategy.

However, Zikmund, McLeod and Gilbert (2003:3) go further and state that for customer relationship management to succeed, information technology must be utilised to gain greater customer knowledge and provide enhanced service. This view is also supported by Bergeron (2002). Tiwana (2001:6) adds another dimension by stating that the firm must also selectively attract new customers to enter into long-term profitable relationships with the firm. Brown and Gulycz
(2002:7) are also of the opinion that customer relationship management should consist of continuous improvements that allow the firm to understand, anticipate and manage relationships with current and potential customers.

Swift (2001:12) sums up all of these definitions by stating that customer relationship management should use meaningful communication throughout the entire organisation. This helps in acquiring and retaining existing customer loyalty in a profitable manner. Customer relationship management is not a once off programme but an iterative process.

3.3 THE COMPONENTS OF A CUSTOMER RELATIONSHIP MANAGEMENT PROGRAMME


The customer: the customer is the organisation’s source of profit and will provide growth for the firm. Wyner (1999) states that distinguishing the real customer is difficult because the buying activity is a collaborative activity in the decision-making process.

Relationship: the relationship between the company and the customer needs continuous two-way communication and interaction. Customer relationship management involves managing the relationship so that it is profitable and mutually beneficial.

Management: according to the QPR website (2004), customer relationship management is an activity within the organisation. This involves continuous corporate changes in culture and processes. Information that is collected is transformed into corporate knowledge that can be utilised to take advantage of the market place.

Tiwana (2001) views customer relationship management as a process whereby a single customer’s lifetime value to the organisation can be maximised.
Tiwana (2001:28) states that customer relationship management is made up of four key tenets:

1. **Use existing relationships to maximise revenue**: Customer relationship management focuses on establishing stronger relationships with existing customers and getting rid of unprofitable customers. According to Tiwana (2001:28), by using customer relationship management the customers’ lifetime value can be maximised by retaining them at previously impossible retention levels. Following this acquisition, costs for existing customers are levelled down for new sales of complementary or new products that the firm sells.

2. **Use customer knowledge to consistently deliver excellent service**: Tiwana (2001:28) confirms that when the company aggregates knowledge about an individual customer over time and the company personalises service, the switching costs for customers increases dramatically. This lock-in is due to the customer having to repeat his needs numerous times to prospective sellers.

3. **Develop repeatable sales process**: Tiwana (2001:29) maintains that effectively integrating knowledge management and customer relationship management results in customers expecting and receiving consistent, dependable and accurate answers to questions in every interaction with the company. The development of a long-term customer-centric customer relationship management perspective facilitates the usage of accumulated knowledge about the customer for building a more intimate, value added relationship.

4. **Deliver value and develop customer loyalty**: Loyalty can be significantly increased by proactively using collected information to resolve issues before they become problems. By showing customers that the company knows them, and offering the customers products and services that consider the customer needs, the company can establish a dependence on their product offerings over time.
Furthermore Tiwana, (2001) is of the opinion that these four tenets are not static. They occur in an iterative process that occurs in three phases.

**Figure 3.1: The three phases of customer relationship management**

![Diagram showing the three phases of customer relationship management: Acquisition, Enhancement, and Retention.](image)


Tiwana (2001) states the following:

- **Acquisition**: consists of three activities. Firstly, the company needs to differentiate its products or services according to the needs of the customer. Secondly, the company needs to offer the client unmatched convenience through customer knowledge. Thirdly, the company needs to have excellent back up in terms of the service, support and proactive response that it offers the client.

- **Enhancement**: considers two activities. The company needs to be able to cross-sell and up-sell its products. Secondly, and most importantly, the firm needs to increase sales per customer in order to increase margins and revenues.

- **Retention**: consists of three activities. Firstly, the company needs to gain customer knowledge to build service adaptability to keep current customers. Following on from this the company must constantly strive to...
deliver new products that meet the needs of current customers. Lastly, the company needs to offer employee incentives to retain customers. This is important because staff are the company’s direct line to customers.

Tiwana (2001:30) states that even though all three of these stages are interrelated, very few companies are able to do all three equally well. Therefore, one activity must be chosen as the primary, initial focus of the customer relationship management initiative. This is because technology infrastructure-related investments are guided and shaped by this choice. At the same time to the organisation choosing a primary focus, the other two stages must not be neglected.

Brown and Gulycz (2002) expand further on these four components by examining the following:

(1) Assess the current business context: Brown and Gulycz (2002:16) state that this helps with the definition of current customer segments, relationships and profitability set against the external customer relationship management landscape. Extracting information from existing data sources, company information and research does this. A voice of the customer survey (VOC), which involves interviews with the customers’ senior managers to obtain a quick view of the customer’s experience from their perspective, should also be undertaken. Brown and Gulycz (2002:17) state that the following should be addressed during this stage:

- What are the organisation’s current customer relationship management practices?
- Are customer relationship management related business objectives and strategies understood throughout the organisation?
- What are the business and management requirements and constraints with regard to customer relationship management?
What are the key business drivers that may change the customer relationship management landscape in which the firm is currently operating?

Brown and Gulycz (2002) state that the following must be kept in consideration as well: the corporate and functional level strategies as they link to customer relationship management, the current operating plans, a competitor analysis of the firm’s market position and customer relationship management capabilities must be conducted, forming customer relationship management partnerships and alliances must be investigated, customer organisational issues need to be considered, the measuring of performance and determining of rewards needs to be included here. This results in a business context summary, which includes all of the abovementioned factors.

(2) Create the strawman vision: According to Brown and Gulycz (2002:19), phase two establishes a shared vision of the future of performance driven customer relationship management in the firm among the firm’s senior stakeholders. Communicating that vision to the people who will be responsible for and impacted by the change does this. The customer relationship management vision helps the organisation understand some of the following points. How should the firm deal with a rapidly increasing channel fragmentation and media complexity to communicate with customers? Integration across different media channels is expensive and as such justifiable integration should be the goal. How should the firm balance the quality of experience, cost to serve and profitability of the customer? Brown and Gulycz (2002:19) state that profitability depends on achieving a level of personalisation that is both effective and cost effective. The level of customer relationship management integration that the firm can achieve is an important issue because it will vary with the transactions and types of relationships that exist with clients. The firm then needs to ask what customer ‘insight’ is and how the firm can get this. Here, the firm must consider what information it needs and where the firm gets it, so that it can constantly update customer segments, perceptions, needs and delivery channels.
(3) Build the business case: “This phase provides a structured, repeatable process that helps attain and measure the value of the customer relationship management transformation and to build a business case that provides justification for the transformation of the organisation” (Brown & Gulycz, 2002:20).

This allows the organisation to understand the value of the transformation, in terms of the company and the customers, and builds momentum for enterprise-wide change. The key elements that must be considered here are the business rationale, the costs to get to the benefits, the payback case and risk analysis.

(4) Prioritise, plan and transform: The organisation needs to do the following to achieve this:

- Identify, validate and prioritise projects that will deliver transformation to support the customer relationship management vision;
- Mobilise quick wins, which are activities that can be accomplished within three months, as well as implement interim solutions, those that can be discarded when a long-term solution is in place (Brown & Gulycz, 2002:22);
- Define and mobilise a system to deliver the projects as a single integrated entity; and
- Create a customer relationship management transformation programme definition document. This document must include a prioritised list of defined customer relationship management projects, implementation road map, future customer relationship management governance, resource requirements, estimated cost, estimated time frame, expected benefits, fit into the overall customer relationship management programme and customer relationship management vision and alignment to business objectives.
The firm needs to be aware of customer privacy. Gray and Bryun (2001) state that the customer relationship management process requires identification of the customer and the collection of demographic and behavioural data. Sterne (2000) suggests considering four rules with regard to privacy: the customer must be notified that their personal data is being collected, the customer must be able to decline being tracked, the customer should be allowed to access data to correct it and data should be protected from unauthorised usage.

3.4 DEVELOPING A CUSTOMER RELATIONSHIP STRATEGIC FRAMEWORK

Manning (1989:73) states that the tools used to create and implement effective strategies must meet two criteria. Firstly, they should assist people to think more effectively about what they do and why they do it. Secondly, they should communicate the organisation’s priorities.

Knox et al. (2003:19) developed a strategic framework for customer relationship management. Organisations that implement this framework in a logical coherent and strategic fashion can attain their customer relationship management goals.
Strategy development is the first step in this process. This entails developing a business as well as a customer strategy. Knox et al. (2003:19) view the customer relationship management strategy as being aligned to and supporting the overall business strategy. This involves defining the organisation’s core business. The firm must also be aware of the competitive environment and monitor it for opportunities and threats. Customer strategy involves determining the organisation’s customer strategy, segmentation, customer service, customer relationship, customer attitudes and the value of the customer base (Knox et al., 2003:22).

Once a strategy has been developed the organisation must determine how it is going to create value for the customer and how to maximise the lifetime value of their customers. Customers value the firm’s product offering according to their

Source: Knox et al. (2003:21). © Professor Adrian Payne.
perceptions of the product’s ability to solve their problem (Knox et al., 2003:24). Developing a value proposition that is based on defining the target customers, benefits offered to those customers and price relative to competitor’s price, can be used for reviewing the existing offer to the customer and then attempting to improve it. The value that the organisation receives is determined by understanding the economics of customer acquisition and retention. According to Knox et al. (2003:25), the first step involves determining the cost of acquiring customers in different segments by using the firm’s existing channels and media. The next step is to consider how acquisition costs vary across different channels and media. Once the firm understands how acquisition costs vary by segment, channel and media levels, the firm can then look at acquiring different and more attractive customers.

Creating strategies for channel and media integration must be implemented. This strategy is concerned with the best ways for the firm to reach customers and for the customers to reach the firm. When looking at channel and media strategies the managers must determine the suitability of the benefits that are provided at the different stages of the buying process, and what channels deliver them at the lowest cost. Knox et al. (2003:28) state that the Internet has changed channel strategy through two factors, namely disintermediation and reintermediation. Disintermediation is where firms no longer use intermediaries to create value for end users. Reintermediation is where new types of intermediaries create more value than was possible in the previous channel. The company must also develop strategies based on the integration of multiple channels and media because customers purchase in different ways. The following should be noted: these strategies should create value for customers and remove barriers to doing business, they should be cost effective, they should take advantage of the different characteristics of each and they should contribute to a coherent brand experience that works. Knox et al. (2003:29) state for strategic customer relationship management to work both the channels and media must be considered in the context of the lifecycle of the customer relationship and not just the sales activity.

