

# Ecole des Hautes Etudes Commerciales



**This final dissertation has been submitted in fulfillment of the  
Master's Degree in Commercial Sciences**

Option: Marketing

## **THEME:**

**The role of customer relationship management in  
enhancing customer satisfaction:**

**The case of Jumia Algeria.**

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In the name of ALLAH the most Beneficent, the most Merciful:

*“If good befalls you (O Muhammad SAW), it grieves them, but if a calamity overtakes you, they say: “We took our precaution beforehand” and they turn away rejoicing. Say: “nothing shall ever happen to us except what has ordained for us. He is our Maula (Lord, helper and protector)”. And in Allah let the believers put their trust”.*

Surah At-Taubah Verse 50.

## **Abstract:**

Managers today are more aware than ever that customer involvement is the basic factor underlying business success. Thus, customers are considered more as collaborators. Starting from this concept of collaboration, customer relationship management or CRM is the best strategy to run the interactions between a company and its customers. Hence, CRM helps companies capture new customers, retain existing ones and maximize their lifetime value; by generating, aggregating, analyzing customer data and, consequently, employing the results for service and marketing activities.

Furthermore, CRM has a major objective which is the customers' satisfaction by putting the customer at the center of business; this satisfaction is essentially approved by loyalty, which is an important feature of business success; since retaining existing customers is still cheaper than acquiring new ones. However, the crucial changing in businesses such as e-commerce has effectively changed not only the CRM strategies but also their role on customers' satisfaction and loyalty.

This research work examined the role of CRM in enhancing customer satisfaction and showed, via the e-survey conducted; that CRM elements do not contribute to Jumia's improved customer satisfaction.

**Key words:** CRM, CRM elements, Customer satisfaction, customer loyalty, Jumia Algeria.

## **Résumé:**

Les managers d'aujourd'hui sont plus conscients que la participation des clients est le facteur de base de tout succès commercial; donc ils commencent à les concevoir comme collaborateurs. Partant de ce concept de collaboration, le CRM ou la gestion de la relation client est la meilleure stratégie pour gérer les interactions entre l'entreprise et ses clients. Par conséquent, le CRM aide les firmes à attirer de nouveaux clients, à maintenir et fidéliser les clients existants et à maximiser leur valeur de vie ; en générant, en agrégeant et en analysant les données de ces clients, puis en utilisant les résultats pour l'amélioration des services et des activités marketing.

Le CRM ou GRC a pour un objectif majeur qui est la satisfaction client en plaçant le client au centre d'intérêt de l'entreprise; cette satisfaction est essentiellement reflétée par la fidélité, qui est un élément important du succès commercial ; car la fidélisation d'un client coûte moins cher que l'acquisition d'un nouveau client. Le changement déterminant dans les projets commerciaux tels que le commerce électronique, a effectivement changé non seulement les stratégies CRM, mais également leur rôle dans la satisfaction et la fidélité des clients.

Ce travail a examiné le rôle du CRM dans l'amélioration de la satisfaction client. A la fin de notre recherche, nous sommes arrivés à la conclusion que les éléments CRM ne contribuent pas à l'amélioration de la satisfaction client de Jumia.

**Mots clés :** GRC, les éléments de GRC, la satisfaction client, la fidélité des clients, Jumia Algérie.

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## Abbreviation list:

<b>Abbreviation:</b>	<b>Meaning:</b>
ATM machine	Automatic teller machine.
B2C	Business to customer.
BPR	Business process reengineering.
CLV	Customer lifetime value.
CSI	Customer satisfaction analysis
CRM	Customer relationship management.
E-CRM	Electronic customer relationship management.
EDI	Electronic data interchange.
ERP	Enterprise resource planning.
ICT	Information and communication technology.
IDIC model	Identify Differentiate, Interact, and Customize treatment, Model.
IT	Information technologies.
MIS	Marketing information system.
MIT	Massachusetts Institute of Technology.
NL	News letters.
NPS	New Performance Score.
OMS	Order and Management Service.
PDA technologies	Personal digital assistant.
PN	Push notifications.

QCI	Quality competitive index.
SaaS	Software as a service.
SEO	Search engine optimization.
SEM	Search engine marketing.
SFA	Sales force automation.
SSCs	Strategically significant customers.
VoIP	Voice over internet protocol.
VXP	Vendor experience management.
WN	Web notifications.

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## **Introduction:**

The actual economic environment has shifted all the centric interests of businesses, the competitive markets promote companies to organize their activities around the customers they serve. Thus, the next orientation is not about the product lines or how to raise the sales volume, it's about making the customer a co-operative or a collaborative part. Therefore, he is the key element in the pursuit of objectives and goals at any company, and it becomes necessary to understand not only his needs and desires but also his rising expectations for quality, service and value. This mission is a long process that requires a hard work and a real knowledge of the entire customer's profile including his needs, his characteristics, his attitude ...etc. besides, running the interactions between the company and its clients.

In order to accomplish the previous mission and get more efficient with their customers, firms have adopted many tools and strategies. That is defined as customer relationship management or CRM.

Customer relationship management or CRM is the concept for managing a company's interactions with customers, clients, sales prospects, and dealing with other partner parts. This concept involves using technology to organize, automate, and coordinate business processes. The objectives of CRM are to enhance profitability, raise incomes, and boost customer satisfaction. To conquer CRM, many organizations use set of tools, technologies, and procedures to support the relationship with the customer in order to enhance sales. Therefore, CRM is an issue of strategic business and progression rather than a technical one. The significance of customer satisfaction cannot be dismissed while pleased customers are similar to free advertising for the company. It is necessary to put the customer at the centre of the business according to its strategies, events and processes. In fact, it is easier and more profitable to sell to present customers than to find new ones. Organizations are setting themselves strategies to guarantee customer retention, and changing their employees to be more customer-focused and service-oriented. Now, not only the companies aim to satisfy the customers but they attempt to do this more efficiently and effectively than their rivals in the competitive marketplace to attain their goals. The most important goal of an organization is to enhance customer satisfaction, maintain customer loyalty and focus on customer centric approach in their organizational and marketing strategies. Having satisfied customers is not adequate because customer satisfaction needs to

have direct impact to customer loyalty. Thus, it's primordial to determine the final goal of adopting a CRM project through improving customer satisfaction.

CRM is nowadays an important approach for existing companies in the actual market; it has been developed and ameliorated in many domains such as e-business, especially e-commerce market. This type of markets has its specifications including customers' behaviors, and needs are also particular. Hence, realizing customers' satisfaction requires a complex work in a specific way.

In order to understand the function of CRM and its impact on customer's satisfaction we chose to study the nature of this impact in e-commerce background. For this purpose we found Jumia Algeria the most appropriate company to realize our study. Therefore, our research main question is the following:

- **How do CRM elements contribute to Jumia's improved customer satisfaction?**

With the purpose of finding an accurate answer for this central question, we asked sub questions that will help us to elaborate the topic of our research:

- What are the CRM elements and tools used by Jumia in order to ameliorate customer satisfaction?
- Do CRM elements and tools, used by Jumia; have a positive impact on customer's satisfaction?

Hence, we formulated the following hypotheses that will enable us to have temporary answers for our main question:

**Hypothesis 01:** CRM elements and tools used by Jumia have a positive influence on customer satisfaction.

**Hypothesis 02:** CRM elements and tools used by Jumia don't have a significant influence on customer satisfaction.

**Hypothesis 03:** CRM elements and tools used by Jumia have a negative influence on customer satisfaction.

The objective of our research is to understand and explain the role of CRM in enhancing customers' satisfaction. We chose this topic specifically, because companies in Algeria

recognize the importance of Customers by time; as they are more aware about the necessity of using CRM to accomplish this centric task for their businesses.

In order to find a response to our main research question, and be able to confirm or deny the hypotheses we will adopt the following methodological approach:

The theoretical part is an elaborate literature review, where we will discuss the concept of CRM and it's specifications in chapter 01, and then we will understand the notion of satisfaction and its relationship with CRM in chapter 02. The approach used in this part is a documentary method by means of using books, academic works, articles and scientific reviews, and websites.

In the empirical part, chapter 03, we will present our case study including the company's presentation, the methodological approach adopted in our empirical study which is a quantitative approach; in addition to analytic and descriptive approach while presenting the results of a survey destined to 200 customers of Jumia.

## **The theoretical part:**

The theoretical part comprises two chapters. It is mainly dedicated to the literature review in relation to customer relationship management CRM and customer satisfaction concepts.

The first chapter provides us with general information concerning customer relationship management. It's divided into three sections, the first presents the CRM concept; beginning with a historical view of CRM development to representing its definition, its components, its types finishing with its benefits. The second section concerns CRM implementation models, tools, challenges and successful factors. The third section presents CRM in e-commerce sector; including the definition of e-commerce, the integration of CRM in e-commerce and finally the notion of electronic customer relationship management.

The second chapter covers the concept of customer satisfaction and its relation with CRM. Therefore, it encompasses three sections. The first section delivers information on customer satisfaction concept and its specifications. The second section represents the notion of customer loyalty which is the direct result of customer satisfaction. Thirdly, the third section makes the link between CRM, customer satisfaction and customer loyalty.

# **Chapter 01: Basics of Customer Relationship management.**

## **Introduction:**

This chapter will help us to have a clear idea about the concept of CRM. In the first section, it will be primordial to determine the basics of CRM: the concept of CRM, its components, its benefits and advantages for companies and its functionalities. In the second section, we will elaborate CRM implementation and its specification besides the challenges faced by companies while implementing CRM systems. Lastly, we will define CRM in e-commerce domain briefly.

## **Section 01: basics of CRM.**

In this section we will elaborate the notion of CRM, the first place we will start with a historical view of CRM:

### **1.1 Historical view:**

#### **- Pre 1950s: the address books**

Before the time of technological progress that includes cell phones, digital lists and the other similar tools, there was a little invention called an address book. Those books were used to store contact information (a few standard fields such as first name, last name, address, fax or telephone number...) in a primary way of noting the information down with a pen, but the information was getting out of order when the owner added more of details or more individuals each time.

#### **- 1950s: the rolodex**

The rolodex (short of rolling index) was for keeping the contact information not only for friends and family but also for customers and coworkers. This revolutionary contact management method for business people was marketed in 1958 after it has been known as wheeldex; and it became a staple in offices and companies by the 1980s.

#### **- Early 1980s: Database Marketing**

Pioneered by Robert and Kate Kestnbaum, database marketing involved collecting customer information and storing it in a digital database. This allowed companies to gather and analyze

huge volumes of customers' information, enabling them to send more personalized messages and build bigger campaigns because customer contacts were more efficiently organized and accessible in the database. This success in databases using led to a high level emphasis on using statistical analysis of customer behavior to better engage and satisfy their needs.

- **Late 1980s: contact management software**

Following the growth of pc's and server/client architecture, businesses began to collect and organize their customer data in a digital Rolodex of the sort that enabled them to easily store customer information. Contact management software tended to provide repetitive data which didn't help to get much insight about customers and their interactions with a company.

In 1985, Barbara Bund Jackson put forward the "Relationship Management" to a concept. It helps people to take a new step for the research of marketing theory. Then in 1987 the contact management applications was released.

- **Early 1990: sales force automation (SFA)**

SFA took many of the features of database marketing automated them and combined them with contact management. This provides businesses with much more useful customer information. It also automated businesses tasks like inventory control, and sales tasks like customer interaction tracking.

In 1995, the term customer relationship management is invented and was coined as the term for front-office applications; where Gartner and Tom Siebel have been credited with inventing the term CRM as a marketing concept.

- **1998: Expansion of CRM**

Near the end of the decade, e-CRM vendors emerged and Companies like SAP entered the CRM Labs as a unique research and development organization, which would focus only on emerging application categories like CRM. Using extranet, intranet and internet networks, e-CRM vendors offered a level of intra-organizational collaboration that hadn't previously been available in the CRM industry, which was known as "customer care".

- **Late 1990s: mobile and SaaS**

Salesforce.com enters the scene as the first major player in the "Software-as-a-Service" (SaaS) CRM space. It was launched in a small San Francisco apartment. CRM made its first

foray into the mobile market, with the introduction of Siebel Handheld, other major vendors such as Oracle, SAP and PeopleSoft released their own mobile applications, these early mobile application were quite limited in functionality.

- **Early 2000s: CRM at the speed of light**

In the early years of 2000s, Paul Greenberg's book "CRM in the speed of light" suggested a more comprehensive CRM system that manages all business relationships. By the end of the decade this became the common thinking across the CRM industry.

2003: legacy systems: the integration of dynamic CRM with other Microsoft products with legacy systems allowed vendors to have more advantages in the market.

2004: open source CRM: Sugar CRM became first major open source CRM vendor.

2006: Oracle acquires Siebel and numerous other enterprise application vendors within this period.

- **2007: Cloud Based CRM**

Salesforce created the next big change in the CRM and introduced the world of cloud-based CRM- Force.com. The cloud based applications were criticized that they weren't customizable. The platform enabled Salesforce to build an ecosystem of SaaS partner, address gaps in its product line.

- **2008: Social CRM**

Social CRM exploded onto the market with the introduction of "Comcast Cares", which is an application that focused more on interaction than a transaction. Most large corporations quickly followed Comcast's example, creating Twitter and Facebook accounts where they interact with customers. This solidified the place of social CRM.<sup>1</sup>

- **Present day:**

Cloud based and SaaS CRM solutions continue to integrate more features like customer service and social CRM.

The modern concept of CRM was inspired by the theories of total quality management and the new technological paradigm. In term of information technology, some authors emphasize

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<sup>1</sup> <http://customerthink.com/the-history-of-crm-infographic> Consulted 06/04/2020 at 14:43.

that CRM is related to the integration of several technological tools such as data-warehouse, web site and so on.

Others with a managerial rather than technological emphasis claim that CRM is a disciplined approach to developing and maintaining profitable customer relationships, and that technology may or may not have a role.

## **1.2 Definition:**

- Kotler and Killer define the CRM as following:

“Customer relationship management (CRM) is the process of carefully managing detailed information about individual customers and all customer “touch points” to maximize loyalty”.<sup>2</sup>

The definition of KOTLER and KILLER almost has global marketing perspective; it starts from the principle elements of the process which is:

- 1- **Detailed information:** it includes general and personal information, such as: name, address, phone number, preferences,... and the other sophisticated needs, such as: colors, smells ...

In order to reach the aim of:

- 2- **Loyalty:** it’s explained by the positive behavior and the favorable attitude of customer (satisfaction, trust, pursuit) toward the company or the brand.

- For Rogers and Papper:

“CRM is making managerial decisions with the end goal of increasing the value of the customer base through better relationships with customers, usually on an individual basis”.<sup>3</sup>

This definition focus on two concepts:

- 1- **Customer value:** the value of customer is almost translated by the actual and the potential profitability of the portfolio customer. The profitability of portfolio customer

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<sup>2</sup> KOTLER, (P) & KELLER, (KL): *Marketing management*, Pearson prentice hall, 14<sup>th</sup> edition, Upper Saddle River, New Jersey USA, 2012, p.135.

<sup>3</sup> PEPPER, (D) and ROGERS, (M): *Managing customer relationship, strategic framework*, John Wiley & Sons, Acid-free paper, New Jersey USA, 2004, p.33.

is based on two logics: the increasing of revenue and the decreasing of customer's cost (acquisition, transaction, loyalization...).

2- **Relationship with customer:** which is designed by the one-to-one customer communication, which is also the function of sales, call centers or the marketing departments.

- According to Payne and Frow:

“CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. Therefore, it unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. They further argued that the use of CRM requires a cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information, technology and applications”.<sup>4</sup>

This definition is remarkable with the following concepts:

- 1- **Key customers:** they are the customers and the prospects the most profitable for the company, or those who represent a potential amount of development.
- 2- **Relationship marketing:** is a marketing orientation that seeks to develop the close interactions with selected customers, suppliers and competitors for value creation through collaborative and corporative efforts.<sup>5</sup>
- 3- **IT (information technologies):** the technology involving the development, maintenance, and use of computers and software for the processing and distribution of information.<sup>6</sup>
- 4- **Key stakeholders:** are the other business partners otherwise customers, such as suppliers, transport service...

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<sup>4</sup> PAYNE, (A) and FROW, (P): “A strategic framework for customer relationship management”. Journal of Marketing, N° 69, 2005, pp.167-176.

<sup>5</sup> SHETH, (JN) and PARYATIYAR, (A): “relationship marketing in customer markets antecedents and consequences”, journal of the academy of marketing science, Vol 23, N° 4, p.255.

<sup>6</sup> <https://www.merriam-webster.com/dictionary/information%20technology> accessed 10/03/2020 at 20:05.

- Boulding and al believe that:

“CRM relates to strategy, managing the dual-creation of value, the intelligence use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with specific customers and /or customer groups, and the integration of process across the many areas of the firm and across the network of firms that collaborate to generate customer”.<sup>7</sup>

- On the other hand Buttle define the CRM as following:

“CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer-related data and enabled by information technology”.<sup>8</sup>

- All the definitions that were proposed by the authors have approximately the same basic concept that:

- CRM is the group of systems and techniques used by a company in order to maintain its most profitable customers while reducing cost of efficient interactions; which by the end leads to high amount of profits.