The firm must learn to manage the information that it has acquired. Knox et al. (2003:30) emphasize that the information management stage is concerned with
collecting and collating customer information from all customer contact points and using this information to build customer profiles to enhance the customer’s experience. To do this the firm needs a data repository. According to Knox et al. (2003:31), the data repository collects, holds and integrates customer information, in order for the company to develop and manage customer relationships effectively. The data warehouse consists of a number of data repositories that have been brought together. The data warehouse is critical in the customer relationship management task of identifying, retaining and enhancing the value of the firm’s best customers. Furthermore, the data warehouse has the ability to monitor customers and to test and refine customer and product strategy. Knox et al. (2003:33) maintain that an effective customer relationship strategy must be able to integrate data from all systems within the firm. Management needs to have a strategy in place to link the new system with the legacy system. Compton (2004) says that this can be done by: “defining the integration goals, identifying what needs to stay and what needs to go, not mitigating bad data, synchronising integration and piloting the integration and then pull the plug.” Front- and back-office applications must also be considered. Front-office applications increase revenues by improving customer retention and sales closures. Back-office applications support internal administration and supplier relationships, which span the entire firm. However, with the growth of enterprise systems the distinction between front-office and back-office is becoming blurred.

Lastly the firm must assess its performance in terms of increasing profits and shareholder value. Knox et al. (2003:34) believe that it is crucial to evaluate the success of customer relationship management programmes to see if the organisation is achieving its strategic aims and will continue to deliver improvements. Cost reductions are also an important consideration here. Knox et al. (2003) and Anderson and Kerr (2002) agree that the performance of the customer relationship management strategy should be measured. The authors agree that metrics are needed to measure performance to see if goals and targets are being met. Furthermore, they concur that metrics are needed to determine the value delivered to customers and the value provided to the firm. The metrics must be used to determine if the customer relationship management strategy works for the firm's employees. However, Anderson and
Kerr (2002) expand further on these points. These authors state that all the metrics collected must be assimilated. This is done by listing the strengths and weaknesses of the customer relationship programme and determining if a customer relationship management strategy reset is needed.

According to Burnett (2001:84), managers have four generic strategies that they can apply to key customers. The development strategy is used for selected customers who possess a high attractiveness factor. These customers have good prospects for greater penetration. The defend strategy is primarily used to defend key customers from attacks from the firm’s competitors. This strategy is important when the potential growth for that customer is limited. The maintenance with minimum resources strategy is used when there is a good business partnership between the firm and customer even though the customer does not fit the firm’s attractiveness criteria or core competences (Burnett, 2001:85). This means utilising the firm’s resources as cost effectively as possible to serve customers in this segment. The final strategy is withdrawing. This strategy will be used by the business when the customer uses more valuable resources than is likely to be justified.

**Figure 3.3:** Strategic options for key customers

<table>
<thead>
<tr>
<th>Relationship status of supplier</th>
<th>Attractiveness of customer</th>
<th>high</th>
<th>medium</th>
<th>low</th>
</tr>
</thead>
<tbody>
<tr>
<td>weak</td>
<td>Maintain selectivity</td>
<td>Develop</td>
<td>Defend</td>
<td>Withdraw</td>
</tr>
<tr>
<td>average</td>
<td>Develop</td>
<td>Defend</td>
<td>Maintain</td>
<td>Minimally</td>
</tr>
<tr>
<td>strong</td>
<td>Develop</td>
<td>Develop</td>
<td>Minimally</td>
<td>Selectively</td>
</tr>
</tbody>
</table>

Stewart (2003) states that organisations must guard against customer relationship management decay. This is done by using data quality tools to prevent data decay, maintaining internal customer relationship management expertise, building a customer relationship management roadmap and performing timely system changes in conjunction with business changes. Organisations need to develop global customer relationship management strategies to achieve success globally. Picarille (2003b) states that this can be done by thinking globally first, then localising the programme, using phased implementation, working with partners, using as many touch points as possible, implementing cross-channel integration, ensuring there is back-end and front-end integration, deploying a pilot programme where the revenue starts, planning for at least six months to roll out a solution and finally educating users.
3.5 KEY FUNCTIONS SUPPORTED BY CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management is an enterprise-wide system. This means it does not operate in isolation but supports key functions across the enterprise.

Figure 3.4: The customer relationship management concept

* Focus of field force automation


3.5.1 Service call management

Blumberg (2003:54) states this stage identifies and validates the customer needs or requirements. Once this is done the customer’s problem statement is processed.
According to Blumberg (2003:54) this involves call-avoidance subroutines and helpdesk support for possible immediate fixes, routing of calls to a technical analysis centre for in-depth processing, establishment of call back times and finally, checking for duplicate service calls.

The firm then needs to make a service commitment. This involves identifying both the primary and secondary customer service personnel, including their skills level that will be assigned to the account. Finally, the availability of materials and service resources must be checked.

The service technician is then dispatched. Dispatching is often done during or at the completion of the process of closing out the previous customer’s call.

Call tracking and escalation management must then be monitored. This involves the updating of the service call status for any reason after dispatch, and priority escalation if the service call has not been scheduled within a certain time period (Blumberg, 2003:54). It must also be determined whether the service person has called in to close out the service status within a certain period, or if a customer has called twice regarding the same problem.

Call closeout involves recording the time and material used for the service job, updating problem codes and a summary report of the costs and expenses involved in the call.

3.5.2 Service planning and scheduling

Many service organisations are involved in the installation, maintenance and support of complex equipment. Therefore, the company needs to undertake projects planning, preventative maintenance and specialist task scheduling.

3.5.3 Logistics management

Blumberg (2003:55) states that this function is required to provide basic logistics management and support as well as inventory control. This support should
provide techniques for managing and controlling the complete service inventory from central and regional warehouses down to and including the sales representative.

Important functions that must be considered here include the following: inventory tracking and control, customer spare parts order processing, which is done online, monitoring part management agreements and configuration management. This function keeps track of the installed base of customers and equipment being serviced (Blumberg, 2003:56) inventory forecasting and planning, inventory replenishment and finally, depot repair and scheduling rework.

3.5.4 Financial control and accounting

- **Invoicing and billing**: According to Blumberg (2003:56), billing involves accumulating total cost and price data in order for the billing department to review this data via online screen display or a printed report. Invoicing on the other hand involves the generation of the customer’s invoice and recording the customer’s liability by creating an accounts receivable master file.
- **Cost allocation**: Blumberg (2003:56) states that this must also include direct and indirect expenses and profit and revenues by product serviced, customer and region. This should include the cost by type of service, product or customer.
- **Customer credit checking**: This involves validating the creditworthiness of the customer.
- **Profit contribution analysis**: This is used to determine the profitability for the organisation in general as well as by specific type of service call, service area, service technician, customer, maintenance contract or any combination of these.
3.5.5 Database management and reporting

Blumberg (2003:57) states “an integrated database management system which has a comprehensive, structured database that provides timely, accurate and flexible information for reporting to all levels of service management is required.” The system should also generate reports on the total customer history from the first contact. Standard reports, which identify the resources used, the contract profitability and purchase orders must also be generated.

3.5.6 Internal systems, interfaces and communication

Blumberg (2003:57) states that the overall structure of the system is implemented on a standard, modular, executive-controlled basis, operating either off a network or a relational database management system. Service personnel need to be equipped with field communication and support. This allows interfacing with the company’s central mainframe and provides information that enhances customer service. Information obtained from customers must be able to be transmitted back to the central mainframe. The system must also be able to display graphic data, which can be stored and edited (Blumberg, 2003:58). The system should have the ability for World Wide Web and global Internet access. This is a communication tool that allows customers to access product and technical information and provide online assistance. It also allows collaboration with online communities in similar industries and is a way of finding updates on new technology.

3.6 IMPLEMENTING A CUSTOMER RELATIONSHIP MANAGEMENT PROGRAMME

Lee (2000:8) postulates that customer relationship management implementation relies heavily on structured processes as well as effective application of customer information. Both of these tasks are supported by sales, service and marketing automation technologies. Picarille (2003a) says that customer relationship management is an evolutionary process and does not consist of a single implementation phase.
Tiwana (2001) is of the opinion that a well-structured team must be in place before actual implementation occurs. A well-structured team should have the following qualities. Members from the internal information technology staff should be selected. This is due to the fact that they have information regarding interdependencies between the complex systems and the networks through which they operate and integrate. They must be able to determine the viability of ideas that emerge from other functional specialists on the team. Tiwana (2001:159) emphasizes that the team must have laterality, which is the ability to cut across functional boundaries and relate to people from different areas. External consultants can be used to overcome in-house functional, technical and managerial skills that are lacking. The firm must ensure that the consultants understand the organisational culture and values before they are hired. Senior management buy-in and support is essential to secure before a customer relationship management programme can begin, as it ensures commitment and a venue to resolve conflict and budget issues (Tiwana, 2001:160).

Once the team members have been selected they need to be integrated into a formal customer relationship management organisation structure. Swift (2001) has developed a customer relationship management organisational structure (Table 3.1). This structure utilises the team that was developed by Tiwana (2001) and combines the characteristics of a team into a customer relationship management organisational structure.
Table 3.1: Customer relationship management functions

<table>
<thead>
<tr>
<th>Function</th>
<th>Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Customer relationship marketing director –</td>
<td>Conceptual skills in information technology statistics and customer</td>
</tr>
<tr>
<td>coordinates entire process to enhance acquisition,</td>
<td>connection trends.</td>
</tr>
<tr>
<td>retention and profitability of customers.</td>
<td></td>
</tr>
<tr>
<td>2 Customer relationship marketing analyst –</td>
<td>In-depth knowledge of business, market and industry, ability to develop</td>
</tr>
<tr>
<td>identify customers worthy of exploiting.</td>
<td>predictive models and make analysis, statistical knowledge and data</td>
</tr>
<tr>
<td></td>
<td>mining knowledge.</td>
</tr>
<tr>
<td>3 Customer relationship campaign manager – creates</td>
<td>Vector management, knowledge of marketing automation tools and</td>
</tr>
<tr>
<td>the right offer to be made to the customer.</td>
<td>campaign and marketing experience.</td>
</tr>
<tr>
<td>4 Customer relationship segment manager –</td>
<td>Applying segmentation techniques and communication techniques.</td>
</tr>
<tr>
<td>responsible for and owns the business problems in</td>
<td></td>
</tr>
<tr>
<td>terms of customer retention, acquisition and</td>
<td></td>
</tr>
<tr>
<td>profitability and aligns the customer relationship</td>
<td></td>
</tr>
<tr>
<td>management execution.</td>
<td></td>
</tr>
<tr>
<td>5 Channel manager – coordinates the customer,</td>
<td>Good liaison skills; manage an operational call centre, have Internet</td>
</tr>
<tr>
<td>offer and timing into channel decisions and</td>
<td>experience, do analysis, undertake research and ability to negotiate.</td>
</tr>
<tr>
<td>ensures same offer is communicated and reinforced</td>
<td></td>
</tr>
<tr>
<td>at all the enterprise touch points.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Swift (2001).
Once the organisational structure is in place the customer relationship management programme can be implemented. Bergeron (2002:184) states that there is a five-phase implementation programme that can be used for customer relationship management.

Implementation begins with data gathering. According to Bergeron (2002:184), this involves research into what customer relationship management can offer the company. Data gathered should provide a realistic timeline for implementation, the costs involved, as well as a search of any other organisations that are using a customer relationship management programme. Bergeron (2002:185) states that the metrics needed for success must be defined during the data gathering stage. A change that should be planned for is greater customer interaction with the organisation’s technology and the employees should be able to utilise databases to improve customer service by using corporate information resources. The metrics for success must be measured in quantitative terms.

Once the data is gathered, planning must happen. Bergeron (2002:186) feels that this is the first step to move the customer relationship management programme from theory to practice. Requirements specification and functional specification documents, which cover defining a workable timeline determining resources and project management, are prepared. Bergeron (2002:187) states that the following must occur here: the identification of critical success factors, establishing an implementation committee, identification of the project scope, definition of requirements specification, evaluation of the product, review of the functional specifications, selection of a vendor, entering a contract, developing the system, installing the system, integrating the system, rolling the system out and finally, maintaining the system. The implementation team must then determine what resources are needed. Some resources need to be in place before others. Bergeron (2002:189) regards determining who is going to be responsible for the total cost of ownership, which is the cost of owning and operating the system, as important. An often-overlooked aspect that must be considered is that of the cost and the mean time before replacement of the system and its components must occur. The team must consider whether or not to use in-house staff or external consultants. The company must also
consider whether it is going to use full scale or limited implementation. The decision whether or not to implement a full scale, limited, or a somewhere in between customer relationship management programme depends on the budget of the company, time constraints, corporate politics, legal issues, the direction that the competition is taking and the advice that the consultants give. The advantages are that it gives the company a competitive advantage, cost savings, a significant return on investment and a high degree of vendor attentiveness (Bergeron, 2002:194). Bergeron (2002:194) lists the disadvantages as follows: there is decreased technological flexibility, difficult to achieve buy-in by all employees, there is greater disruption during implementation, the company faces increased exposure and susceptibility, a large capital investment is required and finally, it takes much longer to implement.

Once the data has been gathered it must be formulated into a workable plan. The vendor and the organisation must share a common vision for the customer relationship management programme from the time the contract is negotiated (Bergeron, 2002:198). The system is then developed and integrated with the current legacy system. Beta testers, which are employees, within the company are selected and used as a sample in determining how other employees will interact with the system. Costello (2000) is of the opinion that the system be checked by an independent testing company during implementation to ensure that the system works. Bergeron (2002:198) states “that if there are no bugs to rectify, the system is then deployed as defined in the implementation plan beginning with the official rollout event.”

After implementation the system must be assessed. According to Bergeron (2002:199), the system must be assessed at predefined intervals. The organisation needs to determine if the system fulfils the requirements and functional specifications originally stated, the vendors’ claims can be used to benchmark this. Bergeron (2002:199) is of the opinion that only one component should be assessed at a time.

Lastly, the firm must determine what corrections need to occur. Bergeron (2002:200) states that the five-phase implementation plan is a positive loop
feedback, meaning that the results obtained in the assessment phase should be used to improve the whole system. Employees from various functional areas within the firm may be needed to be called in to give advice as how to solve problems. According to Bergeron (2002:200), a relevant question to ask at this stage is whether the error is significant enough to warrant a change or whether a workaround process could be instituted later.

The staff members should know exactly what is expected of them, and what procedures to use to make the programme work (Stone, Woodcock & Machtynger, 2000:133). Staff must understand the process. Stone et al. (2000:133) state that staff should receive the necessary training, roles must be clearly allocated, the process should produce clear benefits to staff and help them work more effectively, allow them to judge their performance, they must be committed to the process, management must be able to determine if the staff are working correctly and the process should be designed to support marketing objectives.

Furthermore, Burnett (2001) and Hasan (2003) agree that the following form part of the implementation phase. There must be a clearly defined vision and attainable structures, there needs to be measurable goals that are feasible, there must be a key customer satisfaction measurement system and there must be end user buy-in.

Picarille (2002) states that customer relationship management programmes fail because they fall into three traps. These are: using technology as the primary driver of customer strategy, having vague aspirations to be customer focused, and the failure to align key organisational and business elements with customer strategy.

3.7 THE ADVANTAGES OF USING A CUSTOMER RELATIONSHIP MANAGEMENT PROGRAMME

Swift (2001) and Stone et al. (2000) agree that the following three factors are advantages of using a customer relationship management programme. Customer retention and loyalty is based on the tenet that customers will stay
longer, purchase more, and increase the frequency of their purchases. Customer acquisition is the ability to acquire customers based on known and learned characteristics, which drives growth and increases margins (Swift, 2001:42). Customer profitability occurs because customers purchase more and there are lower costs because the firm does not need to attract as many customers (Stone et al., 2000:6).

Zikmund et al. (2003:168) state that through interaction with customers and stakeholders the organisation may define new opportunities to distinguish its offerings from those of its competitors. Another advantage that Zikmund et al. (2003:169) reveal is that, if applied correctly, the system can help the organisation continue to learn to adapt and change within a dynamic environment.

According to Knox et al. (2003:271), customer relationship management can help companies achieve relationship benefits and then measure how extensive these benefits are. Customer relationship management also determines methods to maximise the potential value locked up in the company’s customer base.

Kaneshige (2002) states that successful customer relationship management programmes are closely linked to the number of pilot campaigns and tests a company can run at a given time. Furthermore, the more human resources that are used in the project the greater the chance of success.

3.8 THE DISADVANTAGES OF USING A CUSTOMER RELATIONSHIP MANAGEMENT PROGRAMME

CRM Media (2002a) states that multichannel touch points have created major customer integration problems in many organisations. It is now possible for information regarding a single customer to be recorded in a number of database silos in different product divisions. To overcome this, data quality tools are necessary to standardise and cleanse dirty data.
Another problem involves measuring the success of customer relationship management programmes. Costello (2000) states that it is difficult to measure returns on customer relationship management because companies are enabling new processes and opening new sales channels along with the rollout of new customer relationship management programmes.

The capturing of tacit knowledge is also a problem faced in implementing a customer relationship management programme. CRM Media (2002b) states that tacit knowledge resides in an individual’s head and is a result of knowledge gained from experience. It is often untapped, because it is hidden. In a customer relationship management programme accuracy and quality-of-answer is important, and this is where tacit knowledge forms an important part of customer relationship management.

Wheeler and Uhlfelder (2000) believe that many projects fail because organisations alter processes and adopt new technologies, but do not prepare staff for these changes or reconfigure the organisational factors to sustain the change.

Myron (2003) identifies six barriers to customer relationship management success. These are lack of guidance, integration woes, no long-term strategy, dirty data, lack of employee buy-in and no accountability.

3.9 THE ROLE OF INFORMATION TECHNOLOGY IN CUSTOMER RELATIONSHIP MANAGEMENT PROGRAMME

Organisations need to evaluate the role that information technology will play in the successful implementation of the customer relationship management programme. Blumberg (2003:127) states that this should involve choosing an appropriate system design for the customer relationship management system. To do this the firm must identify opportunities for productivity and efficiency improvements in the service force. The firm must also undertake a state-of-the-art review and evaluation. Blumberg (2003:127) views this as examining the in-service workforce management assignment, scheduling systems and advanced field communication technologies. The development of a formal specification
and request for proposal must be undertaken. The responses received from vendors must then be analysed and evaluated. A manager must then be appointed to ensure that the programme is implemented successfully and within budget. Burnett (2001:258) views successful implementation as providing increased sales revenues, increased win rates, increased margins, improved customer satisfaction ratings and a decrease in general sales and marketing administrative costs.

Burnett (2001) advocates looking at a number of critical success factors to ensure that the customer relationship management system works when implemented. This begins with determining which functions to automate. The system must then automate what needs automation. This involves determining which work processes can benefit employees by being automated. Top management support and commitment is vital to success. The technology should be employed smartly. Burnett (2001:260) views this as “selecting information technology and systems utilising open architecture, which makes it easier to enhance and enlarge the system over time.” Securing user ownership is also important, and users must be involved right from the beginning. The system also needs to be prototyped. This allows phasing in of the new system and allows the firm to test the functionality of the system. Users should be trained and motivated to use the new system. Finally, the system needs to be administered and management needs to be kept committed to the entire implementation process.

Computer software forms a vital component of the customer relationship management programme. Contact management is an all-in-one suite of integrated tools that support customer relationship management. It includes a customer database, the ability to record customer contacts, a calendar with reminders, an integrated e-mail system and tools to create reports of customers who have unresolved issues. Database management consists of software that interfaces between the service representative and the data stored in a computer system. A data warehouse is a central database that allows internal users access to a variety of information, it integrates various legacy systems and is used to extract data, find errors and store data. Data mining software is used to extract meaningful information from large data that seems to be unrelated.
Bergeron (2002:80) states that decision support software is made up of software tools that allow call centre managers and company administrators to review and manipulate data so that they can make better decisions. E-mail is used by modern organisations to communicate both internally and externally.

Vendor selection is another important component of the customer relationship management programme. Blumberg (2003) suggests that organisations consider the following when selecting a vendor: the vendors’ technical experience, their experience in similar applications, they should provide a complete solution, they should have fast turnaround and implementation time frames that take no longer than six to nine months, the vendor must be flexible to the needs of the firm, an architectural and well-designed interface that allows for growth must be provided, the vendor should be able to provide full maintenance and support both globally and nationally, and finally, the vendor must quote initial and full lifecycle prices.

A search of the crmguru website on the Internet resulted in the discovery of the following customer relationship management software being available; Mysap.crm, Microsoft crm, Chordiant, Peoplesoft, Oracle, Pivotal and Siebel. All of these software packages offer the following common components; sales and marketing modules, interactive selling modules and service modules. Microsoft Crm differs in that it makes use of the Outlook interface, which is used by the majority of organisations, and claims speedy implementation and lower costs than other systems. Pivotal can be implemented in a piecemeal fashion. Siebel is the dominant player and offers business integration, business intelligence as well as employee and partner relationship management. Oracle’s unique feature is its collection of funds and contracts module for sales, service and projects. Peoplesoft is designed for large enterprises and is able to integrate with other systems, but it does not provide strong support for partner activities. Chordiant offers high volume call centre applications, and allows external data to be extracted and integrated into its database.