### **1.3 CRM components:**

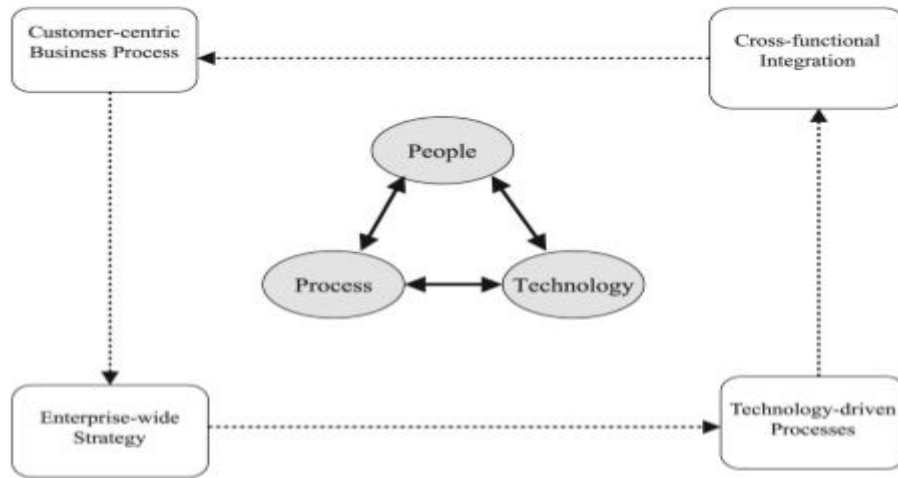
Organizations tend to focus on three components in order to bolster customer relationships, these common components are explained as following:

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<sup>7</sup> BOULDING, (W) and others: “A customer relationship management roadmap: what is known, potential pitfalls, and where to go”. Journal of Marketing, N°69, 2005, pp.155-166.

<sup>8</sup> BUTTLE, (F): *Customer relationship management, concept and technologies*, Butterworth-Heinemann, an imprint of Elsevier, Burlington USA, 2nd edition, 2009, P.15.

Figure 01: the components of CRM implementation model.



Source: CHEN, (I) and POPOVITCH, (K): “Understanding customer relationship management (CRM) People, process and technology”, Business process management journal, Vol.9 No.5, 2003, p. 676.

**1.2.1 Process:** it tries to focus on individual customers and by using Business Process Reengineering (BPR) to shift the direction of companies’ processes from product centric to customer-centric. The main business processes that need to be addressed during CRM implementation are Marketing, Sales and Services. Hence a new approach to marketing should be taken, keeping customers’ needs at the centre of the business. The relationship between the client and the sales person should be more face-to-face and the long-term quality of the customer service should be the main focus.<sup>9</sup>

**1.2.2 Technology:** Technology collects and analyses data on customers’ patterns interprets customer behavior and develops predictive models. It ensures timely responses, effective customized communications and delivers customized products and services to individual customers.<sup>10</sup>

**1.2.3 People:** it includes the organizational readiness and collaboration with staff, which is essential for successful CRM implementation. CRM entails new processes, the value of which

<sup>9</sup> MENDOZA, (L. E) and others: “Critical success factors for a customer relationship management strategy”, Information and Software Technology, Vol.49 No.8, 2006, pp.913-945.

<sup>10</sup> CHEN, (I) and POPOVITCH, (K): Op.cit. p.677.

the entire organization must understand and appreciate, and staff must be involved with the strategy and be motivated to reach the objectives.<sup>11</sup>

- Some experts have added knowledge as important component of CRM systems, that can be defined as the operation of capturing customers' and prospects' information, in addition to tracking their interactions with the company. This operation has to take more recognition and consideration because not all the information are valuable, some of them can be even harmful to business; thus many published reports had shown that 20 percent of organization data becomes obsolete each year.

### 1.2.4 Integrating of people, technology and process:

Personnel responsible for delivering successful CRM initiatives acknowledge the above people, process, and technology issues. More importantly, though, these personnel understand that during the life of the CRM initiative, the integration mix of people, process, and technology will change. The table provides a generic model for understanding how the people, process, and technology mix changes for key CRM implementation activities. This generic model needs to be adjusted for the company, taking into account that different companies will realize key CRM implementation activities at different speeds.<sup>12</sup>

Table 01: developing the right mix of people, process and technology.

Key CRM Implementation Activities	Most Relevant Components
Determining business requirements	People, some process
Setting up the project management team	People, some process
Integrating legacy and other needed systems	Technology
Customizing the CRM software	People, process, technology
CRM system pilot	People, technology
CRM system roll-out	People, technology
CRM system support	People, some process
Growing your CRM system	People, process, technology

Source: BARTON, (G): “*CRM automation*”, Prentice Hall, first edition, 2002, P.20.

<sup>11</sup> RAHIMI, (R): “*Customer Relationship Management (People, Process and Technology) and Organizational Culture in Hotels: Which traits matter?*” in International Journal of Contemporary Hospitality Management, N°0617, October 2015, pp.04-05.

<sup>12</sup> BARTON, (G): “*CRM automation*”, e-book, prentice hall, first edition, USA, 2002, P.20.

## **1.4 Types of CRM:**

### **1.4.1 BUTTLE model:**

#### **Strategic CRM:**

Strategic CRM is focused upon the development of a customer-centric business culture. This culture is dedicated to winning and keeping customers by creating and delivering value better than competitors. The culture is reflected in leadership behaviors, the design of formal systems of the company, and the myths and stories that are created within the firm.<sup>13</sup>

#### **Operational CRM:**

Operational CRM automates and improves customer-facing and customer supporting business processes. CRM software applications enable the marketing, selling and service functions to be automated and integrated. And it includes the CRM elements.<sup>14</sup>

#### **Analytical CRM:**

Analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value.

Analytical CRM builds on the foundation of customer-related information. Customer-related data may be found in enterprise-wide repositories: sales data (purchase history), financial data (payment history, credit score), marketing data (campaign response, loyalty scheme data) and service data. To these internal data can be added data from external sources: geodemographic and lifestyle data. With the application of data mining tools, a company can then interrogate these data.<sup>15</sup>

#### **Collaborative CRM:**

Collaborative CRM uses CRM technologies to communicate and transact across organizational boundaries. Although traditional technologies such as surface mail, air mail, telephone and fax enable this to happen, the term is usually applied to more recent technologies such as electronic data interchange (EDI), portals, e-business, voice over internet

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<sup>13</sup> BUTTLE, (F): Op.cit.P.04.

<sup>14</sup> Ibid, P.06.

<sup>15</sup> Ibid, P.09.

protocol (VoIP), conferencing, chat rooms, web forums and e-mail. These technologies allow data and voice communication between companies and their business partners or customers. Collaborative CRM enables separate organizations to align their efforts to service customers more effectively. It allows valuable information to be shared along the supply chain.<sup>16</sup>

#### **1.4.1 The general model:**

The other authors deal that CRM is presented on three major types. They perceive generally these types as following:

##### **Operational CRM:**

This type represents the direct interaction between the customer and the company or its employees through the touch point. It's called also front office CRM, where the customers operate the transactions with the company such as sale, payment, information seeking and so on. This type of CRM includes:

- Face to face interacting during: selling, promotion, organization of events.
- Database driven: this interaction is through phone calls, e-mails, loyalty programs, cards, ATM machines.
- Mass media: for example interactions through public advertising, public relation campaigns.

Support front-office processes, e.g. the staff in the call center, operational integration points exist to human resource system for user data and ERP system for transferring order information which was captured e.g. from a call center representative.<sup>17</sup>

##### **Analytical CRM:**

It's known also as back office CRM or strategic CRM; its principle objective is to customize solution of customers. One of the major tools used in this type of CRM is the MIS and other technological aspects.

Build on operational CRM and established information on customer segments, behavior and value using statistical methods. It's useful for management and evaluation purposes, the

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<sup>16</sup> Ibid, P.11.

<sup>17</sup> PUSHMANN, (T): *successful practices in customer relationship marketing, international conference on system science*, 37<sup>th</sup> edition, Hawaii, 2004, P.06.

operational customer data are integrated with a centralized data warehouse, which is consolidated data based on certain criteria (e.g. sales, profits). Here the data mining tool analysis defined dimensions e.g. compare the characteristics of one customer with another, leading to the determination of customer segment and thus providing the basis for targeted marketing campaigns.<sup>18</sup>

### **Collaborative CRM:**

This type is essentially to run the relationship with the partners of the company; they can be any business stakeholders but not only the customers. It has the role of facilitating coordination in business.

### **1.5 Benefits of CRM:**

The benefits of customer relationship management can be divided into two groups:

- Firstly, it increases the company's knowledge level over their client and provides understanding of why the purchase was made.
- Secondly, customer relationship management enhances the efficiency and effectiveness of sales and marketing, which in return increases the overall profitability of marketing. However, increasing the efficiency of sales and marketing does not happen by itself but with determined customer-oriented operation model and process development.<sup>19</sup>

According to CHOU and others:

- CRM applications minimize the costs of gathering information about customers, which can be stored, maintained, distributed or used for other functions such as innovation service or calculating customer's lifetime value.
- CRM systems assist company evaluate customers' profitability and loyalty; to understand which customers are worthwhile to acquire, which to keep, which are strategic, which are profitable and which must be abandoned.
- Effective CRM strategies push customers to buy more and to keep loyal for long period of time.

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<sup>18</sup> PUSHMANN, (T): Op.cit. p.07.

<sup>19</sup> MASSOUMEH, (K), REZA, (SH) and KAMBIZ, (H): "*customer relationship management and critical success factors*", Applied mathematics in Engineering, Management and Technology, N°03, 2015, p.405.

- It can also ensure the customers' satisfaction through allocation, scheduling and dispatching the right people, with the right parts at the right time.<sup>20</sup>

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<sup>20</sup> CHOU, (C) and others: “*adoption customer relationship management technology*”, in journal industrial management and data systems, Vol.102, N°08, 2002, pp. 442-452.

## **Section 02: CRM implementation and tools.**

The aim of a CRM strategy is to build as much knowledge as possible about customers to use this knowledge to optimize the interaction between companies and customers, with a view to maximizing the customer lifetime value (CLV) for the enterprise. By focusing on the economic value of individual customers, there must be a synergy between the company's offerings and the needs, behavior and characteristics of a customer. Customer relationship is an interactive dialogue. Customer satisfaction is a critical parameter and this makes CRM a continuous process for a growing customer centric focus of a company.

### **2.1 The goals of CRM:**

The goals of the CRM business framework include:

- Using existing relationships to grow revenue. This means preparing a comprehensive view of the customer to maximize his or her relationship with the company through up-selling and cross-selling and, at the same time, enhancing profitability by identifying, attracting, and attaining the best customers.
- Using integrated information for excellent service. By using customer's information to better serve his or her needs, you save the customer time and ease any frustration. For example, customers should not have to repeat information to various departments again and again. Customers should be surprised by how well you know them.
- Introducing consistent, replicable, channel process and procedures. With the proliferation of customer contact channels, many more employees are involved in sales transactions. Regardless of size or complexity, companies must improve process and procedural consistency in account management and selling.<sup>21</sup>

### **2.2 CRM implementation:**

As seen in section one, CRM project requires the three components, any organization's wide CRM project that automates selling, marketing and service processes might involves process reengineering, people re-skilling and implementation of a comprehensive range of technology

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<sup>21</sup> KALKOTA, (R), ROBINSON, (M): *the goal of the CRM business framework, E-Business 2.0 Road Map for Success*, Addison-Wesley, Boston USA, 2001, MA, p.119.

applications from a CRM suite vendor, it costs a millions of dollars and it might span a years of work.

A small CRM project might require rolling out an off-the shelf contact management system to the sales team, this might take a couple months to implement and take less than thousands of dollars to get realized.

### **2.2.1 CRM models:**

There are several models and strategies for CRM implementation; however companies choose their strategy depending on five factors: market, customers, product, distribution channels and organization size. We will cover briefly three of the most used models for CRM implementation:

#### **2.2.1.1 IDIC model:**

The IDIC is the most common model; it was developed by the Peppers and Rogers group as a generic blueprint for implementing CRM in a variety of situations. IDIC stands for the four main tasks of CRM implementation: identify, differentiate, interact and customize. These tasks are based on the unique, customer-specific and iterative character of customer relationships.

- **Identify:** many companies don't really know the identities of many of their customers; hence this step is absolutely crucial not only to tag the individual customer by gathering his personal information such as his name, address and so on, but also in order to recognize the customer when he comes back at each point of contact across the company. Moreover, companies must know each customer in as much detail as possible; including the habits, preferences, and other characteristics that make each customer unique. Therefore it will be easy to understand his needs, wants and purchase behaviors toward those companies' offers.
  
- **Differentiate:** this step is to segment the customers based on their current and projected lifetime value, which allows focusing only on the customers who will bring in the most value to the enterprise, as well as dividing and implementing customer-specific strategies designed to satisfy individually different customer needs.

- **Interact:** the third stage is where the company should apply the CRM plans for interacting with customers. After having analyzed and categorizing the clients and the prospects, it must approve the effectiveness of its interacting with its customer by defining :
  - What type of commercial action can be pursued for each category?
  - What is the degree of personalization?
  - Which channel can be used to contact the customer?
  - How to automate the communication tools?
  
- **Customize treatment:** in the last stage, the enterprise should adapt its behavior toward a customer according to his needs and value. Engaging any customer in a learning relationship with the company requires satisfying his expressed needs while interacting with him, this often entails mass-customizing a product or tailoring some aspects of its service. The customization involves the capacity of production and the way the offer is personalized.

The IDIC process implementation model can be divided into two broad categories of activities:

- “Analyze” which includes identifying and differentiation customers and “Action” includes the interacting and customization step.
- “interacting” and “customizing” are the two capabilities an enterprise must have to engage customers in relationships, and that the degree to which a firm uses each of these capabilities is an easy way to categorize the type of customer strategy it is doing—mass, niche, database, or one-to-one Learning Relationship.
- The “identify” and “differentiate” steps as the tasks that make up “analytical CRM”, while “interact” and “customize” are the tasks involved in “operational CRM”.<sup>22</sup>

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<sup>22</sup> PEPPER, (D) and ROGERS, (M): Op.cit. p.70.

### 2.2.1.2 QCI model:

The Quality Competitive Index model focuses on three main activities: acquisition, retention, and penetration. It starts with the customers' external environment pain points, business goals, and other factors will affect whether they are ready to buy or interact with the company's sales team, which in turn impacts the customer experience. The customer experience then affects customer proposition (what the enterprise offers the customer) and customer management activities.

The QCI model also considers the people and technology involved with keeping this entire system going. Although QCI has replaced the word "relationship" in CRM, this model still starts and ends with people.<sup>23</sup>

### 2.2.1.3 CRM value chain model

A value chain is a high-level model developed by Michael Porter; it identifies the processes that business uses to develop a final product or service for the customer. The goal of the value chain model is to identify and prioritize the most valuable activities to the company and improve processes to gain a competitive advantage. This CRM model observes all the stages and activities required to build a relationship with a customer.

These activities are divided into two stages: primary and support.

- 1- **The primary stage:** this primary stage of CRM has five main processes that enable the strategy:
  - **Customer portfolio analysis:** Similar to the IDIC model, the first step of the value chain model is to analyze the customers through identifying the SSCs (strategically significant customers) who are the customers who create the most value for the company. This analysis stage helps companies understand their customers in order to better address their needs and expectations and develop strategies to maximize their lifetime value.
  - **Customer intimacy:** The next step is to engage with the customer and build on the original database of information. At each touch-point, companies should be collecting

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<sup>23</sup> <https://www.lucidchart.com/blog/crm-models>

Consulted the 17/06/2020 at 22:05.

data on the interaction in order to better understand and serve their customer. The better they know their customers and adjust their service accordingly, the more likely they are to retain their business over the long term.

- **Network development:** A business's network includes all people and entities involved in the value chain, including partners, suppliers, customer service, investors, etc. The goal is to use the customer data to inform the processes at each level of the company's network so that the entire system works together in order to optimize the customer's experience.
- **Value proposition development:** Armed with your customer information and interaction data, any company can create value for its target customers. The idea is to shift the focus from the product to the service and to reduce process costs to create more value for the customer.
- **Relationship management:** The last stage of the value chain model is to manage the customer lifecycle. This process involves evaluating the business processes and organizational structure to manage acquisition, retention, and customer development.

Creating and developing these underlying conditions will support a successful CRM value chain implementation.<sup>24</sup>

### **2.3 CRM implementation tools:**

These tools are related to the CRM types or levels; they are widely used at each stage of CRM implementation:

#### **2.3.1 Tools of operational CRM:**

- Call center: it's a large office in which employees provide information, sell or advertise its goods or services, by phone. It integrates the voice switch of automated telephone systems with agent software allowing for automatic call routing agents, auto display for relevant customers data, predictive dialing.
- **Sales force automation (SFA):** it's a group of systems that serve to automate the sales' cycle, track and manage the contacts in order to increase productivity.

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<sup>24</sup> <https://www.lucidchart.com/blog/crm-models> consulted the 19/06/2020 at 19:40.

- **Enterprise Resource Planning (ERP):** group of software includes the principle and the necessary functions to manage the flows of the several internal departments: logistics, HR, finances.

- **Clubs:** it's a customers' network which detects the most loyal and valuable customers.

- **Loyalty programs:** it is a group of rewards program offered by the company that aims to encourage the most frequent and valuable customers using specific tools such as loyalty cards.

### 2.3.2 Tools of analytical CRM:

- **Customers' database:** it's a sum of useful customers' information that were gathered, selected, classified and updated in purpose of managing efficacious relationships with customers.

- **Information system:** it is a combination of application software and people that work for processing the information. In addition to a communication network which has the task of exchanging information with the other company's members and with the external partners.

- **Data warehouse:** it is storage of the different databases; more exactly it's a unification of the databases. It allows the company to collect, store and check the required information about any prospect or customer.

- **Data mart:** it can be defined as external database, which make it part of the data warehouse and it serves a particular department such as the marketing department/market; by including all the relative information to that department.