According to Curran, Kellar and Ladd (1998:14), the SAP/R3 system is client/server software designed to integrate all the functions of an enterprise. SAP/R3 is important to this study because the system is currently being utilised.
by SAB Miller as well as Namibian Breweries Ltd, without the customer relationship management module.

The SAP website states that the software delivers customer value and achieves profitable growth by connecting front and back office functions as well as collaboration across the entire value chain. Furthermore, this software supports integrated industry specific business processes. The software also enables the firm to gain insights into customer behaviour, identify trends, and deploy and align resources (SAP 2004b).

Beck & Co, the German brewer of Beck’s beer launched their new web shop in February 2003, using the customer relationship module of the SAP operating system. According to SAP (2004a), the company achieved the following benefits: an increase in sales, a more streamlined ordering process, customer service without integration gaps and manual data transfer and efficient, transparent business processes right through to the customer.

3.10 CONCLUSION

Chapter three provides a theoretical background to customer relationship management. Attempting to answer the sub-problems 1 and 2 that were introduced in Chapter one did this. This chapter started by giving a definition of customer relationship management. Following on from this, a logical process was established whereby the process of implementing a customer relationship management as well as what strategies to employ to achieve this was discussed. The advantages and disadvantages of instituting such a programme were also discussed. Finally, the role that information technology plays in a customer relationship management programme was investigated. Chapter four will describe the methodology used in the research as well as the empirical research that was undertaken.
CHAPTER 4
THE RESEARCH PROCESS USED IN THIS STUDY

4.1 INTRODUCTION

Chapter four will provide a theoretical background on the research process, as well as how it was applied in this study. The importance of this is that it gives the researcher a background on how to tackle the empirical investigation, based on sound practices that are proven to work in the research field. Topics of importance that are covered in this chapter include choosing a research method, what research strategies to adopt, the importance of sampling, the various methods of data collection, how to design a questionnaire, how to analyse the data and the importance of validity and reliability of the data.

4.2 OBJECTIVES OF RESEARCH

Sekaran (2003) and Leedy and Ormrod (2001) agree that research is a systematic process of collecting and analysing data about a specific problem with the purpose of finding a solution. Sekaran (2003:5) further states that the process must be organised, data based and objective. Leedy and Ormrod (2001) add that all research consists of the following eight characteristics:

- Research originates with a question or problem;
- Research requires attaining a clear goal;
- It follows a set plan;
- The principal problem is divided into sub-problems;
- The process is guided by the research problem;
- Research accepts certain assumptions;
- Data must be collected and interpreted to resolve the problem;
- The research process is cyclical.

This study drew upon the eight characteristics mentioned by Leedy and Ormrod (2001). The investigation began with the question in Chapter one where it was asked whether or not SAB Miller should adopt a customer relationship management programme. Sub-problems were then identified which would
support the main problem statement. Questions that needed to be answered included: What is a customer relationship management programme? What technologies are involved in a customer relationship management programme? What is the company currently doing? Should the company institute such a programme? Delimiting the research process followed. This was done to make the research process more manageable. To do this, the study was limited to off-trade retailers in the beer market that operated in the Nelson Mandela Metropolitan Municipal area. The research also accepted that the sample selected would represent the entire population of off-trade retailers in South Africa. Data was then collected to resolve whether or not the main problem could be substantiated. All these steps were undertaken with the aim of qualifying or disqualifying the main problem.

4.3 CHOOSING A RESEARCH METHOD

It should be noted that when a research method is chosen over another method there are trade-offs and compromises. Riley, Wood, Clark, Wilkie and Szivas (2000:39) state that triangulation occurs when a number of different research methods are used in a study because it is believed that this will increase the validity of the findings. The advantages of using this method are that it may improve understanding of the problem. Using different techniques reveals alternative facets that would not be revealed by using a single method. However, the disadvantages of this method are that it leads to confusion, a lack of focus and there is no reason why the use of more than one method will increase the validity of the findings.

4.3.1 Quantitative and qualitative data

Leedy and Ormrod (2001:101) believe that quantitative data is used to answer questions about relationships with the purpose of explaining, predicting and controlling phenomena. The quantitative study either confirms or dismisses the hypotheses being tested. Qualitative research is used to answer questions regarding the complex nature of phenomena, so that the phenomena can be described and understood from the participants’ point of view. Leedy and Ormrod (2001:101) explain that the qualitative approach is also called the
interpretative, constructivist or postpositivist approach. It should be noted that both approaches use similar processes. However, these processes are combined in different ways, which results in different research methods. These approaches are presented in table 4.1.

**Table 4.1: Distinguishing characteristics of quantitative and qualitative approaches**

<table>
<thead>
<tr>
<th>Question</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
</table>
| What is the purpose of the research? | • To explain and predict  
• To confirm and validate  
• To test theory | • To describe and explain  
• To explore and interpret  
• To build theory |
| What is the nature of the research process? | • Focused  
• Known variables  
• Established guidelines  
• Static design  
• Context-free  
• Detached view | • Holistic  
• Unknown variables  
• Flexible guidelines  
• Emergent design  
• Context-bound  
• Personal view |
| What are the methods of data collection? | • Representative, large sample  
• Standardised instruments | • Informative, small sample  
• Observations, interviews |
| What is the form of reasoning used in analysis? | • Deductive analysis | • Inductive analysis |
| How are the findings communicated? | • Numbers  
• Statistics, aggregated data  
• Formal voice, scientific style | • Words  
• Narratives, individual quotes  
• Personal voice, literary style |


For the purpose of this study qualitative research was used. This is because the study describes and explains the rationale why SAB Miller should adopt a customer relationship management programme. Literature from various sources was consulted to build up a theoretical base. Furthermore the nature of
the research is holistic and is bound by the context of customer relationship management. The method of data collection was informative and made use of a sample of off-trade retailers in the Nelson Mandela Metropolitan Municipal area, which represented all off-trade retailers in South Africa. The data was collected by having personal interviews with the managers of the off-trade retailers. Inductive reasoning was used in the analysis of the data collected from the interviews. A written study was then used to communicate the findings of this study.

The choice of research method also depends on how easy it is to gain access to the quantity and quality of respondents and the ease with which the method can be implemented. Once the respondents that are needed for the study have been identified, their cooperation must be secured. Sometimes this is an easy task, however, most of the time this is difficult. The reason for this is because permission has to be obtained from top management. Help will be obtained by identifying suitable organisations who are sympathetic to the researchers needs, contacting key staff members who have the authority to help, clearly specifying the needs of the study, indicating how the research can help the organisation and being courteous when dealing with respondents. This study made use of two sample groups. The first group consisted of managers at head or regional offices. The second group consisted of the manager of the off-trade retailers. These two groups were used to determine whether or not head or regional office perspectives differed to those of store managers. The store managers were chosen because they have daily contact with the beer manufacturers and have an intimate knowledge of how they operate.

The data that is collected must be kept confidential. Most organisations require assurance that the data collected by the researcher is kept confidential. To ensure that the data remains confidential, anonymity must be offered to all respondents and indicators that identify respondents or the source of the data must be removed. When the data was being collected it was stated at the beginning of the interview that all data would be kept confidential.
4.4 RESEARCH STRATEGIES

The research strategy is a general plan explaining the process of how the researcher will go about answering the research questions. Saunders, Lewis and Thornhill (1997) state that the research strategy must have clear objectives, the source from which the data is collected must be specified, the constraints that the researcher will face, such as access to data, time and money must be mentioned. The difference between strategy and tactics must be considered. The strategy is the overall approach adopted. The tactics are concerned with the future details of data collection and analysis, such as the methods of data collection. Saunders et al. (1997:75) state that there are three traditional research strategies. These are experiments, surveys and case studies. These research strategies should not be thought of as being mutually exclusive.

Experiments are a classical form of research that have their roots in the natural sciences as well as social science research. Saunders et al. (1997:75) add that experiments have the following components: a definition of the theoretical hypotheses, a selection of samples from the population, the allocation of samples to different experimental conditions, the introduction of planned change on one or more of the variables, measurement on a small number of the variables and control of the other variables.

Surveys are a popular and a common strategy in business and management research. Saunders et al. (1997:76) state “surveys allow the collection of a large amount of data from a sizeable population in a highly economical manner.” It is often based on a questionnaire, where data is standardised, which allows for easy comparison. By using the survey method the researcher should gain more control over the research process. The drawbacks to this method are that the analysis of the data is time consuming, and there is a limit to the number of questions that can be asked. Surveys can also be in the form of structured observations and structured interviews.

Robson (1993:40) defines case studies as the “development of detailed intensive knowledge about a single case, or a small number of related cases.”
The case study generates answers to why, what and how questions. Case studies use a number of data collection methods such as:

- Interviews;
- Observations; and
- Documentary analysis.

A well-constructed case study enables the researcher to challenge existing theories and provide new hypotheses.

The researcher must ask whether the research must represent a point in time or events over a given time period (Leedy & Ormrod, 2001:194). When the researcher looks at a point in time it is referred to as a cross-sectional study. When the researcher views events over a period of time it is referred to as a longitudinal study.

The research problem statement of this study, as was stated in Chapter one, was to prove whether or not SAB Miller should adopt a customer relationship management programme in order to provide off-trade retailers with world-class service. In order to do this, data had to be collected from all the off-trade retailers in the Nelson Mandela Metropolitan Municipal area. Certain constraints such as collecting information from the relevant persons as well as the costs of collecting the data were also taken into account. The research tactics that were employed were to use the survey method. This allowed the process to be controlled and data to be collected in an economical manner. The data was collected by conducting personal interviews with the managers of the various off-trade retail stores and using a questionnaire.

4.5 SAMPLING

Riley et al. (2000:75), Sekaran (2003:266) and Leedy and Ormrod (2001:211) agree that the sample is a subset of the population. Samples are studied so that the researcher can learn the characteristics of the population of which they are members. Sekaran (2003:266) states that “sampling is the process of selecting a sufficient number of elements from the population, so that a study of
the sample and an understanding of its properties or characteristics would make it possible for us to generalise such properties or characteristics to the population elements.” In terms of this study the sample consists of the off-trade retailers located in the Nelson Mandela Metropolitan Municipality. By using the characteristics of the off-trade retailers in this area SAB Miller can apply these characteristics to all the other off-trade retailers located in South Africa.

Sekaran (2003) believes sampling is undertaken for a number of reasons. If the population consists of a large number of people it would be impossible to collect and test data from all the elements. Furthermore, it would be prohibitive in terms of time, cost and human resources if the researcher had to investigate the entire population. The study of a sample produces more reliable results, because there is less fatigue, which results in fewer errors.

The following points must be considered when conducting sampling (Sekaran, 2003:269):

- What is the relevant target population?
- What are the parameters being investigated?
- What kind of sample frame is available?
- What sample size is needed?
- What are the costs of sample design?
- How much time is available to collect data from the source?

Riley et al. (2000) state that there are two types of sampling designs. The first is probability sampling. The second, is non-probability sampling.

Probability sampling occurs when elements in the population have a known chance of being chosen to participate in the sample. Probability sampling can take two forms. It can either be unrestricted, a simple random sample, or it can be restricted, a complex probability sample. This study made use of probability sampling. This resulted in the elements of the population having a known chance of being chosen to participate in the study.
Leedy and Ormrod (2001:218) state that in non-probability sampling there is no way of forecasting that each element will be represented in the sample. This means that some members of the population might not have the chance to be sampled. This results in findings that cannot be generalised to the population. However, it is a quick and inexpensive way of obtaining information. Non-probability sample designs consist of the following, according to Leedy and Ormrod (2001:218):

- Convenience sampling;
- Quota sampling; and
- Purposive sampling.

In terms of this study, it was decided to direct the customer relationship management programme to the distributors, namely the off-trade retailers. The reason that this was done was because the drinking public is the consumer of the off-trade retailer’s product. Chang (2004) agrees with this statement and states that the aim of customer relationship management should be to improve the organisation’s ability to respond to the needs of their customers, who in this case are the off-trade retailers.

4.6 METHODS OF DATA COLLECTION

Leedy and Ormrod (2001:111) state that the researcher must ask the following questions before collecting data: What data is needed? Where is the data located? How will the data be secured?

The researcher must investigate where the data is located. There are two sources of data. These are primary data and secondary data. Sekaran (2003:219) states that primary data consists of information that is obtained first hand by the researcher on the variable of interest to the study. Sources of primary data are as follows: individuals, focus groups, panels of respondents set up by the researcher, and the Internet when questionnaires are administered over it. The primary data that was used in this study was collected in various forms. Firstly, primary data was collected in a personal interview with members of staff from SAB Miller. The information obtained here was used to
provide a background to how the organisation operates in the Eastern Cape and the Nelson Mandela Metropolitan Municipal area. The other source of primary data was collected from the questionnaire that was administered to the off-trade retailers, as well as head or regional office. According to Sekaran (2003:219), secondary data is gathered from sources that already exist. Sources of secondary data are company records, government publications, media reports, the Internet, and if a case study is being undertaken, the settings and events can be a source of secondary data. Secondary data for this study was obtained from a number of sources. Firstly, the Internet was used to obtain information about SAB Miller and the beer market in South Africa; this was done by logging on to the SAB Miller homepage. The Internet was also used to obtain information regarding customer relationship management; this entailed using search engines and then logging on to the various websites that were identified. Secondary information was also obtained from SAB Miller in the form of internal memorandums, which provided a history of the organisation in the Eastern Cape. The final source of secondary data that was used was that of relevant literature, located in the libraries of tertiary institutions.

Interviews are an important part of data collection as they yield a great deal of information. Leedy and Ormrod (2001:159) state that interviewers can ask questions related to facts, beliefs, feelings, motives, behaviours, standards of behaviour and reasons for actions or feelings. Saunders et al. (1997) state that interviews can be structured, semi-structured or unstructured. Riley et al. (2000) believe that interviews require preparation; a questionnaire needs to be thought out so that the interview can yield the information that the researcher is trying to validate. The advantages of using an interview are as follows: researchers can establish rapport and motivate respondents, questions can be clarified, the researcher can read non-verbal cues and rich data can be obtained. The disadvantages associated with interviews are that they take time, cost money, especially when it covers a wide area, interviewers must be trained, there can be interviewer bias, respondents may be concerned with confidentiality issues and the respondents can terminate the interview. This study made use of interviews that were conducted using a set questionnaire. It was decided that the respondents that would be interviewed would be the managers of the off-trade retail outlets, as well as management at head or
regional office. The respondents were contacted and an appointment was set up, so that the interview could be administered. This was done in order for the interviewer to establish a rapport with the respondents and clarify any questions that they might have. It also allowed the interviewer to read any non-verbal cues that the respondents exhibited. This method was adopted because it was felt that it would yield a greater response than if the questionnaire were mailed to the respondents.

4.7 QUESTIONNAIRE DESIGN

Sekaran (2003:236) believes that a questionnaire consists of prepared written questions to which the respondent answers within closely defined alternatives. Questionnaires are efficient for collecting data when the researcher knows what is required, and how to measure the variables. Questionnaires can be administered personally by the respondent, mailed to the respondent or electronically administered. Saunders et al. (1997) agree with these three methods of administration, but add that the telephone is now used to contact respondents and administer questionnaires: This is known as the telephone questionnaire. The design of the questionnaire will depend on how it is going to be administered. The choice of which questionnaire method to use will be determined by factors such as: the characteristics of the respondent, the importance of reaching a particular respondent, the importance of the respondents answers not being contaminated, the size of the sample, the types of questions and the number of questions that need to be asked.

The questionnaire needs to be well designed in order to encourage participants to cooperate and yield responses that can be used and interpreted. Leedy and Ormrod (2001) suggest using the following guidelines to develop a user-friendly questionnaire:

- Keep it short;
- Use simple, clear, unambiguous language;
- Check for unwarranted assumptions implicit in the questions;
- Word questions so that they do not give clues about preferred responses;
- Determine in advance how the responses will be coded;
Keep the respondent’s task simple;
Provide clear instructions;
Give a rationale for items whose purpose may be unclear;
The questionnaire must look professional;
A pilot test should be conducted; and
The final product should be scrutinised to determine if it meets the researcher’s requirements.

The questionnaire for this study was developed using the guidelines that are suggested by Leedy and Ormrod (2001). It was broken down into three sections. The first section introduced the respondent to the study and collected background information. The second section dealt with customer perceptions of SAB Miller’s customer service. The third section dealt with customers’ perceptions of Namibian Breweries (Brandhouse). This was done to develop a balanced perception of how customers in the beer market perceive the two main players in this market. The interviewer then asked the respondents the questions from the questionnaire and recorded their responses. A variety of question types were adopted in the questionnaire. Firstly, simple yes or no questions were used to obtain the answer to certain questions. Secondly, other questions were asked in the format where the respondent had to rank their answer in order of importance. Thirdly, questions were also asked using a Likert scale. Here the respondents were asked to answer questions on an interval scale ranging from strongly disagree to strongly agree. Lastly some questions were posed in the format of open-ended questions where the respondent could give their opinion on a question. Very few open-ended questions were used in this study as it was felt it would make the interpretation of the data complicated. The coded questionnaires were then sent for analysis.

4.8 DATA ANALYSIS

Sekaran (2003) states that data analysis has three objectives. These are getting a feel for the data, testing the goodness of the data and testing the hypotheses. Getting a feel for the data gives the researcher an idea of how good the scales are and how well the data has been coded and entered.
Testing the goodness of the data occurs when the data is submitted for factor analysis. Testing the hypotheses is done using a relevant statistical test.

Leedy and Ormrod (2001) agree that data can be analysed and interpreted by following these steps: address each sub problem systematically, identify the data needed to resolve the sub problem, state where the data are located, state how the data will be secured, state how the data is to be interpreted, each step in the interpretation of the data must be spelt out, the research process must be cyclical and the data must support the researcher’s conclusions. The data obtained from the questionnaires is then analysed. It is important that the data be analysed correctly so that the findings of the research are relevant and correct.

4.9 VALIDITY AND RELIABILITY

Validity and reliability are two terms used in conjunction with measurement. According to Leedy and Ormrod (2001:31), the validity of a measurement instrument is the extent to which it measures what it is supposed to measure: “The reliability is the consistency with which the measuring instrument yields a certain result when the entity being measured hasn’t changed.”

Validity takes various forms. Face validity is the extent to which an instrument looks like it is measuring a particular characteristic. Content validity is concerned with the representativeness of the content area being measured and is usually carried out when the researcher wants to assess respondents’ achievements in some area. Criterion validity occurs where the results of the assessment instrument correlate with a related measure. Construct validity measures characteristics that cannot be observed but are inferred from the respondents’ behaviour.

Reliability can be broken down into several forms. Interrater reliability occurs where two or more researchers evaluating the same phenomena give identical judgements. Internal consistency reliability occurs where all the items within a single instrument give similar results. Equivalent forms reliability is where two different versions of the same instrument give similar results. Test-retest
reliability occurs when the researcher gets the same results on different occasions.

Robson (1993) states that there are three main threats to validity and reliability. Firstly, subject error occurs when data are unreliable. To overcome this, subjects who are chosen should mirror “normal” examples of the population under study. Secondly, time error is as a result of research being conducted during time periods that are not typical of the total time period being investigated. Thirdly, observer effect happens when the respondent knows their behaviour is being observed and then they do not act in a typical manner. To overcome this the researcher should try to blend into the background and the respondent should be trained to deal with the observation process.

4.10 CONCLUSION

This chapter has covered the theoretical background to the research process and has shown how this theory has been applied to this study. This chapter is important because the theoretical background has been used by the researcher to undertake the empirical study. By using the principal mentioned in this chapter the researcher was able to develop a questionnaire with relevant questions to collect data on the phenomena under investigation. Furthermore, the researcher was able to interpret the data and test it for reliability and validity.
CHAPTER 5
FINDINGS OF THE STUDY

5.1 INTRODUCTION

Chapter five presents the results of the empirical study. This is done in the form of an analysis of the results obtained from the questionnaire. The results are presented both descriptively, as well as graphically to describe how respondents answered the various questions.

5.2 ANALYSIS OF THE RESULTS

Section A of the questionnaire dealt with the information technology aspect of off-trade retailers. The results showed that 94 percent of all stores have access to a computer, 62 percent of the respondents had access to the Internet and 83 percent of respondents do not need any training to use a computer. Furthermore, 81 percent of all respondents indicated that they were willing to place their beer order over an intranet connecting them to the major beer manufacturers. In terms of a customer relationship management programme, these results are positive as the majority of respondents have a good information technology infrastructure.

Eighty-six percent of respondents would prefer to deal with a call centre to handle problems and place orders where they only had to deal with one person who had all their relevant information on a database. This signifies that the majority of respondents wanted the beer manufacturers to implement a call centre operation that is based on customer relationship management principles.

Furthermore, it should be noted that 57 percent of respondents felt that bigger stores did not receive better service then they did. However, 43 percent of respondents felt that the bigger stores did receive better service then they did. The main reasons that these stores felt that others received better service were as follows: the representative did not turn up for promotions, the store had not seen the representative the whole year, the representatives do more for the bigger stores, the bigger stores have more promotions and merchandising,
bigger stores receive better deals and service because they have more buying power and the smaller stores do not receive glasses.