- **Workflow:** it's an automated series of activities which include the streamlining of process and ultimately help in reducing cost. Work flow automation saves time and energy of several people doing the same job again and again; because it relieves work force from unnecessary tasks. It essentially consists of:

- Collect the customers' information automatically.
- Analyze data, apply the results and measure them in order to predict customers' behaviors.
- Repeat the same work at each operation without wasting time and materials, according to the saved information.

- **Data mining:** it's an entire specialized software tools, its main task is to extract from the databases all the useful information about customers, trends and segments. It's based on advanced techniques, updated statics.

### **2.3.3 Tools of collaborative CRM:**

- **Mailing:** the mailing/emailing systems allow the companies to send periodic newsletters massively to customers and prospects.

- **Telephone:** it's the most useful tool to gather customers' information; besides, it's more customized way to contact customers one by one and get their feedback.

- **Web:** In the speed of the internet, approaching customers online is the best manner to establish a long term relationship with them; it helps to reach a high number of customers in less time better than any other tool.

### **2.4 Challenges of CRM implementation:**

In every implementation project, thousands of companies face many challenges during the last decades. They have embraced customer relationship management, often for creating significant benefits. Unfortunately, as a number of industry analyst reports make clear, many CRM initiatives have also failed to deliver the expected benefits.

Freeland has explained the two main reasons that lead to CRM systems' failure:

#### **2.4.1 The disconnection between the CRM vision and execution:**

This case is generally when CRM projects focus on mechanics rather than the final aim, which is enhancing customer relationship's value. The decision related to the technological part must be taken before developing any customer strategy. In addition to the management supports that must be handled and available.

#### **2.4.2 The raising standards of CRM excellence:**

The fast development of the new technologies enables all the companies to adapt their strategies according to the new market's changes. As well as improving their performance according to the high standards and the strong completion. On the other hand; due to technology, customer has the opportunity to learn more about the history of any company, the quality of its products, the perception of the other customers for that company and the products of the competitors in the same market; hence the customer becomes more informed,

more demanding and more unstable. Consequently, the processes and technologies that were used by the companies to gain competitive advantages are becoming obsolete by time. Thus, companies are obliged to pursue all the technological progresses in order to live longer in the market, which is one of the greatest challenge especially for the old enterprises.<sup>25</sup>

### **2.5 CRM critical success factors:**

Before starting any CRM project, it's primordial to understand and identify the varieties of the factors that influence the CRM system success. There is common critical success factors required to build and implement an effective CRM system:

#### **2.5.1 Excusive sponsorship:**

CRM project is considered as a serious investment, it should be made to support the company's goals and objectives. It starts all by asking the question: what is the objective of this implementation? This reasoning has to be communicated to everyone involved from the top down. The rest of the organization must have a clear understanding of the goal of the implementation and know that the project has the full support of the executive team.

#### **2.5.2 Implementation Approach:**

Companies have to ensure to consider the complete life cycle of the project and the evolution of the system using:

- The management support: Willingness to provide the necessary resources of power.
- Project schedule/plan: detailed specification of the individual action steps required for project implementation.

#### **2.5.3 The Data Factor:**

Any CRM project requires Data regularly new; often it is seriously underestimated in term of the work required to get it right and realize its true value. If data is considered as a machine, then its selection, installation, on-going maintenance must be considered more carefully, because it will be an asset to the organization.

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<sup>25</sup> SHERIF, (J. S) and NEWBY, (M): "*strategies for successful CRM implementation*", information management and computer security, Vol.15, N°02, 2007, pp.102-115, p.112.

#### 2.5.4 The Right Partner:

Finding the partner that matches the company's missions and deals is important at all the levels either inside or outside the company, including:

- Client consultation: communication and consultation with customers and active listening to all the parts of the project.
- Personal: it includes all the persons related to recruitment, selection and the necessary training of the new members on the personal team.
- Client acceptance: the manner of selling is more important than the act itself, and the customer acceptance is the final objective of the project.

#### 2.5.5 The right technology:

The “best” technology alone will not guarantee a successful CRM project. The foundation items need to be in place. Generally, invest in CRM technology considers the three prime options first:

1. General CRM platform and customization.
2. Industry of specific CRM.
3. Building it inside the company.

Insuring that the 3 “Cs” are involved in the planning to modify a solution to your needs:

- **Configuration:** maximizing the use of simple configuration options.
- **Customization:** use customization when needing to add tools such as tables, fields, forms.
- **Coding:** by keeping the last two stages at the minimum and prevent the problems caused while upgrading for example.<sup>26</sup>

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<sup>26</sup> <http://www.qgate.co.uk/blog/the-five-critical-success-factors-of-crm/> consulted the 25/06/2020 at 22:20.

## **Section 03: CRM in e-commerce.**

### **3.1 The notion of E-commerce:**

E-commerce is the exchange of goods and services between independent organizations and/or persons supported by a comprehensive usage of powerful ICT (information and communication technology) systems and a globally standardized network infrastructure.

For this purpose the business partners have to couple business processes and their ICT systems. These systems have to work together temporarily and seamlessly and have to share exchange and process Data during the whole business process and across the boundaries of the cooperating organizations. Data security and data privacy as well as the compliance with laws and other policies and procedures have to be guaranteed.<sup>27</sup>

### **3.2 E-commerce with the 5Cs model:**

E-commerce is also explained by another approach which is the 5Cs model. It defines CRM by five activity domains whose dominations start with the letter “C”:

#### **3.2.1 Commerce:**

- In the electronic marketplaces there is a matching of customers and suppliers, an establishing of the transaction terms, and the facilitation of the external transactions.
- with the broad move of the Web-enabled enterprise systems with relatively uniform capabilities as compared to the legacy systems, a universal supply-chain linkage has been created.

#### **3.2.2 Collaboration:**

- The Web is a vast nexus, or network, of relationship among firms and individuals.
- more or less formal elaboration are created or emerged on the Web to bring together individuals engaged in knowledge work in a manner that limits the constraints of space, time, national boundaries and organization affiliation.<sup>28</sup>

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<sup>27</sup> TURBAN, (E) and others: *electronic commerce*, Springer International publishing, Cham Heidelberg New York City USA, 2015, p.07.

<sup>28</sup> MARTIN, (K): *Introduction to e-commerce: combining business and information technology*, bookboon.com, the eBook company, 1<sup>st</sup> edition, 2016, P.20.

### **3.2.3 Communication:**

- As an interactive medium, the Web has given rise to a multiplicity of media products.
- The universal medium has become a forum for self-expression and self-presentation.
- The rapidly growing Mobile-commerce enables connectivity in context, with location-sensitive products and advertising.
- In the communication domain, the web also serves as a distribution channel for digital products.

### **3.2.4 Connection:**

- Common software development platform, many of them in the open-source domain, enables a wide spectrum of firms to avail themselves of the benefits of the already developed software, which is, moreover, compatible with that of their trading and collaborating partners.
- The Internet, as a network of networks that is easy to join and out of which it is relatively easy to carve out virtual private networks, is the universal telecommunications network, now widely expanding in the mobile domain.<sup>29</sup>

### **3.2.5 Computation:**

- Internet infrastructure enables large scale sharing of computational and storage resources, thus leading to the implementation of the decades-old idea of utility computing.<sup>30</sup>

## **3.3 The integration of CRM in E-commerce:**

Integrating CRM brings a potential value to the online brands, it helps to understand more the customer behavior, give the best offer and gather much Data in order to use them in new business projects. However, the integration of CRM solution in e-commerce projects includes basically the integration of specific touch-points according to the platform of e-commerce project. In order to harmonize the applications of both CRM and online platform, some entities must be synced such as:

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<sup>29</sup> Ibid, P. 21.

<sup>30</sup> Ibid, P. 22.

- **Customer information:** customer information and the shipping addresses must be synced with the CRM application in order to ensure that CRM users are equipped with information when dealing with customer requests.
- **Order History:** complete order history, line items and pricing information must be synced from e-Commerce solution into CRM. This will help dealing with order modification, cancellation or additional customer requests.
- **Delivery / Shipment Sync:** in the same time the shipment information along with the tracking details must be synced to ensure that support representatives can help the customer with this information.
- **Invoice and Credit Memo:** invoice and credit memo information must sync in bi-direction manner that both in and out vocal information are considered important. Thus any cancellation in CRM must reflect in e-commerce application as well.
- **Abandoned Cart:** due to using customer browsing history and Google Analytics, it becomes possible to see what products customers are looking at. If products are being added to the cart this information could be relayed to the CRM application.

### 3.3.1 CRM integration in E-commerce:

According to the perspective of digital age that we live in, CRM integration has a big importance. Customers have many choices when they buy a product. Following are the key aspects they consider when they shop:

- **Efficient Customer Care and Returns handling:**

To gain trust of customers companies need to ensure that their questions and queries are resolved in a timely manner. It may range from requesting product information or order cancellation.

- **Relevance in the era of data overload:**

by looking at promotional information the companies get everyday its print, emails or calls, they will find that there are too much information to assimilate. It is not that the information is not valuable, what is lacking is relevance.

- **A seamless experience for the customer:**

when a customer calls help desk he / she expects that the experts' team on the company

already knows who they are and their recent transactions, they have had with the organization. This is only possible when various departments using different applications have access to same data.<sup>31</sup>

### **3.4 Electronic customer relationship management (E-CRM):**

#### **3.4.1 Definition:**

Many authors define e-CRM: it's the latest technique used by the companies to increase and enhance their marketing skills and capabilities. It is mixture of software, hardware, application and management commitment, which is concerned with attracting and keeping economically valuable customers and eliminating less profitable ones, building loyalty and profitability, increased customer satisfaction, simplified processes and lower costs, better insight and decision making of the organization. With the growing global penetration of the Internet, e-CRM has become increasingly popular as a Communication tool and used as a relationship-building platform. It enables companies to implement interactive, personalized and relevant communication with customers through electronic and traditional channels.<sup>32</sup>

Table 02: the major differences between CRM and E-CRM.

<b>Criterion</b>	<b>CRM</b>	<b>E-CRM</b>
<b>Customer contacts</b>	Traditional means-retail store Telephone or fax.	Through internet, email, wireless, mobile and PDA technologies.
<b>System interface</b>	Works with backend application through ERP system.	Designed for frontend as well as backend applications through ERP, data

<sup>31</sup> <https://customerthink.com/top-reasons-why-ecommerce-need-crm-integration/> consulted the 28/06/2020 at 19:30.

<sup>32</sup> GURMEET (S.S) and SUSHIL (K): “*The Effect of e-CRM on Customer Satisfaction: An Empirical Study of Online Shopping*”, Journal of Management and Science, Vol.05, N° 2, 2015, p.32.

		Warehouse, data mart.
<b>System overhead (clients computer)</b>	The client must download various applications and applets to view the web-enabled applications as well as would have to be rewritten for different platforms.	The client uses the browser.
<b>Customization And personalization of information.</b>	Different people require different information but personalized views for different audience are not possible here, individual customization requires programming changes.	Personalized individual views based on purchase history and preferences, individual has ability to customize view.
<b>System Focus</b>	System (created for internal use) designed based on job function and products, web applications designed for a single department or business unit.	System (created for External use) designed based on customer needs, web application designed for enterprise-wide use and not limited to a single department.
<b>System maintenance and modification.</b>	Implementation is longer and management is costly because the system is situated at various locations and on several servers.	Reduced time and cost, System implementation and expansion can be managed in one location and on one sewer.

Source: ELLATIF, (M): “A Cluster Technique to Evaluate Effect of ECRM on Customers’ Satisfaction of E-commerce Websites”, SSRN Electronic Journal, 2008, p.04.

### **3.4.2 E-CRM implementation:**

For E-CRM implementation, there are three life cycle steps:

- Data collection: About customers preference information for actively which is mainly answer knowledge, and passively ways which are represented by surfing record via website, email, questionnaire.
- Data aggregation: Filter and analysis for firm’s specific needs to fulfill their customers.
- Customer interaction: According to customer’s need, company provides the proper feedback to them.

### **3.4.3 functioning of E-CRM:**

In today’s world, customers interact with any company via multiple communication channels the World Wide Web, call centers, field salespeople, dealers and partner networks. Many companies as well have multiple lines of business that interact with the same customers.

E-CRM systems enable customers to deal with any company the way they want, the time they want, via any channel, in any language or currency. Therefore, that makes customers consider they are dealing with a unified organization that recognizes them every step of the way.

The E-CRM system does this by creating a central repository for customer records and providing a portal on each employee’s computer system allowing access to customer information by any member of the organization at any time. Through this system, E-CRM provides company the ability to know more about customers, products and performance results using real time information across its business.

### **3.4.4 the benefits of e-CRM:**

Implementing an E-CRM system enables companies to streamline processes and provide sales, marketing and service personnel with accurate customer information. The result is that

E-CRM allows organizations to build more profitable customer relationships and decrease operating costs:

- **Service level improvements:** Using an integrated database to deliver consistent and improved customer responses.
- **Revenue growth:** Decreasing costs by focusing on retaining customers and using interactive service tools to sell additional products.
- **Productivity:** Consistent sales and service procedures to create efficient work processes.
- **Customer satisfaction:** Automatic customer tracking and detection will ensure enquiries are met and issues are managed. This will improve the customer's overall experience in dealing with the organization.
- **Automation:** E-CRM software helps automate campaigns including:
  - Telemarketing
  - Telesales
  - Direct mail
  - Lead tracking and response
  - Opportunity management.<sup>33</sup>

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<sup>33</sup> <https://www.businessmanagementideas.com/crm/e-crm/e-crm-meaning-evolution-and-benefits/3688>  
consulted at 02/07/2020 at 20:35.

## **Conclusion:**

CRM is a large field, and by providing part of it, we can understand what sort of impact it has on the efficiency of any company. It's not an optional tool anymore; it becomes more important to adopt CRM system depending on the size, domain and the customers of the company. Firms without CRM tools and IT system will disappear faster than those who chose to invest in such technologies.

## **Chapter 02: Customer satisfaction.**

### **Introduction:**

As seen in chapter one, CRM is a process which aims essentially to raise customer value, it starts firstly with recognizing the customers' needs, providing the best product or service in order to satisfy them and using specific strategies and tools to maintain them and gain their loyalty. Whereas it's not easy to recognize and satisfy the consumers' needs, expectations and habits, and knowing them doesn't guarantee success on the market, because consumer behavior is not rational. Therefore, the idea of the customer satisfaction must be understood differently, it's based on concept of needs and their fulfilling. On the other hand loyalty is explained by a positive behavior which is conditionally based on satisfaction, trust and pursuit. Thus, it's reflected in the good attitude toward a company or a brand.

In this chapter, we will treat the concept of customer satisfaction in first section, which is considered as the essential step to reach and realize customer loyalty definition and specifications in section two, and we will explain the relation between CRM and these two elements in the third section.

### **Section 01: customer satisfaction concept.**

Customers are the key factor of any company's existence and development on the market. It is obvious that firms, in order to face the competition, need to provide valuable and unique terms to their customers, which will satisfy their needs. This satisfaction includes not only the feelings associated with the purchasing process, but also the atmosphere before and after the execution of purchases.

#### **1.1 Definitions:**

Studying customer satisfaction had always an important part of theoretical and practical literature; hence, many researchers have focused on discussion of the determinants of customer satisfaction as a first step towards successful businesses. However, since the earlier 80th of the last century many authors proposed different definitions to customer satisfaction, according to technological, economical and socio-demographic factors that were changing during time and were influencing the customers' attitude and behaviors.

- For example, Fornell defined satisfaction as: “An overall evaluation dependent on the total purchase and consumption experience of the target product or service performance compared with purchase expectations over time”.<sup>34</sup>
- While Oliver described it as: “the consumer sense that consumption fulfills some needs, desires, goal, or so forth and that this fulfillment is pleasurable”.<sup>35</sup>
- As per Armstrong and Kotler customer satisfaction is: “the extent to which a product’s perceived performance matches a buyer’s expectations. If the performance matches the customers’ expectations, they are satisfied and if the performance exceeds the customers’ expectation then customers are highly satisfied or delighted”.<sup>36</sup>

## **1.2 Types of satisfaction:**

Products and services available on the market are very diverse and they are rather subjective in nature. The same is applied about customer satisfaction, which is a personal feeling, and it is affected by various factors. From an analytical point of view, there are three kinds of satisfaction:

- Partial or global satisfaction.
- Current or accumulated satisfaction.
- Independent or comparative satisfaction.

### **1.2.1 Partial or global satisfaction:**

The partial satisfaction refers to a specific element of the product or service. It can include aesthetics of making the product, durability, safe operation, service. However the global satisfaction is the sum of partial satisfactions because it relates to all services. In order to distinguish these kinds of satisfaction, extent and duration of the study and a reference to the competition should be taken into account.<sup>37</sup>

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<sup>34</sup> FORNELL, (C): “*A National Customer Satisfaction Barometer, the Swedish experience*”. Journal of marketing, N°56, 1992, p.06.

<sup>35</sup> OLIVER, (R.L) and RICHARD, (L): “*whence customer loyalty*”. Journal of marketing, N°63, 1999, p.34.

<sup>36</sup> KOLTER, (P) and ARMSTRONG, (G): *Marketing an introduction*, Pearson prentice hall, 9<sup>th</sup> edition, Upper Saddle River, New Jersey USA, 2004, P.19.

<sup>37</sup> BIESOK, (G) and WYORD WROBEL, (J): *Marketing and logistic problems in the management of organization*, Bielsko-Biała, Poland, 2011, P.26.

### 1.2.2 Current or accumulated satisfaction:

The current satisfaction is an assessment of the current level of satisfaction with the service or product that is used in a certain time and space. The accumulated satisfaction is the result of cumulative ubiquitous experiences of the customers in a limited time for any product, service or business.

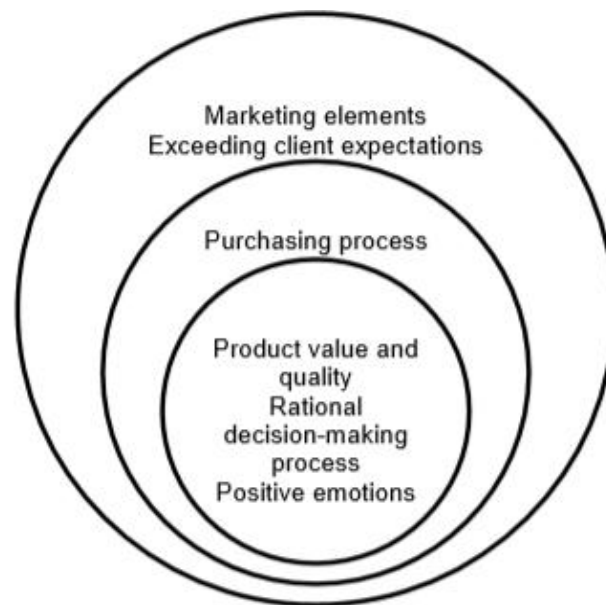
### 1.2.3 Independent or comparative satisfaction:

Another kind of satisfaction is the isolated satisfaction, known as an independent satisfaction, which is based on the evaluation of customer satisfaction with the offer of a specific firm. The relative satisfaction compares the various competing companies.<sup>38</sup>

### 1.3 The factors of satisfaction:

The following figure represents the grouping of factors that influence customer satisfaction.

Figure 02: The core and less important factors of customer satisfaction.



Source: BIESOK, (G) and WYORD WROBEL, (J): Marketing and logistic problems in the management of organization, P.28.

The most common factors that affect customer satisfaction are generally divided into two groups:

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<sup>38</sup> Ibid, P.27.

**1.3.1 Internal factors:** they are basically related to company's conditions, rules and techniques:

- **Accessibility:** Companies need to ensure that customers are able to find and access its products and services efficiently, without barriers and friction, on their preferred channel.  
Also, it must be ensured that they can reach the company and obtain good service whenever they have a question or need assistance to make a purchase decision.
- **Navigation:** Navigating and browsing the store should be a straightforward and simple process. This includes providing users who know what they want with an effective keyword search or filters but also integrating solutions that guide unsure shoppers in order to help them identify suitable products quickly. A website that's difficult to navigate will only lead to a loss of potential customers.
- **Page Load Speed:** The faster the website loads, the happier and satisfied are the visitors. If one of the company's pages doesn't appear lightning-fast, the customer will move on to speedier online stores. In study realized by Aberdeen Group found that: "A 1-second delay in page load time equals 11% fewer page views, a 16% decrease in customer satisfaction, and 7% loss in conversions."
- **Language:** Speaking to customers in their preferred language is pivotal for any business. More than 50% of consumers won't make a purchase if information about a product isn't available in their language. However, the "language" doesn't only apply to language in terms of geographical demographics but also how certain phrases or terms resonate with the company's audience and reflect back on its business.
- **Memory:** According to Harvard Business Review, customers become frustrated if they have to repeat themselves. Consumers feel comfortable switching from one channel to another and expect their information and data to follow them along. They don't like to be asked for the same details over and over again, regardless of the channel or department, they're interacting with. Memory also means remembering the customer's needs and wants in order to avoid trying to sell products to customers, which they already have no interest in.
- **Personalized:** By personalizing the experience and sharing the right content, at the right time with the right people, organizations can make interactions faster, easier and more efficient for the customers. This results in increased customer satisfaction.

- **Convenience:** Convenience is an essential element of a positive customer experience. It influences how customers make decisions about what to buy, what services to use, where to go, and with whom to engage. It consists of 5 key variables:
  - **Decision Convenience:** How quickly and easily a customer can decide what to shop at the company's store?
  - **Access Convenience:** How easily the company's store is accessible?
  - **Benefit Convenience:** What core benefits does a customer receive at company's store like receiving great customer service?
  - **Transaction Convenience:** How quickly can the customer complete the payment?
  - **Post-Benefit Convenience:** How effectively is the company handling post-purchase issues like replacements or return of products?
  
- **Intuition:** Customers value companies that “really get them”. Some companies simply have a good intuition or “sixth sense”. They are proactive and anticipate the needs and emotions of customers. Companies who know what their customers want before they want it or solve a problem before customers even know it exists, are able to create better, more convenient experiences and a trust-based relationship.
- **Real-Time:** It's about showing up when your customers need the company. Real-time interactions are becoming increasingly important to the modern consumers. They expect real-time responses and faster resolutions. For instance, “instant chat” and chatbots have emerged as a highly popular marketing solution for companies that want to provide their customers immediate access to information and show the more human and authentic side of their business.
- **Simplicity:** Simplicity is a key. It is one of the easiest ways to improve the chances of getting customer's business by making the process as simple as possible. Companies need to take away the intricacy and complexity related to decision-making by advising and supporting customers throughout their journey.
- **Logic:** There is a difference between emotional customer satisfaction and logical customer satisfaction.

- **Emotionally satisfied customers:** are extremely satisfied with the products and services the company provides and have a strong emotional attachment to the company.
- **Logically (or rationally) satisfied customers:** may be extremely satisfied with the company but lack the strong emotional connection of customers who are emotionally satisfied. They essentially behave no differently than customers who are dissatisfied. They have no reason to remain loyal.

To convert logically satisfied customers into emotionally satisfied customers, it's essential to provide customers with logical reasons why they should do business with the company over its competitors. This means understanding their expectations to meet or even exceed them.

- **Deliverability:** According to an E-consultancy report, 48% of customers are not willing to wait more than five days for most of their purchases, while 23% said they would be willing to wait eight days or more. Shipping time does not only influence purchase decisions but also has a major impact on customer satisfaction.
- **Choice:** The more choices company is able to give its customers during the buying process, the more likely they are to feel in control of the experience that they have with the brand. Choice overload and the Paradox of choice are very real in today's environment and are a growing concern for retailers and brands.
- **Community:** Today, customers are doing more research online before making a purchase decision. It's important to consider the community that exists around the brand. Even if company doesn't have an active part in building its community, one will form around the business – on social media, websites, and review forums.
- **Moment of Truth:** Finally, the “moment of truth” defines the make-or-break moments in the customer journey, that influence whether the customer will continue the journey, complete the task or interaction and continue to business with the company.

By identifying the moments of truth in the customer journey, the charged team in the company will be able to focus on optimizing the interactions that truly impact the customer experience and customer actions.<sup>39</sup>

**1.3.2 The external factors:** they are essentially related to the customer and more to the factors that influence his purchase acts, briefly these factors are mentioned as following:

- **Personal factors:** including the age, lifecycle age, personality and self-concept, occupation...
- **Situational factors:** including the economical situation, lifestyle...
- **Product/ features:** including all the perceptions or the stereotypes customers already had about the company and its products, they are more likely to be psychological factors as well.

#### **1.4 Customer satisfaction's measurement:**

In order to be able to measure customer satisfaction, it's primordial to understand what does the perceived service quality represents:

##### **Perceived service quality:**

- In simple words perceived service quality is defined as the consumer's evaluation of the service performance received and how it's compared with their expectation. However evaluations are not based on service attributes; rather these depends on a customer's feelings or memory.<sup>40</sup>
- In other words: Perceived service quality is viewed as the degree and direction of discrepancy between consumers' perceptions and expectation.<sup>41</sup>

General conceptions have to be translated in to decisions about what to measure. The conceptualization of the two concepts: customer satisfaction and perceived service quality, besides the resulting suggestions for measuring them, emerged and matured in the scholarly and applied literature relating to the B2C setting. Two key outcomes of the academic work done by Parasuman and all in 1988 are outlined below:

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<sup>39</sup> <https://zoovu/blog/customer-satisfaction-factors/> accessed the 18/07/2020 at 18:45.

<sup>40</sup> JIANG, (Y) and WANG, (C.L): "*The impact of affect on service quality and satisfaction: the moderation of service contexts*". Journal of Services Marketing, N°20, 2006, pp. 211-218.

<sup>41</sup> PARASURAMAN, (A), ZEITHAML, (V) and BERRY, (L.L): "*SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality*", journal of Retailing, Volume 64, N°01, 1988, pp.12-40.

Firstly, the research has advocated the use of a gap model. This means that customer satisfaction and perceived service quality are conceptualized as the gap between expectations (what customer wants) and perceptions (what customer gets) of relevant service attributes. Thus, if expectations exceed perceptions, perceived service quality is deemed as (relatively) poor or satisfaction is negative. If perceptions are higher than expectations (i.e., customer got more than he expected), perceived service quality is deemed (relatively) high or satisfaction is positive.

Secondly, the literature has pointed to several key service dimensions which customers care about and should therefore be measured in a survey. A useful starting point in this regard is the SERVQUAL model, a widely researched and used framework which specifies five key dimensions of perceived service quality:

- **Tangibles:** The conditions or appearance of physical facilities, equipment and personnel.
- **Reliability:** The ability to perform the promised service dependably and accurately.
- **Responsiveness:** Willingness to help customers and provide prompt service.
- **Assurance:** Knowledge and courtesy of employees as well as their ability to convey trust and confidence.
- **Empathy:** Individual care and a sense of attention to personal needs that a company provides its individual customers with.<sup>42</sup>

There are some other market research techniques to customer satisfaction, which are:

- Customer satisfaction survey methods.
- Focus groups that study customer satisfaction issues and fails.
- Standardized packages for monitoring customer satisfaction and computer software.

There are also some problems related to these measurement techniques such as:

- Analytical problems: concerned with techniques, formal procedures, systems...
- Behavioral problems: related to the attitude, motivation, perception and honesty of customers.

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<sup>42</sup> OGRAJENSEK, (Irena) and GAL, (Iddo): “*The concept and assessment of customer satisfaction*”, KENETT, (R) and SALINI, (S): modern analysis of customer surveys: with applications using, online book by John wiley & Sons Ltd, 2011, PP.107-127, PP.110.

- Organizational problems: related to the organization structure, information' flaws, management approach ...

### **1.5 Benefits of customer satisfaction:**

Customer Satisfaction should be a priority for any business regardless to which industry the company belongs. Nowadays, social media networking platforms play a vital role in customer experience management. It is considered as an excellent research tool for understanding the issues in the consumer journey and a channel for enhancing the overall customer experience. Customer Satisfaction can provide you with chief competitive benefits, which can directly result in increased growth, and they are explained as following:

- **Greater Customer Loyalty:**

It's obvious that satisfied customers will come back and spend more money for the company, as they become loyal customers in the future. A successful business will have a base of customers. Losing customers can have a huge impact on business growth. It's a lot more expensive to get new consumers than continue to sell to the existing ones. Eventually, loyal customers make it easier for any business to grow. They are the ones who will recommend the business to friends and family.

- **Support during Corporate Crisis:**

The second major benefit of Customer Satisfaction is connected to revenues, and related to the area of corporate crisis. Satisfied consumers want the company to survive at the time of crisis, and also they will support till the end. Customer Satisfaction is most likely the best source of insulation against the corporate crisis.

- **Growth in Sales Revenue**

Companies that make Customer Satisfaction a priority will result in increased sales revenue. There is a direct connection between customer satisfaction and increased revenue. Satisfied consumers will not look at the competitor's offers – they would interact with your brand, make a purchase, and recommend the products and services to friends and family.

- **Stand Out From the Competition:**

Competition exists in every market. Any company's competitors wait for one wrong move. Smarter companies always plan and keep a strategy to stay ahead in the business. Some of the

pointers that it can include in that strategy are identify and try to resolve the pain points of the customers, create a perfect pricing strategy for its products and services, and provide exceptional customer support by hiring a team of professionals.

- **Increases Brand Popularity**

The importance of Customer Satisfaction should never be ignored. Planning the marketing strategies and campaign is important as it can capture the level of customer satisfaction. The probability is high that satisfied customers are more likely to share the company's content across numerous social media channels. They will not only interact with the official posts of the company but also leave some wonderful and admirable comments and strong word of mouth affect.<sup>43</sup>

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<sup>43</sup> [http://www.google.com/amp/s/www.zonkafeedback.com/blog/benefits-of-customer-satisfaction%3fhs\\_amp=true](http://www.google.com/amp/s/www.zonkafeedback.com/blog/benefits-of-customer-satisfaction%3fhs_amp=true) accessed the 19/07/2020 at 21:45.

## **Section 02: Customer loyalty concept.**

Organizations assess and measure customer satisfaction usually because they see it as a precursor to the achievement of relevant marketing goals. One of these goals is customer loyalty.

### **2.1 Definitions:**

#### **2.1.1 The notion of loyalty:**

Customer loyalty theory is known as part of a larger framework called relationship marketing focused on the continuous long-term relationship between the customer and the company as opposed to individual (short-term) transactions.

- Oliver defined customer loyalty as: “a deeply held commitment to rebuild and re-patronize a preferred product or service consistently in the future, thereby causing repetitive same brand or same brand-set-purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviors”.<sup>44</sup>
- On the other hand, Hayes said: “attempt to make existing customers increase their purchase is one of the ways to strengthen the financial growth of a company”. “Furthermore, organization’s financial growth is dependent on a company’s ability to retain existing customer at a faster rate than it acquires new ones”.<sup>45</sup>
- While Kotler and Armstrong defined it as following: “brand loyalty can be defined the extent of customer faithfulness towards a specific brand and this faithfulness is expressed through repeat purchase and other positive behaviors such as word of mouth advocacy, irrespective of the marketing pressures generated by the other competing brands”.<sup>46</sup>

#### **2.1.2 The notion of retention:**

Customer retention is the company’s ability to sell to customers who have already made purchases from it. It’s a unique metric because it accounts for both company’s ability to

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<sup>44</sup> OLIVER, (R.L): *Satisfaction: a behavioral perspective on the consumer*, McGraw Hill, New York USA, 1997, P.392.

<sup>45</sup> HAYES, (B.E): “*The true test of loyalty, Quality progress*”, N°41-6, pp.20-26.

<sup>46</sup> KOTLER, (P) and KELLER, (K.L): *Marketing management*, Pearson prentice hall, 12th edition, Upper Saddle River, New Jersey USA, 2006, P.152.

acquire new customers as well as its ability to keep those customers. In short, the retention metric is about turning new customers into repeat customers who makes it a useful metric to measure and track.<sup>47</sup>

## **2.2 Dimensions and measurement of customer loyalty:**

Customer loyalty has been the subject of many considerable researches. There are two major approaches to define and measure loyalty, one based on customers' behavior, the other on their attitude:

**2.2.1 Behavioral loyalty:** it is measured by reference to customer purchasing behavior. Loyalty is expressed in continued patronage and buying. There are two behavioral aspects to loyalty. First, is the customer still active? Secondly, have we maintained our share of customer spending?

Many direct marketing companies use RFM measures of behavioral loyalty. The most loyal are those who have high scores on the three behavioral variables: recency of purchases (R), frequency of purchases (F) and monetary value of purchases (M). The variables are measured as follows:

- R: time elapsed since last purchase
- F: number of purchases in a given time period
- M: monetary value of purchases in a given time period.

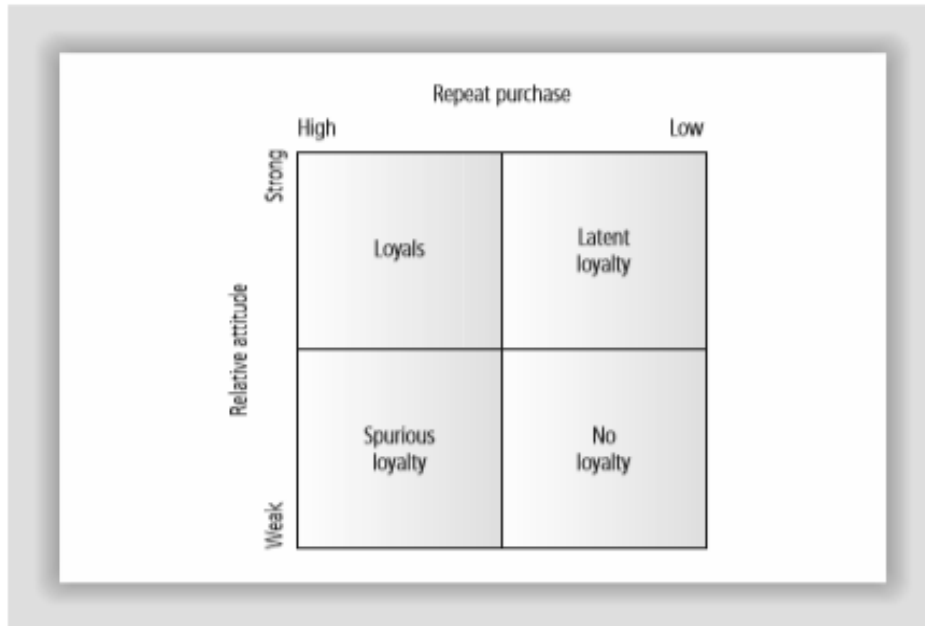
**2.2.2 Attitudinal loyalty:** it is measured by reference to components of attitude such as beliefs, feelings and purchasing intention. Those customers who have a stronger preference for, involvement in, or commitment to a supplier are the more loyal in attitudinal terms.