The second part of the questionnaire asked the respondents to rate SAB Miller in terms of various customer service aspects. The following information was obtained from the sample of off-trade retailers questioned. When the respondents were asked whether or not they were happy with the total service package offered by SAB Miller representatives and sales managers, the following information became evident. Seventy-eight percent of those respondents questioned said that they were happy with the total service package that they were receiving, 19 percent said that they were not happy with the service that they were receiving and three percent indicated that they were undecided. The main reason for the respondents being dissatisfied are as follows: the representatives and sales managers were not calling on the store, the sales managers were very seldom seen, service from the sales representatives has deteriorated because of a high staff turnover, there is a lack of internal communication between the representatives and SAB Miller, the deals that the stores received from representatives are not good, the stores have to pay in advance for the stock that they receive and internal changes within SAB Miller has caused dissatisfaction within the sales force, which is being felt by the respondents when the representatives call on them.

When the respondents were questioned regarding the service call management and, identification and validation of the stores’ needs, it emerged that 86 percent of store managers were happy with this aspect of service, while 11 percent stated that they were not happy and three percent remained undecided. The main causes of the respondents’ unhappiness are as follows: the representative changed often and the new representative had to learn all the store’s requirements from scratch, the representatives did not discuss the sales statistics with the respondents, no promotions, and it was difficult to contact the representatives to discuss issues that had arisen. If one was examining this aspect in the absence of a customer relationship management programme the conclusion could be drawn that the service call management aspect could be improved by simply employing a strong management team to manage the sales representatives. However, in the case of a customer relationship management
programme the service that the sales representatives provide could be enhanced by using the information technology aspect of the customer relationship management programme that monitors and tracks their performance and call management.

The respondents were also questioned regarding their happiness with the service planning and maintenance of their refrigeration equipment. Here 65 percent of respondents were happy with this aspect of service, 13 percent indicated that they were not happy and 19 percent of all respondents questioned did not have any refrigeration equipment belonging to SAB Miller on their premises. The reasons for dissatisfaction ranged from SAB Miller not providing refrigeration equipment, SAB Miller did not provide signage for refrigeration equipment that was owned by the stores yet they placed SAB Miller products in these fridges, when there is a problem with the fridges the contractors take their time to fix the fault and the respondents have to phone different centres to get hold of the contractors.

Deliveries, inventory control and collection of beer form an important part of customer service. Respondents were questioned on this aspect of service. Here 89 percent indicated that they were satisfied with this aspect of service, eight percent were unsatisfied and three percent were indifferent to this aspect of service. The causes for concern here are as follows: it is cheaper to collect stock themselves, deliveries are non-existent on public holidays, the cash less depot provided problems because stock has to be paid for before it can be collected and then the wrong stock was selected, beer trays arrived damaged and customers perceived this as old stock, and the owner driver scheme did not provide the same level of service as when it was done by SAB Miller.

The respondents were then questioned regarding the way that they received their invoices from SAB Miller. Eighty-nine percent said that they had no problems; eight percent said they were not happy and three percent were indifferent. Areas that need improvement included the invoices differed to the amount paid and the invoices were overprinted on a regular basis.
Problem resolution forms an integral part in providing world-class service. Here 89 percent of respondents felt that problems were resolved quickly and to their satisfaction, 16 percent were unhappy and three percent were indifferent. Areas where there is dissatisfaction include the representative not responding quickly enough because the store is independent, the representatives need to be given more power to resolve problems, the representatives make promises that they cannot keep, there is no response at all to queries. Furthermore, 70 percent of respondents stated that they did receive feedback on how their problems were resolved and 27 percent said that they received no feedback at all. It should also be noted that 86 percent of respondents did not have any continuing problems with service from SAB Miller. However, 14 percent did have problems. These problems included, *inter alia*: bad deliveries, poor sales and merchandising, short deliveries received and an authoritarian attitude by SAB Miller. Seventy percent of respondents agreed that SAB Miller provided consistent, dependable and accurate answers to their questions, 22 percent were unsure and eight percent disagreed with this statement.

The ability to provide good customer service depends on how proactive the company is in determining customer needs. Eighty-one percent of respondents felt that SAB Miller is proactive in determining their needs, while 16 percent felt that they were not, a further three percent were indifferent. Furthermore, 84 percent of the respondents were of the opinion that as their business needs and customer needs have changed SAB Miller have responded positively to this, while eight percent said that they had not and a further eight percent were indifferent. When asked to rank service management aspects in order of importance to the respondent, service call management was ranked number one by 67 percent, logistics was ranked number two by 57 percent of respondents, invoicing was ranked number three by 54 percent of respondents and service planning and scheduling of refrigeration equipment was ranked number four by 68 percent of respondents. The respondents were then asked if SAB Miller could improve their customer service to the store, 33 percent did not agree or disagree with this statement, 33 percent agreed that they could improve their service, six percent strongly agreed that they could improve their customer service and 27 percent stated that they were happy with the service that they received. Eighty-four percent of respondents felt that SAB Miller did
When asked if SAB Miller should institute a customer relationship management programme to provide them with world-class service, 80 percent of respondents were of the opinion that they should do this as opposed to 20 percent who said that they should not institute such a programme. The main reasons that respondents were against instituting such a programme are that the company already does enough to service them, they are happy with the current service, they fear losing contact with the representative and being more beholden to SAB Miller. When asked what SAB Miller could do to improve customer service the following became apparent: show more interest in the smaller stores, have the representative calling more often, stop being so arrogant when dealing with the stores and listening to what they have to say, sort out their own internal dissatisfaction, meet their promises to customers, give report backs on promotion results, have more promotions and merchandising as this brings in more customers, revise the representatives call time schedules, provide more product information, improve deliveries and provide better communication.

The third part of the questionnaire asked the respondents to rate Namibian Breweries Ltd (Brandhouse) in terms of various customer service aspects. It should be noted that four stores did not stock Namibian Breweries Ltd (Brandhouse) brands. The following information was obtained from the sample of off-trade retailers questioned. Eighty-five percent of respondents stated that they were happy with the total service package offered by Namibian Breweries Ltd (Brandhouse) representatives and sales managers, and 15 percent said that they were not. The reasons for dissatisfaction included after sales service is poor, the company is currently disorganised after the merger with Guinness UDV, the representatives are not calling often enough, there have been changes in staff, there is no contact with the sales managers and there are times when there are out of stock situations.

Eighty-eight percent of respondents stated that they were happy with the service call management offered by Namibian Breweries Ltd (Brandhouse) and 12 percent stated that they were not happy. The contributing reasons to this
are as follows: Namibian Breweries Ltd (Brandhouse) does not do anything special for the stores, there is no merchandising, more product information is needed, after the merger stores had to apply to do business with the new company like a new customer and they are not competitive with their pricing.

When asked about the maintenance and scheduling of refrigeration equipment by Namibian Breweries Ltd (Brandhouse) it was noted that 51 percent of respondents did not have Namibian Breweries Ltd (Brandhouse) refrigerators in their stores. Furthermore 89 percent of respondents who had equipment in their stores were happy with the maintenance and scheduling of their refrigeration equipment while 11 percent were not happy at all. The 11 percent of respondents were actually not unhappy with the service of the equipment but with the fact that Namibian Breweries Ltd (Brandhouse) did not give them refrigeration equipment.

The respondents were then asked if they were happy with the logistic support that they received from Namibian Breweries Ltd (Brandhouse). The results indicated that 74 percent were happy with the service they received while 26 percent said that they were not happy with the support they received. The reasons for their unhappiness included poor delivery service, deliveries are received fragmented and this costs the store more money as the respondent has to pay for each delivery, incorrect deliveries are received, there is no standard day for deliveries and it takes too long to receive deliveries.

The satisfaction level with the way that invoices and accounts are received was also investigated. The results of this question indicated that 90 percent of storeowners were happy with the way they received their invoices and accounts while 10 percent were not happy at all. The contributing reasons for this included some of the following: respondents now receive two invoices, one for beer and one for spirits instead of one invoice, some customers only receive delivery notes and not the actual invoices, and the invoices do not correspond with the products received.

Problem solving and resolution is an important part of any customer service programme. Ninety-one percent of all respondents stated that their problems
are resolved quickly and to their satisfaction, the remaining nine percent did not agree with this statement. These respondents felt that the following could be done to improve customer service: the problems need to be solved locally as they do not want to telephone Cape Town to sort out a local problem, the delivery times need to be improved, make the depot more accessible and sort out the logistic problems. Moving on from here 78 percent of respondents stated that they received feedback on how their problems were resolved and 22 percent stated that they received no feedback at all. Asked if stores had any continuing problems with any aspect of service received from Namibian Breweries Ltd (Brandhouse) 84 percent of respondents stated they did not and 16 percent stated that they did have continuing problems. These problems included, *inter alia*: poor communication, no visits by the representatives, stock shortages, incorrect deliveries and incorrect invoicing that is received. When asked if Namibian Breweries Ltd (Brandhouse) provided consistent, dependable and accurate answers to questions, 66 percent of respondents agreed with this, 16 percent neither disagreed nor agreed, nine percent disagreed, three percent strongly disagreed and six percent strongly agreed.

In terms of being proactive, 84 percent of respondents stated that Namibian Breweries Ltd (Brandhouse) is proactive in determining their needs and 16 percent stated that they were not. Furthermore, 88 percent of respondents felt that as their business needs and customer needs have changed Namibian Breweries Ltd (Brandhouse) has responded positively to this. When the respondents were asked to rank service management aspects in order of importance to them, service call management was ranked number one by 72 percent of respondents, logistics was ranked number two by 56 percent of respondents, invoicing was ranked number three by 46 percent of respondents and service planning and scheduling was ranked number four by 59 percent of respondents.

Respondents were also asked if Namibian Breweries Ltd (Brandhouse) could improve their customer service. The results to this question stated that 62 percent of respondents felt that they could, 16 percent neither agreed nor disagreed, 19 percent disagree agreed and three percent strongly disagreed. Although 84 percent felt that Namibian Breweries Ltd (Brandhouse) was doing
enough to retain them as a customer and 16 percent disagreed with this. When asked if Namibian Breweries Ltd (Brandhouse) should institute a customer relationship management programme to provide world-class service, 84 percent of respondents stated that they would like to see Namibian Breweries Ltd (Brandhouse) do this and 16 percent responded negatively. The reason offered was that: the company is currently doing a good job and is doing enough. Respondents stated that Namibian Breweries Ltd (Brandhouse) could do the following to improve their customer service: make customers feel like customers, build long-term relationships with bottle stores, prevent out of stock situations, have more promotions and merchandising, representatives should call more often, off-trade retailing staff should be looked after, deliveries should be improved, stores should be allowed to purchase in smaller amounts, orders should be double-checked before they are dispatched, and fridges should be provided.