Recently, researchers have combined both views into comprehensive models of customer loyalty. The most common is Dick and Basu's model, as shown in Figure 03.

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<sup>47</sup> <https://www.liquidweb.com/woocommerce-resource/customer-retention-measurement/> accessed the 26/08/2020 at 20:40.

Figure 03: the two dimensional models of customer loyalty.



- Source: DICK, (A.S) and BASU, (K): “Customer loyalty: towards an integrated framework”. Journal of the Academy of Marketing Science, Vol 22 (2), 1994, pp.99-113, p.106.

These authors identify four forms of loyalty, according to relative attitudinal strength and repeat purchase behavior. ‘Loyals’ are those who have high levels of repeat buying and a strong relative attitude. ‘Spurious loyals’ have high levels of repeat purchase but weak relative attitude. Their repeat purchasing can be explained by inertia, high switching costs or indifference. Latent loyalty exists when a strong relative attitude is not accompanied by repeat buying. This might be evidence of weakness in the company’s distribution strategy, the product or service not being available when and where customers want. From a practical point of view, the behavioral definition of loyalty is attractive because sales and profit derive from actions not attitudes.<sup>48</sup>

**2.3 levels of customer loyalty:**

The researches have shown that 20% of consumers who generate up to 80% of revenue are not necessarily consistent loyal buyers. Brand loyalty is an integral part of a successful sales strategy and cannot be neglected; it must be developed over time to reach its highest levels.

<sup>48</sup> BUTTLE, (F), Op. cit. P.45.

Based on the previous dimensional theory of customer loyalty and the brand loyalty, four major levels of customer loyalty have been determined:

**2.3.1 Cognitive loyalty:** Considered the weakest consumer loyalty stage, cognitive loyalty is mainly based on the offering's relation to price. Once the cost-to-benefit ratio is worse than what competitors offer, the client will switch to a better price. That is why some businesses are ready to work at a loss on the first sale to win the cognitive loyalty game.

**2.3.2 Affective loyalty:** this stage of consumer loyalty is characterized by strong brand awareness: the company's brand is recognized. In fact, it is slightly preferred to others because it evokes the feeling of satisfaction from the previous purchase. Affective loyalty is achieved through matching the brand attributes and services to consumer expectations. Expectation as a psychological phenomenon is inextricably linked to satisfaction, and sales representatives know it.

Here, a marketing department is supposed to step in. Providing the clients with high-quality services is not enough; make them remember who did it, and how well they felt afterwards.

**2.3.3 Conative loyalty:** Conative loyalty is a reinforced form of affective loyalty supported by the desire to buy goods from a particular brand again and again. As a matter of fact, it is developed after a series of successful purchases. Heiner Evanschitzky, professor and chair of marketing at Aston Business School, names three main features of conative loyalty:

- Willingness to recommend
- Cross-buying intention
- Repurchase intention.

Despite considerably deep commitment to one brand, conative loyalty does not exclude the liability to other companies' offers.

Product owners should offer loyalty cards, coupons, rewards, sooner access to newly released tools, navigation apps, and, of course, regular discounts. Businesses lose conative clients either because of a massive, market-changing competitor, or due to their own mistakes like poor service or long delivery.

**2.3.4 Action loyalty:** Ideally, this stage is accompanied by the consumer-brand identification, meaning that consumers relate to a particular brand as something that reflects their individual,

social, or financial preferences. In this case, they will even initiate the positive word of mouth and, therefore, get company an additional means of brand promotion. Unlike the previous stages, action loyalty is not about the intention to buy; it reflects a systematic habit, a routinized behavior pattern when the consumer associates a group of goods with the brand. Companies must study their loyal clients and update the assortment regularly without major changes in design, pricing, or mottos. <sup>49</sup>

#### **2.4 The factors of customer loyalty:**

Maintaining a good relationship is the core of customer loyalty, and the best way to build a good or long term relationship with customer is well interacting with potential and existing customers. Nevertheless, the products have to be competitive, priced right and deliver superior value. But, beyond the product itself, several factors can make the difference in, a much sought after, loyal customer. Including:

- **Convenience:** When buying consumer products, many loyal customers stray simply because the store where they regularly buy the products ran out or doesn't carry them anymore. They may still prefer those products, but after all, there are other brands in stock and they don't have time to chase the company's product down.
- **Expectations:** The Company's product must continue to live up to customers' expectations in every way. It not only has to continue to deliver on its brand promise and remain relevant, but its price, value, and availability must continue to be dependable.
- **Customer service:** The way the company stands behind its products can be as valuable as the product itself. A good warranty and swift resolution of issues keep customers, who may have had a disappointing experience, buying its product.
- **Personal relationships:** The way customers are treated by third parties, such as salespersons, store clerks or a company' own representatives can make or break customer loyalty. Many don't buy the products as much as they "buy" the person who sold it to them.
- **Rewards:** Customers want some consideration for continuing to do business with you, especially when they have other options. Offering savings, bonuses, and other forms of special attention to the loyal customers can not only keep them from going

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<sup>49</sup> <https://www.qminder.com/customer-loyalty-stages/> accessed the 21/07/2020 at 22:07.

elsewhere but may be the reason they recommend you the company's offers to their friends.

- **Reputation:** How the company's products play in the media, both commercial and social, can influence long-term relationships. The company's financial, labor, and sourcing practices are now subject to the scrutiny of an increasingly transparent world where consumers realize that they vote with their purchases.
- **Community outreach:** When the company supports the causes important to its customers, and when it participates in their community, it builds a bond of loyalty that is hard to break. This gives them a social reason to become and remain loyal. Customer loyalty is a choice every consumer makes daily. It's time-consuming and fraught with anxiety. It's so much easier and much more comfortable to just stay put with a brand they know and trust.<sup>50</sup>

## **2.5 Importance of customer loyalty:**

Companies today are spending more on customer loyalty regarding to its increased important over time and here are most reasons why customer retention is important:

- **Customer retention is Cheaper than Acquisition:**

While the old adage about "it costs five times as much to acquire a new customer" may not be totally accurate, the basic principle is spot on: it's more cost-effective to keep someone in the fold than to bring in new customers.

Even still, if company wants data, there has been plenty of research into acquisition versus retention, and every one of them has come back with the economics favoring retention as the more economically viable focus. One caveat though: retention is cheaper than acquisition, but it probably isn't easier.

- **Loyal Customers are More Profitable:**

Not only loyalty is cheaper, it has better returns. According to research, engaged consumers buy 90% more frequently, spend 60% more per transaction and are five times more likely to indicate it is the only brand they would purchase in the future. On average, they're delivering 23% more revenue and profitability over the average customer.

While loyal customers are more profitable, their loyalty shouldn't be taken for granted. They'll be more open to price increases, but being cautious not to raise prices

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<sup>50</sup> <https://www.consumerbrandbuilders.com/7-factors-effect-customer-loyalty/> accessed the 26/07/2020 at 19:30.

simply to see how long they'll stick around. Lifetime revenue is the end goal, not just today's revenue.

- **The competitive advantage:**

Most brands focus on acquisition, which makes the retention-centric among customers stand out even more. People see around 10,000 marketing exposures a day, but only engage with a few of them. The ones that earn continual engagement are those with whom they feel a connection with on some level. The best brands have a unique retention proposition.

- **Gaining More Word of Mouth Referrals:**

Loyal customer of the company will be the best source of new business. Despite all the efforts into online and mobile marketing and social media, people are still most strongly influenced by referrals from friends and family.

- **Engaged Customers Provide More Feedback:**

Feedback is critical to the success of any business. Customers who provide feedbacks are often willing to give brand the benefit of the doubt. They're telling you how to earn their business repeatedly. As research has shown, people who have complained and seen their issue resolved are 84% less likely to decrease their spending.

- **Loyal customers are more explorers:**

Once a brand or a company has proven itself with one product or service, loyal customers are six times more likely to say they would try a new product or service from that brand as soon as it becomes available.

- **Loyal Customers are more forgiving:**

An Accenture study states over \$1.6 trillion is lost each year due to customers bailing after a poor service experience. It has gone so far as to claim that it's the top reason people will ditch a brand. But customers who consider themselves loyal will let some misdeeds slide.

- **Loyal customers are more accepting to Marketing:**

No one likes being marketed to. Except for loyal customers, they are four times more likely to say they "appreciate when this brand reaches out to them" and seven times more likely to "always respond to this brand's promotional offers."

- **You Earn Wiggle Room to Try New Things:**

Loyalty is fickle, so too many changes could chase people away. But once the company establishes a core base of proven customers, its brand can expand the

boundaries. Maybe it's new messaging or a new product line, or even a new logo. The bottom line is as long as it maintains the basic premises that keep people in its corner.

- **It's Better for Employee Health:**

Customer retention is basically relationship building. Good relationships make life better for everyone. They're mutually beneficial. Sales, on the other hand, are transactional. They're very price-sensitive and come with a lot of pragmatic attachments. To a business, being relational makes everything easier. Customers are less likely to fly off the handle at the first sign of distress. That protects the company's revenue and makes life easier on its employees, who play a huge role in customer loyalty.<sup>51</sup>

## **2.6 Customer loyalty programs:**

### **2.6.1 Definition:**

A customer loyalty program is a marketing approach that recognizes and rewards customers who purchase or engage with a brand on a recurring basis. A company may dole out points and graduate customers to higher levels of loyalty the more they buy. These incentives and specific benefits often result in the customer becoming a more regular consumer or the ideal brand promoter. Benefits may involve free merchandise, rewards, coupons, or insider perks like early access to new products. Studies have found that members of customer loyalty programs typically spend up to 18% more than other customers.

Throwing in an extra small product or service with a purchase is an excellent way to reinforce a buying decision that the customer made. Everyone loves receiving something for nothing. And for every cent a business spends investing in a customer loyalty program, it is likely to reap multiples in return. By contrast, when a customer walks away from any business, their income stream is lost forever.

### **2.6.2 The importance of loyalty programs:**

The benefits of customer loyalty programs include:

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<sup>51</sup> [https://www.google.com/amp/s/blog.accessdevelopment.com/the-top-ten-benefits-of-customer-retention%3fhs\\_amp=true](https://www.google.com/amp/s/blog.accessdevelopment.com/the-top-ten-benefits-of-customer-retention%3fhs_amp=true) accessed the 26/07/2020 at 20:10.

- **Better customer retention:** Today, customers are making purchasing decisions not just on price, but on shared values, engagement, and their overall experience of the company's brand.
- **More customer referrals:** If the customers enjoy the benefits of the customer loyalty program, they will tell their friends and family about it.
- **Cost efficiency:** It's more cost-effective for any business to retain happy customers than it is to consistently churn and acquire new ones.
- **User-generated content:** Programs that encourage happy customers to publish reviews and ratings on websites and social media create authentic ambassadors for its brand.<sup>52</sup>

### 2.6.3 Starting a customer loyalty program:

Many specialists and business consultants suggest some specific steps that help any organization begin its own customer loyalty program:

- **Creating a points system:** Allowing frequent customers to earn points that convert into rewards is the basic element of a loyalty program. This works best for quick, inexpensive purchases at retailers such as fashion outlets and grocery stores. It's important to make the relationship between points and tangible rewards as simple as possible.
- **Offering tiered rewards:** A tiered loyalty program typically offers a small incentive for making an initial purchase. The value of the rewards increases as the customer moves up the loyalty ladder. This type of program tends to work better for higher-commitment and price-point businesses such as airlines, hotels, and insurance companies.
- **Charge an upfront fee:** It can be a good strategy to ask customers to pay a one-time fee that allows them to bypass common purchase barriers later on.
- **Cooperation:** a company must have relation with other companies that would be a good fit. When customers receive value that's relevant to them but goes beyond what

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<sup>52</sup> <https://www.salesforce.com/blog/2016/10/customer-loyalty-program-examples-tips.html#:~:text=By%20definition%2C%20a%20customer%20loyalty,loyalty%20the%20more%20they%20buy>. Accessed the 25/07/2020 at 22:30.

one company alone can offer; it shows that its business really cares and understands their needs. Businesses can also grow their network to reach their partners' customers.

- **Offering distinctive rewards:** A bonus for purchasing a company's products must not be a discount on future purchases. Customers who spend at a certain threshold could receive free tickets to events, or subscriptions to other products and services.
- **Possessing a unique name:** The name of the loyalty program should be remarkable and differentiated to the other programs of the same company on those of the other companies

## **Section 03: CRM, customer satisfaction and customer loyalty.**

As seen in the previous chapter, one of the major roles of a CRM implementation in an organization is to reduce costs and increase company's performance. This is expressed by profitability that is gained essentially from satisfied, loyal customer. Hence in a successful CRM implementation, data are gathered from internal and external sources: sales department, customer service, marketing, after sales service, procurement and others. This helps in obtaining a view about each customer requirement in a real time system and enables employees to make decisions while dealing with customers in different area and touch points.

In this section we will outline the relation between the CRM, and customer satisfaction and customer loyalty.

### **3.1 CRM and customer satisfaction:**

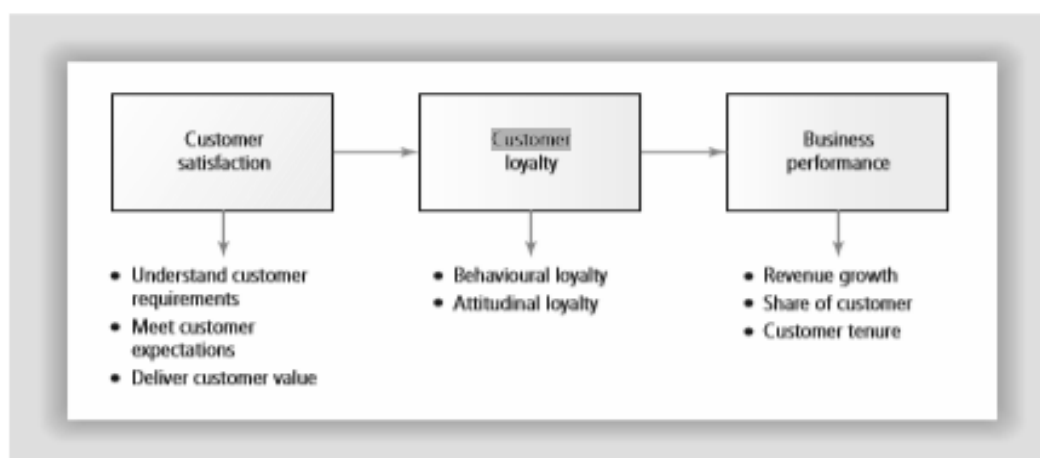
#### **3.1.1 satisfaction-profit chain:**

An important rationale for CRM is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty. There is a compelling logic to the model, which has been dubbed the "satisfaction-profit chain". Satisfaction increases because customer insight allows companies to understand their customers better, and create improved customer value propositions and better customer experiences.<sup>53</sup> As customer satisfaction rises, as the customer intention to repurchase increase on the other hand. This has a direct influence on the actual purchasing behavior, which has an impact on business performance.

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<sup>53</sup> BUTTLE, (F): Op.cit. P 43.

Figure 04: satisfaction-profit chain.



Source: ANDERSON, (E.W) and MITTAL, (V): Strengthening the satisfaction– profit chain, journal of Service Research, Vol 03 (2), 2000, pp. 107-120, p.107.

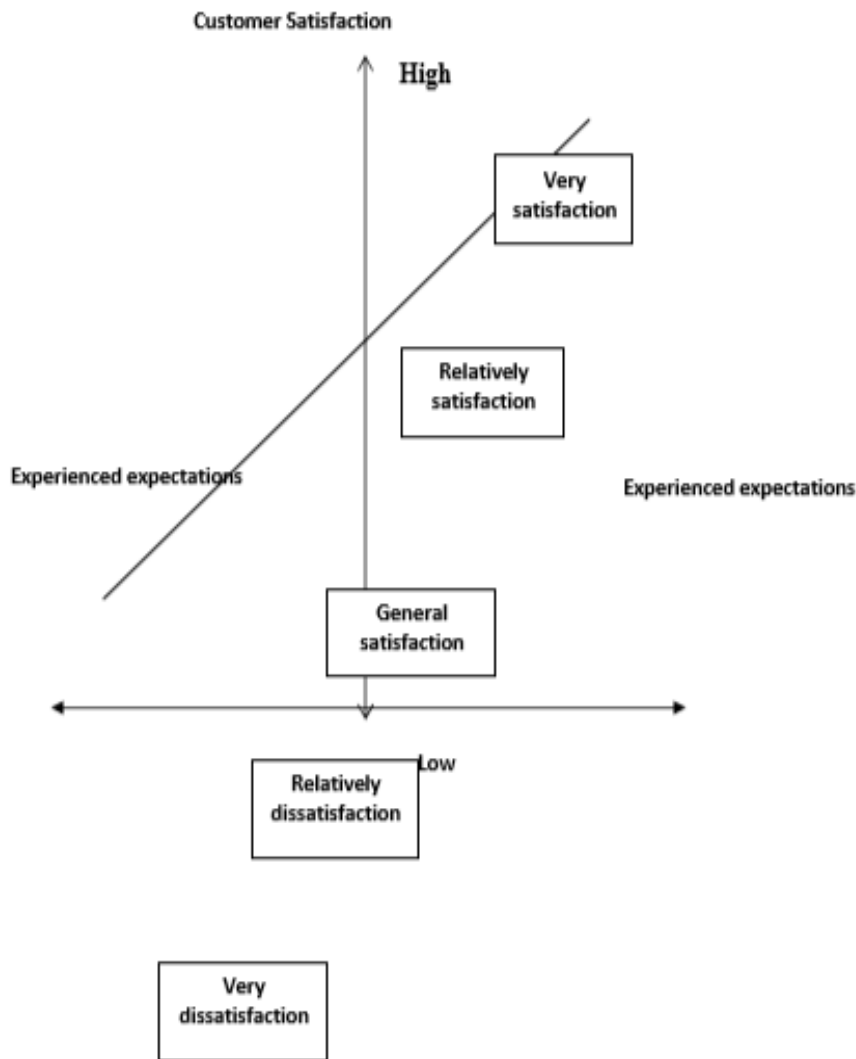
### 3.1.2 Overview of customer expectations:

According to customer relationship management triangle law:

Customer satisfaction = customer experience - customer expectations,

Customer satisfaction can be seen negatively correlated with customer expectations. Most companies generally detect customer expectations by CSI customer satisfaction analysis model; it also shows that conclusion, and customer satisfaction and customer expectations are negatively correlated.