It is important to compare how the off-trade retailers’ answers compared to one another for the various aspects of customer service provided for SAB Miller and Namibian Breweries Ltd (Brandhouse). In order to do this the respondents answers were plotted onto bar graphs so that they could be seen visually and compared to one another simultaneously.

Figure 5.1 shows the difference between SAB Miller and Namibian Breweries Ltd (Brandhouse) in terms of the total service package offered by the representatives and sales managers of both companies.
Figure 5.1: Total service packages in terms of satisfaction offered by sales representatives and sales managers

Figure 5.2 indicates whether respondents felt that the two companies identified and validated their needs and requirements.

Figure 5.2: Identification and validation of needs
Following on from this Figure 5.3 investigates how respondents felt about the level of service received in terms of scheduling and service planning of refrigeration equipment.

Figure 5.3: Service planning and scheduling of equipment

Figure 5.4 measures the level of satisfaction with logistic support that the respondents received.

Figure 5.4: Logistic support
Figure 5.5 measures the satisfaction level with invoicing and deliveries.

**Figure 5.5: Invoicing and deliveries**

![Bar Chart](image)

Number of observations

Finally Figure 5.6 measures if SAB Miller and Namibian Breweries Ltd (Brandhouse) are adapt at resolving problems that their customers have.

**Figure 5.6: Problem resolution**

![Bar Chart](image)

Number of observations

78
From all of the above bar graphs it can be seen that SAB Miller does provide better customer service than Namibian Breweries Ltd (Brandhouse). However, it should be noted that they are only marginally better than Namibian Breweries Ltd (Brandhouse) in all aspects of customer service, except logistics where they have an advantage. This is not acceptable for an organisation that has over 95 percent market share of the local beer market. Furthermore, Namibian Breweries Ltd (Brandhouse) is expanding into the local market very aggressively. This is becoming even more evident after the merger with Guinness UDV, which is owned by Diageo. This now means that Namibian Breweries Ltd (Brandhouse) has additional financial and management expertise to call on. It should also be noted that Namibian Breweries Ltd (Brandhouse) have a strong position in the premium segment of the local market where most of the growth in the local beer market is occurring. Another important factor that was investigated was that of communication. All the respondents would like to receive communication from both SAB Miller and Namibian Breweries Ltd (Brandhouse). However, they did not have a preference for any particular form of communication as long as the relevant information was received. Should a customer relationship management programme be adopted, data mining techniques can be used to determine each individual’s preferred form of communication and a communication programme can be tailored that will best reach that particular respondent.

5.3 CONCLUSION

This chapter presented the results of the empirical study. Furthermore, this chapter answered sub-problem 3 that was introduced in Chapter one. The results were presented in both descriptive terms and graphically in terms of bar graphs. Chapter six provides a summary, recommendations and a conclusion. In this chapter all the concepts that have been discussed in this dissertation are linked and an answer to the main problem and sub-problems that were posed in Chapter one are provided.
CHAPTER 6
SUMMARY, RECOMMENDATIONS AND CONCLUSION

6.1 INTRODUCTION

Chapter six is the final chapter of this study. This chapter integrates all the information from the preceding chapters and arrives at a summary, makes the necessary recommendations and provides a conclusion. The summary links the main problem statement and the various sub-problems to the literature study covering customer relationship management. The recommendations provide reasons as to why SAB Miller should or should not adopt a customer relationship management programme based on the information obtained from the empirical study. Finally, the conclusion provides a summation of the conclusions that were reached in this chapter.

6.2 SUMMARY

Chapter one introduced the main problem as well as various sub-problems. The main problem asked the following question:

Does South African Breweries Miller (SAB Miller) need to utilise a customer relationship management programme to provide world-class customer service to off-trade retailers in the beer market in the Nelson Mandela Metropolitan Municipality?

This was followed by the following sub-problems:

1. What does a customer relationship management programme involve?
2. What technologies can be utilised by the company to institute a customer relationship programme?
3. What type of programme or system is the company currently implementing?
4. What type of customer relationship programme should SAB Miller adopt?
In order to answer the main problem one needs to consider the structure of the beer market. In South Africa SAB Miller has a monopoly of the beer market and controls 95 percent of the market. Its nearest competitor is Namibian Breweries Ltd (Brandhouse). The beer market in South Africa has been in decline for a number of years and for the first time achieved some marginal growth in 2002, according to Alcoholic Beverage Review 2003 (2003). However, the premium segment of the beer market has played a major role in the recovery of the beer market and will represent up to ten percent of the market in the next three to four years. It should be noted that the premium segment is the fastest growing segment of the market for SAB Miller and is the market for Namibian Breweries Ltd (Brandhouse). This segment is extremely profitable as consumers are willing to pay a premium for their brand in order to enhance their aspirations. There is intense rivalry in this sector with SAB Miller offering premium brands such as Amstel, Pilsner Urquell and Miller’s Genuine Draft. Namibian Breweries Ltd (Brandhouse) offer world-renowned brands such as Guinness, Heineken and Windhoek Lager, and in 2008 will take over the marketing and distribution of Amstel.

The main problem was therefore asked because of the declining beer sales. as well as the resultant strong growth in the premium segment should SAB Miller institute a customer relationship management programme to provide world-class service to off-trade retailers in the Port Elizabeth region.

This question was asked because the consumers of premium brands demand a high quality of service and purchase these brands exclusively from off-trade retailers. Furthermore, to service these consumers the beer manufacturers need to have a customer relationship management programme in place in order for the off-trade retailers to provide the end user with the type of service this segment demands. It should also be noted that customer relationship management allows organisations to cross-sell and up-sell their products. This means that by adopting such a programme the other core brands offered by SAB Miller can benefit from this programme and customer acquisition, retention and enhancement can be achieved, which is a core philosophy of customer relationship management.
The first sub problem asked: What does a customer relationship management programme involve? This study determined that customer relationship management involved a series of stages that should be implemented by an organisation that wishes to implement such a programme. Chapter three discussed these stages in detail. Important aspects that should be considered are that the customer relationship management programme does not operate in isolation but is an enterprise-wide system. Therefore, if SAB Miller instituted such a programme the sales and marketing functions would not be the sole beneficiary of such a system, but the whole firm would benefit. Furthermore, all customer relationship management programmes consist of a number of key components namely the customer, the relationship and the management of the customer and the relationship. It is important for the organisation to develop a strategic framework for implementing the customer relationship management programme. A good strategic framework is the one developed by Knox et al. (2003) that was pointed out in Chapter three. Burnett (2001) also introduced generic strategies that the firm could apply to key customers.

Blumberg (2003) stated that there are six key functions supported by customer relationship management. The six functions are: service call management, service planning and scheduling, logistics management, financial control and accounting, database management and reporting and internal systems and communication. These six functions are important to this study as they revolve around using a customer relationship management programme to enhance customer service. What is more, these aspects were used in the empirical study to determine whether or not a customer relationship management programme should be adopted.

The organisation must also consider how it is going to implement such a programme. Tiwana (2001) states that a well-structured team is needed to implement such a programme. This team should have both the skills and the functional knowledge to implement the programme. Bergeron (2002) has developed a five-phase implementation programme that can be used for customer relationship management. The advantages as well as the disadvantages of customer relationship management programmes were also discussed. This is important because should SAB Miller decide to go ahead
and implement such a programme it needs to know how to select a team, as well as have an implementation policy that is based on sound theory.

The second sub-problem asked the following question: What technologies can be utilised by the company to institute a customer relationship programme? Firstly, it should be noted that technology plays a vital role in the running of an effective customer relationship management programme. The technology assists firms like SAB Miller to create databases to gain greater customer knowledge to provide enhanced customer service. If adopted, this will allow SAB Miller to have repeatable business processes where consistent, dependable and accurate answers will be given to customers during all interactions with the firm. This will result in the lifetime value of the customer being enhanced and higher customer retention being achieved. There are a variety of vendors that offer software and full implementation of customer relationship management programmes. In terms of this study it should be noted that the Mysap.crm software is a credible technological solution for SAB Miller because the company already operates the SAP software throughout SAB Miller, this means that the SAP.crm module can be seamlessly integrated into the system and users need less training to use the system. The Mysap.crm software provides the following benefits to SAB Miller: it connects front office and back office functions, allows collaboration across the value chain, gains insight into customer behaviour, identifies trends and deploys and aligns resources. Another consideration is that Beck & Co, the German brewer, used this software for its online store and the benefits included increased sales, streamlined ordering, integrated customer service and transparent processes.

The third sub problem investigated what type of programme or system SAB Miller is using. A personal interview with Sharon Viljoen (2004) indicated that the firm was using a TSP and research by Markinor to provide customer service and research the market. The TSP segments customers, determines the amount of promotions to have, the call frequency and timing of service calls and the minimum level of service. The research done by Markinor is a customer service monitor that monitors the service to the various off-trade retailers. However, in terms of providing adequate information and customer service both these methods fail. The results of the empirical study indicate that promotions
are not handled correctly, the call frequency and timing of representatives need to be improved and customers do not want the minimum acceptable level of service. By adopting a customer relationship management programme SAB Miller can overcome these problems as the programme is developed to track and monitor service levels and continually enhance the service levels that the customer receives. Furthermore, the customer relationship management programme adds value to the organisation by monitoring and evaluating the profitability of all the core functions that are affected by the customer relationship management programme.

The final sub problem asked what type of customer relationship management programme should SAB Miller institute. After considering all the above factors, as well as the facts presented in the literature and empirical study, it is felt that SAB Miller should adopt a fully integrated customer relationship management programme. The main reasons for this will be discussed in the following section.

6.3 RECOMMENDATIONS

After conducting empirical research and presenting the results of this research in Chapter five it is felt that SAB Miller should utilise a customer relationship management programme to provide world-class customer service to off-trade retailers in the beer market in the Port Elizabeth region.

It might be argued by critics that SAB Miller had high customer satisfaction results in the presentation of results in Chapter five and that they do not need a customer relationship management programme. However, there is still room for improvement in areas as up to 20 percent of respondents are dissatisfied with some aspect of service. Furthermore, it is unacceptable that a multinational organisation that has a 95 percent share of the local beer market only provides marginally better service then its nearest competitor.

To arrive at the recommendations the results of Chapter five were analysed and compared to the literature study. Key areas that are important to the success of a customer relationship management programme, namely the technology
aspects as well as the key functions that are supported by customer relationship management programme were considered and used to arrive at the recommendations.

It is felt that SAB Miller should institute a customer relationship management programme because of the following reasons:

- Eighty-five percent of respondents wanted to deal with a call centre to handle problems and place orders where they only had to deal with one person who had all their information on a database. This forms a key component of a customer relationship management programme and will help provide improved customer service because the customer relationship management programme will cut across the various functional boundaries across the entire organisation;
- Eighty percent of respondents replied that they wanted SAB Miller to institute a customer relationship management programme to provide them with world-class service;
- In terms of the service call management aspect of customer relationship management, 19 percent of respondents were not happy with this aspect of service they currently received. The main problem areas of representatives not calling on stores and poor internal communication could be overcome by adopting a customer relationship management programme because the software would automatically remind representatives to call on stores, hand in reports and close out call problems;
- In Chapter five it emerged that 11 percent of respondents were not happy with the identification and validation of their needs for a variety of reasons. By adopting a customer relationship management programme new representatives can identify store requirements from the outset and sales statistics can be downloaded from databases while the representatives are dealing with store managers;
- When asked about service planning and maintenance of refrigeration equipment it emerged that 13 percent of respondents were not happy with the service they received. By adopting a customer relationship management programme and placing client information onto the service planning and maintenance module, this aspect of service can be tracked,
monitored and pre-emptive serving can take place, which will also allow SAB Miller to monitor their subcontractors more closely;

- In terms of invoicing, respondents complained that the invoices differed to the amount that was paid for purchases and that they were overprinted on a regular basis. The customer relationship management software could overcome this problem as problems could be sorted out by contacting the call centre and invoices can be sent via electronic mail to avoid overprinting;

- There was dissatisfaction amongst respondents as they claimed that they did not receive feedback on how their problems were resolved. The service call management module of customer relationship management can be utilised to overcome these problems;

- Fourteen percent of respondents stated that they had ongoing problems with service from SAB Miller. By adopting the customer relationship management programme the problems of bad deliveries, poor sales and merchandising can be overcome; and

- The respondents stated that that they needed representatives to call more often. SAB Miller keeping promises they made, giving report backs to clients, improving promotions and merchandising, revising representative call times and improving communication, were all areas that could be improved upon. By using all the modules of the customer relationship management programme, these areas of dissatisfaction can be overcome.

This study also highlights other areas that can be researched in the future. Further research can be conducted on the actual implementation of such a programme, and whether the on-trade retailers need SAB Miller to introduce a customer relationship management programme for them. Another important area that must be considered in the South African beer market is that of the shebeen segment. Research needs to be conducted on how to implement a customer relationship management programme to this segment of the market with its unique challenges and problems.
6.4 CONCLUSION

The beer market in South Africa is entering a phase of growth once again fuelled by the growth of the premium beer segment. This market has high demands for customer service and quality as they pay a premium for their brands. Furthermore, this market is becoming increasingly competitive. SAB Miller, the local brewer, has gone from having a monopoly of the local market to facing increased competition from breweries such as Namibian Breweries Ltd (Brandhouse) as well as global brewers such as Anheuser-Busch. To remain competitive in this market SAB Miller has to enhance the level of service that it provides to its off-trade retailers. It is clear from the empirical research conducted that the off-trade retailers are not totally satisfied with the current service they are receiving. It is felt that by adopting a customer relationship management programme, levels of customer service can be improved and value can be added to the organisation, as customer relationship management programmes also increase and track the profitability of all interactions with customers across the entire organisation, and provide real time information to management to aid in their strategic and day-to-day decisions. Furthermore, this chapter provided a conclusion in terms of the main problem that was introduced in Chapter one, that SAB Miller should adopt a customer relationship management programme to provide off-trade retailers with world-class customer service.

This study also provides an introduction to further areas of study that can be undertaken. It should be noted that SAB Miller and Namibian Breweries Ltd. (Brandhouse) do not only serve the off-trade market. Further investigation with regard to customer relationship management and the on-trade should be undertaken. The informal market or “shebeens” are an important market and source of revenue. This market is growing in the premium segment and, as such, further investigation should be undertaken as how to provide customer relationship management to this segment of the market.
REFERENCES


SECTION A: BACKGROUND INFORMATION

Customer relationship management is a business tool that enables organisations to provide customers with superior customer service by using information technology.

1. Do you have access to a computer?
   - Yes
   - No

2. Do you have access to the Internet?
   - Yes
   - No

3. Do you need training to use a computer?
   - Yes
   - No

4. Would you be prepared to place beer orders over an Intranet?
   - Yes
   - No

5. Would you prefer to deal with a call centre that has a database containing all your relevant information so that you only had to deal with one person to place orders, handle queries and resolve problems?
   - Yes
   - No

6. Do you feel bigger stores/groups receive better service than you do?
   - Yes
   - No
7 If your answer to question 6 above was “Yes,” why do you feel this?

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________
SECTION B: SAB MILLER

1. Are you happy with the total service package offered by SAB Miller representatives and sales managers?
   - Yes
   - No

2. If your answer to question 1 above was “No,” what is the reason for this?
   ___________________________________________
   ___________________________________________
   ___________________________________________

3. Are you happy with the service call management (identification and validation of your needs and requirements) offered by SAB Miller?
   - Yes
   - No

4. If your answer to question 3 above was “No,” what is the reason for this?
   ___________________________________________
   ___________________________________________
   ___________________________________________

5. Are you happy with the service planning and scheduling of your refrigeration equipment by SAB Miller?
   - Yes
   - No
6 If your answer to question 5 above was “No,” what is the reason for this?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

7 Are you happy with the logistics support in terms of delivery, inventory control and collection of beer that SAB Miller provides?

Yes  No

8 If your answer to question 7 above was “No,” what is the reason for this?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

9 Are you happy with the way that you receive your invoicing and accounts from SAB Miller?

Yes  No

10 If your answer to question 9 above was “No,” what is the reason for this?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________
11 When you have a problem is it resolved quickly and to your satisfaction?

Yes  No

12 If your answer to question 11 above was “No,” what could be done to improve this?

__________________________________________________________

__________________________________________________________

__________________________________________________________

13 Do you receive feedback on how problems are resolved?

Yes  No

14 Do you have continuing problems with any aspect of service received from SAB Miller?

Yes  No

15 If your answer to question 14 above was “Yes,” what are these problems?

__________________________________________________________

__________________________________________________________

__________________________________________________________
16  SAB Miller provides consistent, dependable and accurate answers to questions.

| Strongly disagree | Disagree | Neither disagree nor agree | Agree | Strongly agree |

17  Is SAB Miller proactive in determining your needs?

Yes  No

18  Have you found that as your business needs and your customer needs have changed, SAB Miller responded positively to this change?

Yes  No

19  Please rank the following service management aspects in order of importance to you, with 1 being the most important and 4 the least important:

Service call management
Service planning and scheduling
Logistics (deliveries)
Invoicing

20  State your feelings with regard to the following statement “SAB Miller can improve their customer service to you.”

| Strongly disagree | Disagree | Neither disagree nor agree | Agree | Strongly agree |

21  Do you feel that SAB Miller does enough to retain you as a customer?

Yes  No
22 Should SAB Miller institute a customer relationship management programme to provide you with world-class service?

Yes [ ] No [ ]

23 If your answer to question 22 above was “No,” what is the reason for this?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

24 What can SAB Miller do to improve their customer service for you?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
25 Rank in order of importance how you would like to receive communications from SAB Miller, with 1 being the most important and 6 being the least important.

Sales representatives [ ]

Newsletter [ ]

Intranet [ ]

E-mail [ ]

Letter [ ]

SMS [ ]

SECTION C: NAMIBIAN BREWERIES (BRANDHOUSE)

1 Are you happy with the total service package offered by Namibian Breweries (Brandhouse) representatives and sales managers?

Yes [ ] No [ ]

2 If your answer to question 1 above was “No,” what is the reason for this?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
3 Are you happy with the service call management (identification and validation of your needs and requirements) offered by Namibian Breweries (Brandhouse)?

Yes  No

4 If your answer to question 3 above was “No,” what is the reason for this?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

5 Are you happy with the service planning and scheduling of your refrigeration equipment by Namibian Breweries (Brandhouse)?

Yes  No

6 If your answer to question 5 above was “No,” what is the reason for this?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

7 Are you happy with the logistics support in terms of delivery, inventory control and collection of beer that Namibian Breweries (Brandhouse) provides?

Yes  No
8 If your answer to question 7 above was “No,” what is the reason for this?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

9 Are you happy with the way that you receive your invoicing and accounts from Namibian Breweries (Brandhouse)?

Yes    No

10 If your answer to question 9 above was “No,” what is the reason for this?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

11 When you have a problem is it resolved quickly and to your satisfaction?

Yes    No

12 If your answer to question 11 above was “No,” what could be done to improve this?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________
13. Do you receive feedback on how problems are resolved?

Yes  No

14. Do you have continuing problems with any aspect of service received from Namibian Breweries (Brandhouse)?

Yes  No

15. If your answer to question 14 above was “Yes,” what are these problems?

__________________________________________________________

__________________________________________________________

__________________________________________________________

16. Namibian Breweries (Brandhouse) provides consistent, dependable and accurate answers to questions.

| Strongly disagree | Disagree | Neither disagree nor agree | Agree | Strongly agree |

17. Is Namibian Breweries (Brandhouse) proactive in determining your needs?

Yes  No

18. Have you found that as your business needs and your customer needs have changed, Namibian Breweries (Brandhouse) responded positively to this change?

Yes  No
19  Please rank the following service management aspects in order of importance to you, with 1 being the most important and 4 the least important:

<table>
<thead>
<tr>
<th>Service call management</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Service planning and scheduling</td>
<td></td>
</tr>
<tr>
<td>Logistics (deliveries)</td>
<td></td>
</tr>
<tr>
<td>Invoicing</td>
<td></td>
</tr>
</tbody>
</table>

20  State your feelings with regard to the following statement “Namibian Breweries (Brandhouse) can improve their customer service to you.”

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither disagree nor agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

21  Do you feel that Namibian Breweries (Brandhouse) does enough to retain you as a customer?

Yes  No

22  Should Namibian Breweries (Brandhouse) institute a customer relationship management programme to provide you with world-class service?

Yes  No

23  If your answer to question 22 above was “No,” what is the reason for this?

__________________________________________________________________________

__________________________________________________________________________
24 What can Namibian Breweries (Brandhouse) do to improve their customer service for you?


25 Rank in order of importance how you would like to receive communications from Namibian Breweries (Brandhouse), with 1 being the most important and 6 being the least important.

  Sales representatives
  Newsletter
  Intranet
  E-mail
  Letter
  SMS

Thank you for taking the time to help in the completion of this questionnaire.