Figure 05: the degrees of satisfaction according to customer perception.



Source: FANGFANG, (T): “Customer Relationship Management based on Increasing Customer Satisfaction”, *International Journal of Business and Social Science*, Vol 05, No 5, 2014, pp.256. (Adopted from: TAO, (F): Customer Relationship management based on Increasing Customer Satisfaction. *International Journal of Business and Social Science*, Volume 5, Issue. 5, 2014, pp. 256-263.)

The figure shows a very clear difference between the customer experience and customer expectations (positive or negative) is divided into five intervals (very satisfied, satisfied, in general, more dissatisfied, very dissatisfied), if the customer experience essentially flats with customer expectations, it belongs to the general level of customer satisfaction. The more customer experience is than the expectations, the higher customer satisfaction. On the

contrary, compared with expectations, the worse customer experience brings lower customer satisfaction.

There are two ways for companies to improve customer satisfaction through customer relationship management: First, through trying to improve service levels, so as to enhance the customer experience. Second way is trying to effectively manage customer expectations, and reducing the desired level. Obviously, the first approach is currently widely used in many fields especially in the industry, and it has achieved great success. In the future, companies need to maintain continuous improvement.

### **3.1.2.1 The theoretical basis of customer expectations:**

The service expectations theory researches provide the idea of expectation management. In fact, it illustrates that the customer habits are trained by companies in the service process. If these companies provide customers some guidance and facilitation, guide self-service as part of their contents, share part of the responsibility, most customers are acceptable and understandable. The following aspects can analyze customer satisfaction:

- Customer satisfaction depends not only on the services quality the enterprise provide, but also on whether customers satisfy about the comparing results between customer perceptions of service performance and their own expectations.
- The customer's expectations can be designed and managed; it is a dynamic, variable region, which is affected by many factors. If actual customer experience quality service falls within this region, it will accept the service satisfactory quality.
- Customer expectations must be managed. Responsible companies cannot allow customers to come with great expectations, be away disappointedly. Striving for customer service, companies would be counterproductive, high expectations are virtually increases the cost of service enterprises, which is perceptibly movement.

### **3.1.2.2 Management approaches of customer expectations:**

- Grasp the psychological expectations of customers:

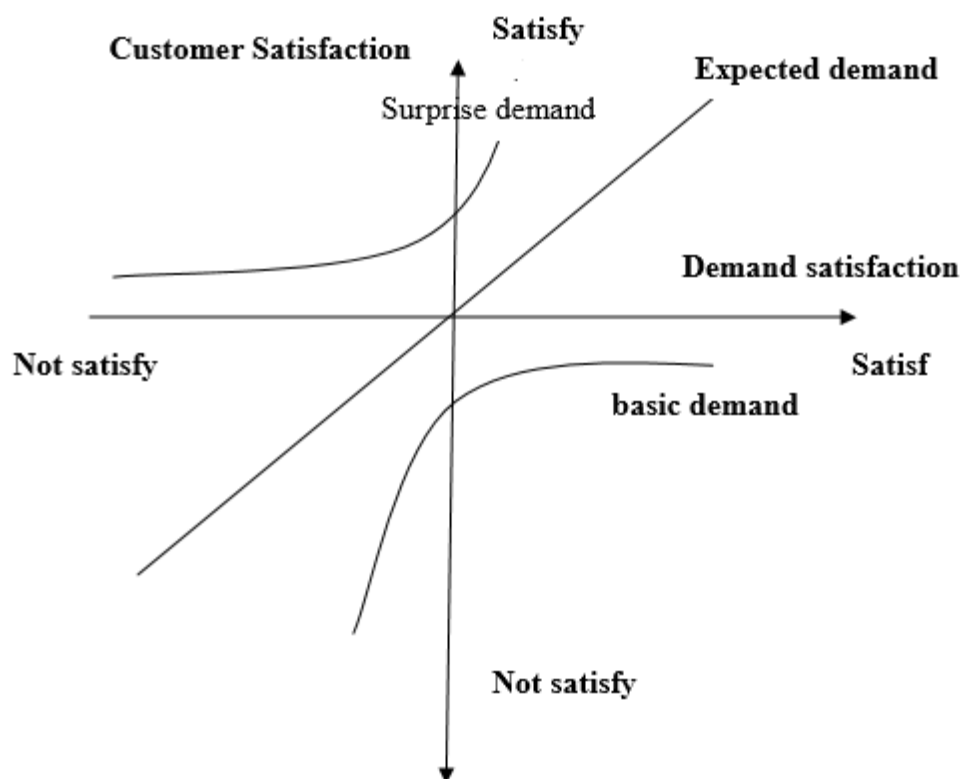
As a basis of the effective management of customer expectations, first of all, we cannot ignore the basic collection and analysis of customer information, including information collection and statistical information on the basic properties of clients, the level and volatility of consumption, personal preferences, service and satisfaction feedback information about

analysis of customer needs and expectations provide a basis to assess the level of data or information support.

- Analyze customers' needs, assess customer expectations:

Customer needs analysis is an important basis and mean of assessing customer expectations. According to Kano model which the Japanese management expert said, we will divide into the following three categories of customers' demands: basic demand, expected demand, and surprise demand.

Figure 06: customer demands levels.



Source: FANGFANG, (T): “Customer Relationship Management based on Increasing Customer Satisfaction”, *International Journal of Business and Social Science*, Vol 05, No 5, 2014, pp 259. (Adopted from: ZEITHAML, (V. A) and BITNER, (M. J): *Services Marketing - Integrating Customers Focus across the Firm*, Third Edition. Boston: McGraw-Hill, 2003).

Shown in Figure 5, the basic demands are considered service by customer which should be provided, low satisfaction is not very satisfied, the high level of satisfaction is not very satisfied yet; surprise demand is opposite, a low level of satisfaction or not meted are also not satisfied, it will be very satisfied with the high level of satisfaction; expected demand is in between demand satisfaction and customer satisfaction, which are linearly related.

### **3.2.3 Proposition and evaluation of Customer satisfaction:**

Customer satisfaction is the attitude of the customer in the purchase of products or services, according to the gap between expectation and perception formed. Its meaning is mainly reflected in the following three aspects: First, customer satisfaction is a relative concept, which is matched between customer expectations and ultimate value of the degree; Second, expectations of customers is related to what their pay, the higher they pay, the higher they expect; Third, the higher the level of customer participate, the more effort, the higher customer satisfaction:

- At the beginning, an enterprise should introduce CRM marketing strategy to meet the actual needs of customers, which should firmly establish "customer-centric" development strategy, so that enterprises can get continuous development in the pursuit of customer satisfaction.
- While improving customer satisfaction, customer expectations should be noticed and be conducted; the enterprises also should manage customer expectations and make customer satisfaction from the source.
- Customer satisfactions are dynamic and relative. Only the idea "customer-centric" can help companies improve customer satisfaction and keep customer truly; conversely, if its competitor improves customer satisfaction, then it own may loss corporate customers.
- Creating satisfied customers is to compete. The nature of competition in the market is "compete for customers", no customers means no market, and competition among enterprises is actually the competition among customers, particularly in competition among high quality customers.<sup>54</sup>

### **3.2 Customer satisfaction and customer loyalty:**

It is very important to understand the relationship that exists between the concepts of customer satisfaction and customer loyalty. The two concepts have an important part to play in the success of any business. The concept of customer satisfaction is a vital aspect that must be taken into consideration when a company is trying to increase customer loyalty and better performance of the business.

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<sup>54</sup> FANGFANG, (T): "*Customer Relationship Management based on Increasing Customer Satisfaction*", International Journal of Business and Social Science, Vol 05, No 5, 2014, pp. 256-262, p.259.

According to Dick and Basu, the role of customer satisfaction in loyalty largely indicates that satisfaction is a key determinant of loyalty. Therefore, there is a link between customer satisfaction and customer loyalty. Both concepts must be integrated together to achieve the desired goals of the company which are market share and profitability.<sup>55</sup>

“Satisfaction” is an attitude, whereas loyalty is described as a behavior. Chen and Wang suggest a view of customer satisfaction as a sort of consistency evaluation between prior expectations and perceived service performance. Accordingly, the positive evaluation of the product or service that the customer acquires is a major reason to continue a relationship with a company’s service or products, and an important pillar that upholds loyalty. Satisfied customers are thus more likely to repurchase, lower their price sensitivity, engage in positive word-of-mouth recommendation, and become loyal customers.<sup>56</sup>

Customer satisfaction and loyalty represent a top priority of the company's success and profit. Satisfaction does not automatically lead to loyalty it needs a step by step process. Steps are described as customers going through different phases such as awareness, exploration, expansion, commitment, and dissolution. Customer loyalty can be considered to be a byproduct of customer satisfaction. The satisfaction of business customer leads to customer loyalty. Customer loyalty will increase significantly when satisfaction accomplishes at a certain level and at the same time customer loyalty will decline automatically if the satisfaction level drops to a certain point. Moreover, highly satisfied customers are tending to be more loyal than the customers who are merely satisfied. Overall, it is clear that there is a significant positive relationship between customer satisfaction and customer loyalty. Customer loyalty leads to an increase in both sales and profitability.<sup>57</sup>

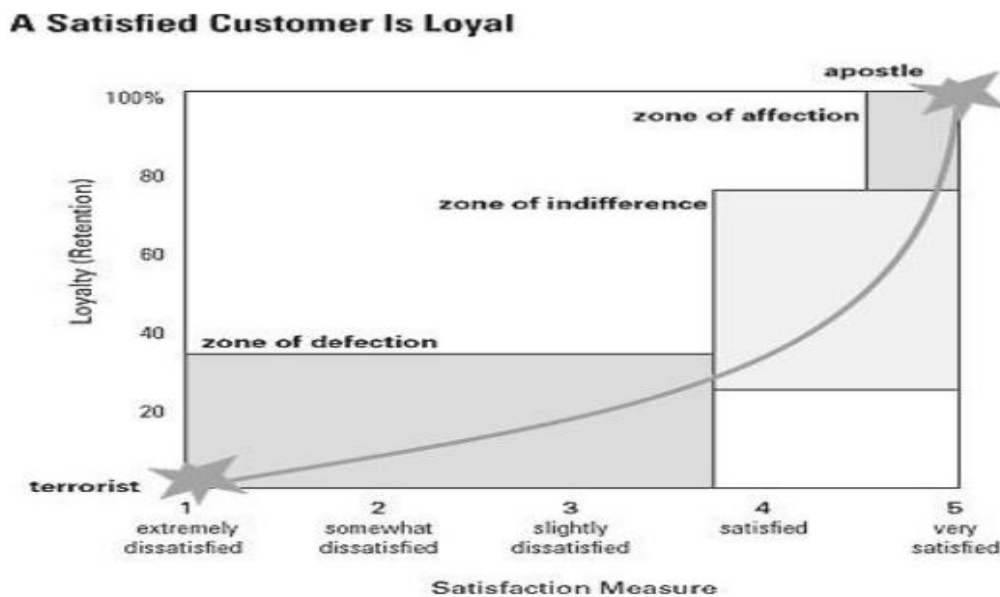
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<sup>55</sup> DICK, (S.A) and BASU, (K): “*Customer loyalty: Toward an Integrated Conceptual framework*”. Journal of the Academic Marketing Science, Volume 22, 1994, pp. 99-113.

<sup>56</sup> CHEN, (M. F) and WANG, (L. H): “*The moderating role of switching barriers on customer loyalty in the life insurance industry*”, The Service Industries Journal, Volume 29, 2009, pp. 1105–1123.

<sup>57</sup> KHADKA, (Kabu) and MAHARJAN, (Soniya): *customer satisfaction and customer loyalty*, Master thesis in Business Management, Centria University of Applied Sciences Pietarsaari, Jakobstad, 2017, p14.

Figure 07: the relationship between customer satisfaction and customer loyalty.



Source: HESKETT, (J. L) and all: “Putting the Service-Profit Chain to work”. Harvard Business Review, 2011, PP. 71.

FIGURE 06 is a representation of the relationship that exists between customer satisfaction and loyalty. HESKETT puts customers into three zones; zone of defection, zone of indifference and zone of affection. This figure shows the level of customer loyalty based on their satisfaction from a product or service. Heskett et al. (2011) term the extremely dissatisfied customers as “terrorist”. It is without doubt that a customer who is not satisfied will never say anything positive about the product or service of that company. It is more likely that these customers can discourage others from trying the products or services of the said company. The very satisfied customers are termed “apostle”. They are the ones that were or are impress with the service quality of the company and will be more willing to come back thereby making them loyal. These are the kind of customers that will put in a god word for the company to others in their community thereby encouraging many to try out the services or products of the company. Loyal customers are more satisfaction driven, thus companies must make sure their customers are highly satisfied.<sup>58</sup>

<sup>58</sup> HESKETT, (J. L) and all: “Putting the Service-Profit Chain to work”. Harvard Business Review, 2011, PP.75.

### **3.3 The relationship between CRM and customer satisfaction and loyalty:**

The definitive rationale of CRM is to augment income through customer satisfaction. In that case, CRM accomplishment is mostly by providing an enhanced quality services to the customers. Further the significant need of CRM is listed below:

- To understand Customers' Expectations.
- To understand how to Manage Customers.
- To focus on building relationships.
- For generating a customer focused CRM solution.
- To understand and initiate Customers Need.

An effective CRM will lead to customer satisfaction and if the customer is satisfied it drives towards positive word of mouth and loyalty. This in fact helps in leveraging the business as well as generating more revenues and profits.<sup>59</sup>

#### **3.2.2 The role of CRM critical tools in improving customer satisfaction:**

- **Interaction Management:**

If an organization willing to make a stable relationship with its customers, there are different ways to have an interaction with them including interaction along touch points and distribution channels. The main purpose is to find out how and when the customers would like to interact with the organization. The interaction activities should be well customized and organized through the available touch points. The touch points provide in relation to the customers' profiles developed by data gathered from the former records of the customers. Peppers and Rogers (1997) stressed that the touch points must be used for distribution of different products, services and communication with the customers. Interaction management is implemented by a few methods such as getting customers' feedback and increase the interaction with customers by attractive ways such as using social network.

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<sup>59</sup> KHEDKAR, (E. B): "*effect of customer relationship management on customer satisfaction and loyalty*", International journal of management (IJM), Volume 06, N 05, 2015, pp. 02-07.

- **Relationship Development:**

The study of relationship development primarily involves research into structures and processing of the relationship between customer and supplier. The relationship development process concerns an interaction where connections have been developed between two parties. The most important activity to achieve relationship development is known as monitoring of the relationship management process such as service or complaint management. This relationship processes include procedures, mechanisms, schedules, and activities in which the products and services have been delivered to customers. The key performance indicators such as rate of retention, life time value of the customers, and customer satisfaction should be set by the organization. The relationship development can be made through commitment to convince customers that their feedbacks are taken seriously.<sup>60</sup>

- **Quality of Services:**

According to Gee et al (2008) in an attempt to understand the factors that induce customer satisfaction, the concept of service quality is increasingly common in the literature. Studies show that service quality has a positive effect on consumer satisfaction and also has a significant relationship with customer loyalty, and the profitability of the firms. On the other hand the quality of services could be implemented by a few methods such as:

- Meeting customer expectation of good service level and having many varieties of products.
- Provide good quality products with reasonable price.
- To handle the customer complains about the products and services tactfully.

- **Behavior of the Employees:**

An employee that conforms to organization behavior and value is likely to strengthen the connection between the consumer and the firm. A reverse pattern of effects is to be expected when the employee act through his/her own behavior. In these cases, a consumer may think that the organization actually does not deliver the symbolic benefits that s/he had expected for and may evaluate the organization in a negative way. In other words, under circumstances such as the ones described, an employee will probably exert a strong

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<sup>60</sup> CHOI, (S. L) and all : “*Impact of CRM Factors on Customer Satisfaction and Loyalty*”, Asian Social Science, Vol 09, No 10, 2013, pp. 247-253, pp. 247-253,p. 249.

impact on organization reputation and attitudes. The effect of positive employees' behavior could be expressed by increasing speed of response to customer and ensure employees are friendly and respectful to customer.<sup>61</sup>

- **Physical Environment:**

Every customer is expecting that each bank is taking into consideration the importance of physical environment which is represented by decorations, aisles, waiting areas. Air conditioning, lightening, and other facilities that are available for customer convenience. In modern days, especially in the services industry, customers are looking for supplementary services, where the core service is intangible issue to attract and convince customers it is necessary to concentrate on physical issues which can satisfy them. As a result of their facts, physical environment of the bank is a matter of CRM through which customers can have a positive image about the bank which is caring for these issues and finally affect their satisfaction positively.<sup>62</sup>

### **Conclusion:**

Defining the real goal of integrating CRM system is one of the centric elements for any company's survival as seen, in order to gain customer loyalty throughout realizing customer satisfaction. The application of these entire changing might sound easy but it's a complicated process that requires a planning and an appropriate strategy. However, even the companies who didn't adopt this tool yet still have the chance improve their performance and efficiency by changing their vision firstly.

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<sup>61</sup> Ibid, p. 250.

<sup>62</sup> AZZAM, (M. AZ): "*The Impact of Customer Relationship Management on Customer Satisfaction in the Banking Industry*", European Journal of Business and Management, Volume 06, N° 36, 2014, pp. 99- 112, p.103.

## **The empirical part:**

The empirical part focuses on Jumia case regarding the integration of CRM elements and the attempt of improving customer satisfaction. This part is represented by chapter 03. The chapter is divided into four sections. The first section presents the company of Jumia and its characteristics including its services, its objectives and micro-diagnosis; in the second section we describe and explain CRM elements and tools used by Jumia and the role of those elements. In the third section we define our research methodology and its specification. Last but not least, we present data analysis and recommendations in section four.

## **Chapter 03: Jumia case study.**

### **Introduction:**

In order to accomplish our research objective that is finding the role of CRM in enhancing customer satisfaction, we chose Jumia Algeria as case of study.

This chapter of our thesis makes the total empirical part. It's divided into four sections; the first one is about Jumia presentation, as we elaborate a general diagnosis of Jumia Algeria. The diagnosis is composed of Macro study of Jumia's situation on the market. The second section includes the several CRM tools used by Jumia at different levels. In the third section, we will explain the methodological aspect of our research and the reasons that drove us to adopt the quantitative approach. Finally, the fourth section embraces the results obtained from our study, their interpretation, the affirmation or disaffirmation of our research hypothesis according to those results, in addition to our recommendations.

### **Section 01: The Company's background.**

Firstly, we chose Jumia Algeria because it's one of the most famous companies in online-shopping market in Algeria. It has a popular base and an important market share, due to its strategy that adopts new concepts and innovations comparing to its competitors.

#### **1.1 The company of Jumia:**

Jumia is an e-commerce site, and recently a mobile application was added, founded in Nigeria in 2012, the concept is similar to an online shopping mall; it is present in the 14 African countries which are Algeria, Morocco, Tunisia, Kenya, Egypt, Uganda, Cameroon, Senegal, Ghana, Rwanda, South Africa, Tanzania and the Ivory Coast. This site and application offer not only wide range of products' categories such as home appliances and electronics, fashion and children's toys, but also services such as hotel or plane reservations, and meals' delivery.

#### **1.2 Jumia in Algeria:**

Jumia is a multinational company. It's considered as the e-commerce site N° 01 in Algeria, it was created in 2014 with the vision of becoming the one shop for retail in Africa, through the implementation of best practices online and offline, Jumia is the site with the largest assortment in Algeria, as it ensures delivery service in 43 wilayas nearly of 1 till 7 days.

Jumia has launched the first e-commerce academy in Algeria that enables young entrepreneurs to improve their skills and orient them to realize their e-commerce businesses.

Despite the absence of electronic payment in Algeria, Algerians are increasingly more likely to use e-commerce sites, to purchase various products and home delivery, the figures from the online sales site jumia.dz, launched in 2014, show an overview of this "growing" market.

Jumia has an investment policy which can be summarized in following points:

- Jumia is the first e-commerce site launched in Algeria 2014; it has built an expertise and certain mastery concerning its partners and brands.
- Jumia Algeria currently records 1.5 million visitors per month, an increase by 50% comparing to 2016.
- The number of purchases and transactions effectuated through jumia.dz platform follows an ascending curve, the site and the application record every day between 500 and 1000 orders. In 2016, there were between 300 and 500 purchase transactions per day, in 2020 it reaches more than 500 purchases per day, especially with the pandemic situation.
- The delayed development of electronic payment in Algeria does not penalize Jumia who is banking on the fact that the Algerians trust more the payment in cash once the product is delivered.
- The company of Jumia provides home delivery in 43 wilayas, apart from the Algerian south because of logistics problem; to expand its offer, the young company is currently negotiating with national producers, including Condor and Brandt.<sup>63</sup>

### **1.3 The categories of Jumia:**

The corporate network of Jumia includes: Jumia services, Jumia market, Jumia travel, Jumia food, Jumia house, Jumia jobs, Jumia car, and Jumia deals.

**1.3.1 Jumia services:** it provides a complete e-commerce platform through a network of warehousing and software that treat shipping's orders and logistics, which are all managed by the company and managed by a third part, Jumia services combines the capabilities of its carefully selected partners in a homogeneous service interface.

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<sup>63</sup> Data gathered from internal documents of Jumia Algiers.

**1.3.2 Jumia travel:** It is a pan-African online travel agency that helps to make hotels' reservation online, getting airline ticket and holiday reservations across the continent of Africa, in order to meet the growing demand for travel, leisure and business, especially of the African middle class.

**1.3.3 Jumia food:** This category is an entire company for delivering food online, ordering is carried out with the restaurants in Algiers which are chosen by the customers appropriately to their locations, this is the fastest way and the most convenient way to order meals online from a Smartphone or computer, The prices charged are the same as in the restaurant and a customer service is available 7 days a week. In sum Jumia food provides food delivery.

**1.3.4 Jumia house:** Jumia House allows customers to find an accommodation, a land or commercial locals. Jumia's desire is to strengthen the position of customers by providing information about the real estate market, then putting it in contact with real estate agents.

**1.3.5 Jumia deals:** It is a free classified site of announcements that allows users: publishing their advertisements with a single click, as well as discovering what individuals and professionals sell or demand, users have access to several types of advertisements such as: real estate, used car, job posting, furniture, services, and much more. This service has been abandoned recently in Algeria because of its increasing charges comparing to its benefits.

**1.3.6 Jumia market:** It is an online shopping catalog, in other words, it offers several categories, several brands and several products, TVs, Smart phones, household appliances, women's and men's fashion, beauty, hygiene, toys, sport, furniture.

**Jumia online store:** before understanding Jumia's CRM tools and their direct relationship with customer satisfaction, it's important to have a glance about what does Jumia online store consist of? And how a purchase operation is effected by a prospect or a customer?

- **Steps of selling in Jumia:** In order to double sales' amount and make the seller's brand more known, the seller has to put products for sale on the jumia.dz store, and for that he should follow the steps:
  - Step 01: Opening an account with Jumia, and sign a commercial contract with the company; in this case Jumia will become the online reseller.
  - Step 02: Jumia will take care of modifying the online offers (price, image, description....).
  - Step 03: Jumia manage customer orders with a delivery service to home.

- Step 04: Stock management, the seller must store his products at Jumia warehousing with an “ordered” ticket.
  - Step 05: Jumia delivers its products to customers in the 43 wilayas.
- **Steps of purchasing in Jumia:** To buy on Jumia, prospects or customers must respect the following steps:
- Step 01: Identification by creating an account. During this phase, the customer enters his name, user name, email, and password. Once the account is created, that customer can continue the purchase process by adding a delivery address, specifying his first and last name, region and phone number.
  - Step 02: Once the account is created, the customer will be receiving an SMS, and go to the second step, which is the determination of products, so he can choose the item he wants.
  - Step 03: During this step, customer confirms his choice by clicking on the section “confirm the order”, he will then receive a confirmation message on his phone, which indicates the order number, and he should wait for a phone call in a few days.
  - Step 04: An agent contacts the customer to confirm his order, promising him approximate delivery date. The day before delivery, an agent will contact the customer again to inform him on its passage.
  - Step05: On the day of delivery, the customer makes sure to leave his phone number on, in order to stay in contact with the agent, he receives his item, and he pays the invoice.

#### **1.4 Jumia's services and departments:**

**1.4.1 Sales department:** the staff in this department has two essential tasks:

**Planning:** they elaborate the plans of:

- Increasing the assortments in the website and the application, therefore increasing the clicks' amount, this means increasing sales.
- The acquisition of vendors: how many vendors they can accept, the conditions of acquisition in each category of products, the contracts accorded with the vendors...

## **Execution:**

It's named VXP (vendor experience management): they are responsible of managing products and add promotions on Jumia Algeria, besides following and processing orders as soon as they arrive.

**The marketplace:** it is the link between the offer (sellers) and the request (customers). As mentioned before, the marketing team is charged of bringing customers to the site in order to make them buy and see the variety of choices; therefore the marketplace call out the vendors (business, auto-entrepreneur, individual) who want to sell on the Jumia site.

The seller on Jumia goes through 3 essential steps:

- **Acquisition of sellers:** where the seller chose spaces on Jumia website or application, in order to present their products. The choice of the space is done according to many critters and conditions such as the position of that space, the quality and the nature of the product itself, the money that the vendor is able to pay.
- **The university step:** train and equip salespeople. Jumia offers training to its sellers (give them videos, tutorials, text content), in order to better master their professions and get familiar to it.
- Taking the vendors who have been acquired then trained to perform on the website or the application operationally. Therefore, the customers are able to choose and shop in Jumia, buy a product that will be delivered to them.

The stages of processing a request or making a purchase:

- Step 1: The client places the request.
- Step 2: The seller receives a notification of a new order by e-mail.
- Step 3: The seller packages the item and places the order "ready to be dispatched".
- Step 4: The seller drops the item off at Jumia or calls the pickup service to pick up the order.
- Step 5: Jumia delivers to the customer.
- Step 6: Jumia pays the vendors for their sales every week.

**1.4.2 Operations' department:** It's divided in three services:

**Customer service:** It is a call center and a link between customers and agents of Jumia includes a system called OMS (Order and Management Service), it consists of two semi-services:

- Service in bond: it includes the incoming calls by customers who need to make an order or need to ask for any information related to the purchase's process.
- Service out bond: are outgoing calls by Jumia agents to contact the customers and confirm their orders, and notify them of the delivery date.

**Content service:** The main function of this service is to process, adjust, modify and complete the content of the ads that must appear on the site, update the upload of products, Check prices, content, products' categories, description, characteristics, images, the exact titles of the product, products' brands, dimensions, weight. The products are rejected when they are not mentioned or clearly counterfeited. In this situation the agents of Jumia send an email to the seller where they identify the reason why his product was rejected.

**Logistics service:** This service is responsible of shipping, delivering and returning products from/to Jumia warehouse, the staff in this service contact the delivery men and give them information about the customer such as his address, his product, and so on. They also give him the sum of products he must deliver and the regions he must visit in case of returning the products.

**1.4.3 Human resources department:** This department is responsible of hiring staff, dealing with assurance partners; coordinate between responsables of each department and the responsables of Jumia in the other countries; besides remunerating employees.

**1.4.4 Financial department:** It is responsible of managing the annual budget necessary for every department, coordinating with Jumia fields in the other countries about prevision of sales and exchanging statistics.

**1.4.5 Marketing department:** it's a team that composed of: marketing responsible, two web designers, CRM specialist, community manager, responsible of public relationships, coordinator with the call center and other related departments.

### **1.5 The objectives of Jumia:** Jumia highlighted the following objectives:

**Short term goals:** For the short term jumia.dz seeks to:

- Attract new customers and maintain the existed ones.
- Connect African consumers and entrepreneurs to facilitate the exchanges.
- Generate economic growth.
- Revolutionize the concept of shopping by offering customers the best experience of online shopping.
- Increase the bellies and therefore the sales force.
- Improve the reputation of the company.

**Long term goals:** For the long term, the Jumia's company seeks to:

- Have a good image for the company.
- Maintain the rate of sales growth higher than the one of the competitors in the same sector.
- Acquire a large market share.
- Retain its customers.<sup>64</sup>

### **1.6 General diagnosis of Jumia:**

In order to understand the factors affecting Jumia's performance, especially Jumia services and Jumia market, and its situation in the market we chose to elaborate the following key elements that determine the environment of Jumia:

#### **1.6.1 SWOT analysis:**

Table 03: Jumia SWOT analysis.

<b>Strengths:</b>	<b>Weaknesses:</b>
<ul style="list-style-type: none"><li>• The first more popular brand in Algeria.</li><li>• Financial performance due to the existence of incubators that helped Jumia to grow.</li></ul>	<ul style="list-style-type: none"><li>• The absence of e-payment in Algeria.</li><li>• The perception of the Algerian customer towards the concept of e-commerce: Algerians generally don't trust the online purchases.</li></ul>

<sup>64</sup> Data gathered while having an interview with regional responsible in Jumia Algiers, the 26/02/2020 at 11:15 am.

<ul style="list-style-type: none"> <li>• Jumia website and application are well referenced.</li> <li>• Synergy: its services complement each other.</li> <li>• A strategic location of the company, its head office is situated at Delly Ibrahim, which makes it easily reachable.</li> <li>• 6 years of experience in the Algerian market allows Jumia to have an important market share comparing to its competitors.</li> <li>• Multitude of external communication channels: through: social media, dealing with partners including influencers, occasional events ...</li> <li>• Good logistics and distribution system: delivery available in 43 wilayas besides the independent delivery service apart.</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery problems because of the third part strategy.</li> <li>• Lack of choices and limited offers comparing to the real market.</li> <li>• Failures experiments: customers complain about the products quality often, although they are not Jumia's product, they affect directly its image in the market.</li> <li>• Bad press and coverage about Jumia services.</li> </ul>
<p><b>Opportunities:</b></p>	<p><b>Threats:</b></p>
<ul style="list-style-type: none"> <li>• Developing market: Small number of competitors at the beginning of the implementation helped Jumia to grow faster in the Algerian market.</li> <li>• The progress of digital market makes it easier to Jumia to connect with its customer and make an entire community.</li> <li>• The existence of incubators helped Jumia to innovate more; it allowed Jumia also to use expansive tools in</li> </ul>	<ul style="list-style-type: none"> <li>• The competition: national and international players in real and e-commerce market are aggressively attacking Jumia, such as: Ali express, shein, Batolis, Ouedkniss...</li> <li>• Merchants and platform: being an intermediary part between merchants and customers makes Jumia gain fewer margins on sales because the merchants define the prices.</li> <li>• Government regulations: government is investing Jumia practices and policies with</li> </ul>

<p>gathering data about customers.</p> <ul style="list-style-type: none"> <li>• The policy of exchanging experiences and skills among Jumia members motivate them to do the best work in order to strengthen Jumia performance and reputation.</li> <li>• New markets: for example: delivery and shipping it's still developing in Algeria.</li> </ul>	<p>regard to fair play and anti-competitive practices, especially with the recent events of boycotts campaigns against Jumia.</p>
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Source: Data obtained from internal documents at Jumia and the marketing manager statements the 02/03/2020 at 10:45, the marketing department of Jumia.

### **1.6.2 Porter's Five Forces Analysis:**

#### **Competition among existing competitors in the industry:**

- High aggressiveness of firms: e-commerce companies are generally aggressive; they exert a strong competitive force against each other. For example Jumia directly compete against batolis and dzboom which are two of the strongest e-commerce websites, as well as other retailers such as UNO in the physical retail market.
- High availability of substitutes: as mentioned, Jumia has a huge number of competitors virtually and physically, either in the local level or in the international one, and that means its services can be replaced or imitated anytime by those of the competitor.
- Low switching cost: it correspond to low barriers for transfer from Jumia to another substitute provider.

According to this analysis, competitors must be a strategic priority to ensure the company's long-term competence of Jumia.

#### **The bargaining power of suppliers:**

- Small population of suppliers: this makes the acquisition of suppliers valuable and costing at some points.
- Moderate forward integration: it's a moderate force where it equates to a moderate degree of control that suppliers have in the sale of their products.

- Moderate size of suppliers of most equipment manufacturers limits their influence on the company.

Based on this aspect of the five forces analysis of Jumia, the external factors emphasize the moderate significance of suppliers as a strategic determinant in the online shopping environment.

#### **The bargaining power of customers:**

- High quality of information: with Internet existence today, customers have more access to online retailers' information, their pages and websites so they can contact them easily, the opinion of others about their products...
- High availability of substitution products: it empowers the customer to shift from one retailer to another so easily.
- Low switching costs: the other options available to the customer can have lower prices and cost less, so he can transfer from Jumia to another company.

The external factors in this aspect of the analysis show that Jumia must consider the strong bargaining power of buyers as a major factor in addressing business challenges in the e-commerce environment.

#### **Threats of new entrants:**

- Low switching costs: the new entrants can play on the prices policy.
- High cost of brand development: it's considered as a weak force for the entrants in online retail, it takes more time and investment to create a famous and strong brand.
- High economies of scale: it's a weak force for new entrants; they need to achieve high economies of scale to compete against Jumia.

New entrants are still a minor strategic issue in Jumia's performance in the e-commerce domain.

#### **Threats of substitutes:**

- High availability of substitutes: even farther than the e-commerce market, substitutes are available and numerous.
- Low cost of substitutes: the prices of the substitutes have a big influence on the company.

- Low switching costs: this shows that customer can easily transfer from Jumia to another retailer.

Thus, this aspect shows that substitution is among the priorities in the company's strategies for long term success.

## **Section 02: CRM in Jumia.**

The world of online shopping is a market driven by massive competition and constant changes. Despite this, Jumia is still the most visited one-stop-shop destination for millions of loyal customers in Africa and in Algeria. It's considered as one of the largest internet retailer in Africa, it is also named among MIT (Massachusetts Institute of Technology) top 50 smartest companies in 2017. A lot of this success is attributing to their dynamic CRM system. In this section, we will explain briefly the CRM pillars of Jumia market and Jumia services.

### **2.1 Front office level:** or what is called operational CRM at the operational level.

#### **- the user interface:**

Jumia's website is clean, streamlined, easy to understand, and easily searchable. The images are well presented, the descriptions are accurate, the prices and reviews are plainly visible, everything is neatly organized into departments and categories, and there is a NPS (New Performance Score) for the satisfaction level of customers about any specific product: which is a scale from 1 to 10 that was made for customer to evaluate the products and the vendors. Behind this work, Jumia has three web-designers who work hard to realize the final form of the newsletters, the offers and promotions appeared on the website or the application, besides the updated shape of both the website and the application.

#### **- Promotions:**

Jumia also has a special timing per day, per week or per month where the products are sold with lower prices; it informs customers about these periodic promotions not only through social media pages but also through web- notifications for the web-site users and push-notifications for the application's users. Also it offers occasional and annual promotions, which are either:

- International events such as "Blackfriday" and the "New Year" commercials.
- Events related to Jumia name such as Jumia anniversary.
- Other events including: "Teck-week" that is an occasion to sell technological products and household appliance.

- **Advertising and public interactions:**

Jumia uses two approaches to promote its products and services in order to make prospects know its offers well:

- The traditional marketing: through using traditional approaches such as advertising on TV (e.g. Dz.news, Ennahar TV, el Jazairia one, El bilad), radio..., besides representing the brand in fairs and conferences (e.g. international Algerian fair).
- Digital marketing: by using Internet and social media, such as: publishing articles and blogs in electronic press stations (e.g. Go Africa Online, 24hdz, algerie360), dealing with influencers to promote for Jumia through their social media accounts (e.g. Zakaria rahim, walid-k-tech), using SEO (search engine optimization) and SEM (search engine marketing), in addition to adding regular posts on social media pages.

- **Indirect or secondary interactions:**

Jumia overall focuses on customer experience, is one of the major reasons why they consistently outperform other online retailers. Customer experience in Jumia doesn't include only what was explained above, but also other elements including:

- Call centre: it makes part of the total customer service as mentioned, Jumia has a calls' station that can receive nearly 200 to 300 call per day, which is represented by two essential groups that are customer focused :
  - The first is responsible of providing recommendations to new customers or prospects that have their first experience with Jumia, these recommendations are essentially about: making purchase, return policy, delivery process and Jumia centers' locations.
  - The staff in this group is charged for responding on complains about delivery, the bad quality of the product...in addition to providing recommendations for regular customers who have purchase history. They are most of time in contact with logistics' service, vendors experience management and the managers of customers' databases.

**2.2 Support front-office:** for each group in the call centre, there is a responsible that manages and classifies the information that were mentioned, captured and inserted by each call centre representative during the call. This responsible integrates the information in the operation points of the ERP system.

- **E-mails and notifications:** emailing is one of the most effective tools used by Jumia to attract prospects (strategy push) and maintain existed customers. For this mission, Jumia has a CRM specialist who is charged of managing CRM software that send regularly newsletters and notifications to prospects and existed customers, besides the software specialized of tracking customers' reaction towards this emails and notifications. For this purpose it's important to distinguish the types of these interaction's tools:

Table 04: the types of notifications and emails used by Jumia to interact with customers.

Tools:	PN (push notifications)	WN (web notifications)	NL (news letters)
Nature:	Notification sent automatically on phone for customers who have the application Jumia.	Notifications sent to customers or prospects that visited the website and allowed receiving notifications.	E-mails sent to customers or prospects that had an account on Jumia, where Jumia had their e-mails addresses.
Characteristics according to targeted customers:	<p>There are three types of PNs:</p> <ul style="list-style-type: none"> <li>- PN for all users: Jumia send automatically less than 3 PNs per day for all users (prospects and customers) of the mobile application.</li> <li>- Generic PN: 3 PNs are sent everyday for customers who have made 1 to 10 purchases in Jumia depending on the new offers and</li> </ul>	<ul style="list-style-type: none"> <li>- They are sent automatically to all users who visited Jumia web-site in order to attract them and push them to see more products. Thus making more purchases.</li> </ul>	<p>There are three types of NLs:</p> <ul style="list-style-type: none"> <li>- NLs for mass population: Jumia sends usually random emails for prospects who haven't had any experience with Jumia, in order to make them know the brand and what its concept.</li> <li>- NLs for customers: which are generally promotional NL, they include offers, new services, and new</li> </ul>

	<p>promotions.</p> <ul style="list-style-type: none"> <li>- Strategic PN: for customers who made more than 10 purchases, Jumia sends more than 3 PNs. Where the PN includes specific products moreover the usual ones, generally they are valuable products.</li> </ul>		<p>promotions.</p> <ul style="list-style-type: none"> <li>- Transactional NLs: they are the e-mails sent to prospects and customers that ask for recommendations or have any consultation.</li> </ul>
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Source: information gathered while having an interview with “Nayam Mokrani” CRM specialist at Jumia, the 26/02/2020 at 11:15, interns’ office in Jumia.

PN, WN and NL are used for many purposes including:

- Tracking customers’ activity in Jumia and detecting number of persons who didn’t open the notifications at all, the others who opened the notifications but they didn’t buy and the persons who opened them and bought products. For this task the specialist uses “Adjust” software for PNs tracking and “Google analytics” for NLs, PWs tracking.
- **Sales force automation**, using:
  - “Accengage” software to accelerate users’ engagement through PNs and WNs.
  - “Sales force marketing” for NLs.
- **Social network interactions:**

In order to manage social network interactions, Jumia implanted as every e-commerce company a chatbot program, which responds automatically to customers question in social media pages especially through messenger; there is a complete team behind these system, and it’s is contained of: conversational UX designer, conversational UX tester, chatbot marketing manager.

- **Jforce community:**

Jforce it is one of the most interesting concepts developed by Jumia in order to maintain existing customers and evaluate their satisfaction. This reward program aims to train and strengthen future ambassadors who will recommend Jumia to their entourage including their friends or families' members. Jforce ambassadors receive a reward once a month due to the orders they place to people around them, it's a good opportunity for students or employees who wants to gain additional incomes because it allows them to have an independent work without having a starting capital or previous experience.

Being a Jforce ambassador does not only allow them to have an extra income, but also to develop their skills and knowledge about e-commerce field, as it helps them to meet new people and expand their personal and professional network. The group of Jforce ambassadors represents Jforce community; they exchange their experiences and help new ambassadors.

Having more ambassadors explains two facts:

- An ambassador is a satisfied customer who is able to recommend Jumia.
- An ambassador will be always loyal to Jumia.

**2.3 Back office level:**

- **Personal Data collection and Storage:**

Most CRM systems will be processing massive amounts of data in their data warehouse every single day. Jumia's CRM is constantly gathering information through customers searching and browsing, data mining, and their wish list and so on. Whatever they decide to buy or not, they are providing the system with information, and this information is then analyzed and used to improve constantly customer experience on Jumia and their service accordingly.

As seen, if any prospect wants to buy something at Jumia, he will need to set up a personal account. It's through the account that Jumia can track his purchases and his browsing history. This information makes it easy for the specialist staff to tailor marketing campaigns and email campaigns based on things customers will probably like.

- **Interacting with other collaborative parts:**

One part of the call centre stuff belongs to the vendor experience management, they are charged of contacting vendors, where they provide them with recommendations and information about their rendezvous with the company or their selling process.

Another part of the call centre belongs to logistics service, where staff there deals with delivery men, provide them with information about their destinations, customers' addresses, the order's number, any changing or other details about shipping process.

### **Section 03: research methodology.**

In this section we will develop the approach of our research, where we will explain the purpose of the research, the research approach, the methods of gathering data, as we will justify the choice of the population chosen and the choice of the sample studied.

#### **3.1 The scientific method:**

As a matter of fact, the scientific research is the most followed method to understand the causality or the impact of any phenomenon on another one. It can be defined as methodological and systematic approach to the acquisition of new knowledge. It's characterized by several features such as: having an object, following a scientific method, and delivering verifiable and universal results.

First of all, the method adopted by the researcher is the most defining characteristic of the scientific research. The aim of scientific method is to provide a set of clear and agreed upon guidelines for gathering, evaluating and reporting information. Thus, according to Geoffrey MARCZYK<sup>65</sup>, this method should cover the following elements:

- Empirical approach: based mostly on direct observation and experiments.
- Observation: the process of making careful and accurate measurements.
- Questions: the researcher should translate their research idea into an answerable question.
- Hypotheses: a hypothesis is an attempt by the researcher to explain the phenomenon of interest. Indeed, it is an educated and testable guess about the answer of the research question.
- Experiment: this step involves actually conducting the experiment or the research study.
- Analyses: primarily call for statistical techniques.
- Conclusion: it is about either supporting or refusing the hypotheses.
- Replication: the fact of conducting the research a second time with another group.

Generally, most researchers agree that the three general goals of scientific research are:

- Description.
- Prediction.

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<sup>65</sup> MARCZYK, (G), DEMATTED, (D) and FESTINGER, (D): *Essential of research design and methodology*, by John Wiley & Sons, Inc, USA and Canada, 2005.

- Understanding or explanation.

### **3.2 Research specifications:**

#### **The purpose of the research:**

The main purpose of our study understands the role of Jumia's CRM system in enhancing its customer satisfaction by trying to explain the influence of Jumia's CRM system on customer satisfaction, in other words, whether Jumia's customers are satisfied with its CRM system and tools or not.

#### **Research Hypotheses :**

H1 : CRM elements and tools used by Jumia have a positive influence on customer satisfaction.

H2: CRM elements and tools used by Jumia don't have a significant influence on customer satisfaction.

H3: CRM elements and tools used by Jumia have a negative influence on customer satisfaction.

#### **Research Model:**

A wide range of customer relationship are responsible for creating customer satisfaction, yet most e-commerce businesses, including Jumia, consider most of such elements which may foster customer satisfaction and loyalty .This research investigate CRM critical elements that are responsible for customer satisfaction and loyalty. Researcher based on the literature reviewed proposes a model which reflects the main elements of CRM that are responsible for creating customer satisfaction as discussed in chapter 02. These elements are: Interaction management, Relation development, Quality of products and services, Behavior of employees, Physical environment, and Social network management.

We chose those elements according to what we presented previously in the second chapter and we focused on the operational and collaborative CRM types because they are more related to customers, as they affect them directly through direct interactions. Also, the analytical CRM includes many technical details that we couldn't fully cover them and how they influence customer satisfaction.

**Research approach:**

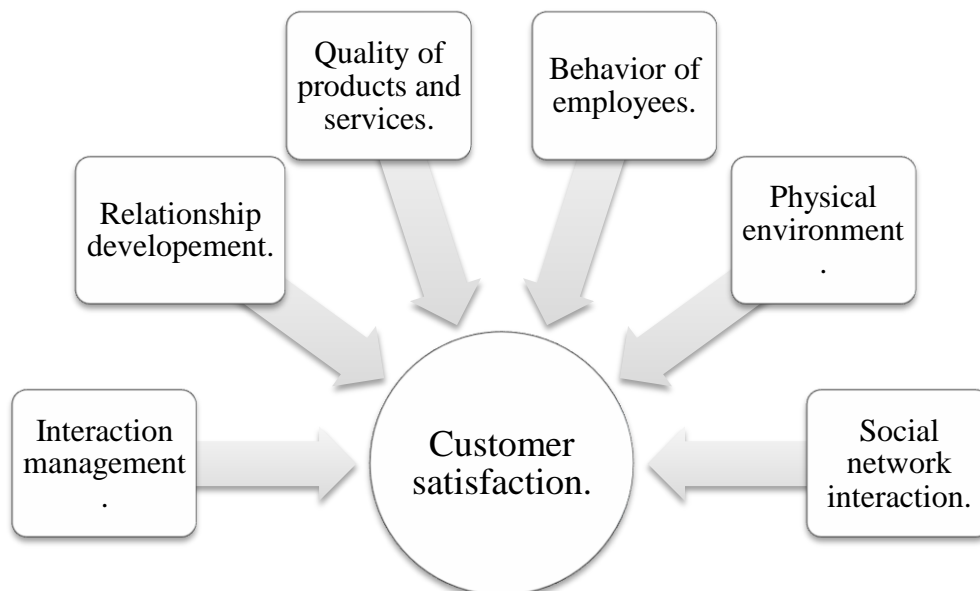
In order to achieve the objectives of our study, we opted for both quantitative and qualitative approaches; however quantitative approach is present with 80% and more used:

- **Quantitative approach:** “quantitative researches methods usually involve large randomize samples, more application of statistical, and few applications of cases demonstrating findings. The objective of quantitative research is to determine the relationship between one thing (an independent variable) and another (a dependent variable) in a population. Further, quantitative methods are often used within natural science, and the aim is usually explanatory to explain causal relationship, to facilitate generalization, and also to predict the future”.<sup>66</sup>

Hence, as part of scientific methodology and quantitative approach as well, elaborating a questionnaire is the instrument of data collection, it was designed to suit the phenomenon treated (customer satisfaction) and to reflect the real role of CRM elements in Jumia. In the questionnaire we integrated several questions that have targeted essentially and particularly Jumia’s customers.

Figure 08: Our research model, explaining both independent and dependent variables.

**Independent variable:** CRM elements:



**Dependant variable:** customer satisfaction.

<sup>66</sup> RAGINE, (C.C), NAGEL, (J) and WHITE, (P): “Workshop on Scientific Foundations of Qualitative research”, Workshop on Scientific Foundation, 2004, pp.17.

Source : Deductive knowledges obtained from literature reviews and results of several researches.

- **Qualitative approach:** “qualitative research methods focus on providing a complete picture of the situation with the aim of increasing the understanding of social processes and interrelations. It is defined as a research to explore and understand the opinions and strive for in depth understanding of different kind of findings in library research”.<sup>67</sup>

Through describing the data collected and analyzing the results obtained, in order to test the validation of hypotheses.

### **The target population:**

We targeted Jumia’s customers, or people who have at least one experience with Jumia. They have a clear vision about what does Jumia provide and how are the interactions usually?

### **The sample and choice of respondents:**

The sample chosen for the elaboration of our survey contained 200 of Jumia’s Algerian customers, especially those who belong to Jumia community on social media (Facebook, Instagram, LinkedIn) because they are reachable and we could contact them easily comparing to the customers in reality.

### **Data collection and treatment tools:**

- Questionnaire elaborated using “Google drive”, “Google forms”
- Excel.

### **3.3 The questionnaire:**

It’s a list of standardized questions, administered and intended to facilitate and normalize the collection of customers’ views and perceptions. It’s the suitable tool to gather information as it’s more appropriate for a large number of respondents; besides, the data collected are easily quantifiable.

The questionnaire of our study was designed and developed using “Google forms” tool, which makes a part of “Google drive” storage space, it was administered and posted the 15/08/2020. We obtained the sum of 200 responses the 25/08/2020.

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<sup>67</sup> Ibid, pp.18.

We used several types of questions, including:

- **Multiple choice questions:** In multiple-choice questions, there are a limited number of answers a respondent can give. Multiple-choice questions include rating scale questions, binary scale questions, nominal questions, Likert scale questions, and semantic differential questions, which are all explained below.
- **Rating scale questions (also called ordinal questions):** Rating scale questions offer a range of multiple-choice answers that map onto a numeric scale, such as stating the likelihood of recommending a product on a scale of 0 to 10. Example: Q18.
- **Binary scale questions:** Binary scale questions limit respondents to one of two possible answers, such as 'yes/no'. They work well to limit the ambiguity that comes with subjective responses to rating scale questions. Example: Q9 and Q14.
- **Nominal questions:** Nominal questions identify different categories of answers. The answers don't overlap, and respondents can't apply a numerical value to them. Example: Q6.
- **Likert scale questions:** The Likert scale is a 5- or 7- point scale used to evaluate how customers feel about something. The bottom number represents one extreme view, while the highest number represents the opposite extreme view. The middle number indicates a more moderate view. Example: Q12.
- **Semantic differential questions:** Semantic differential questions are similar to Likert scale questions in that they both use a 5- or 7-point scale. What makes semantic differential scale questions unique is that they are more descriptive and ask the respondent to choose the option that best represents their opinion or attitude on a given subject instead of asking them to simply agree or disagree. Example: Q11.
- **Open-ended questions:** An open-ended customer satisfaction survey question gives respondents the freedom to write whatever they'd like. These questions are great for gathering new ideas and identifying issues and opportunities you never knew existed. The data is a bit more challenging to process, but there are plenty of techniques to make analyzing open-ended questions easier. Example: Q19.

### **The questionnaire's structure:**

At first place, the questionnaire starts with a small introduction, where we represent our profile and explain the nature and the purpose of our study. Then it contains three parts:

- The first part includes questions that represent general information about customers' perception to Jumia: from question 01 to question 05.
- The second part regroups questions about the degree of satisfaction and perception of Jumia's customer to its CRM elements. However, the questions represent the essential elements of CRM that are related directly to customers as shown in figure: from question 06 to question 19.
- The third part is related to the demographic variables of the respondents including: their gender, age, and professional situation: from question 20 to question 23.

While presenting interpreting the results of the questionnaire, we followed another order than the one presented to customers in order to explain precisely each part of CRM elements aside.

**The statistical treatment:**

In order to analyze the information gathered and to facilitate data treatment, we processed the questionnaire using:

- The method known as “flat sorting” which is a classic method whose purpose is to summarize and synthesize the basic data from the questionnaire; besides calculating the percentages of questions one after another.
- Excel software 2007, it made it easy to analyze more the questionnaire by creating tables and graphs.

## **Section 04: Data analysis and recommendations:**

After we presented a global overview of Jumia's business, the most essential CRM tools at Jumia, and the research methodology followed throughout our empirical work, we will present the results obtained which will allow us to confirm or reject the hypotheses made.

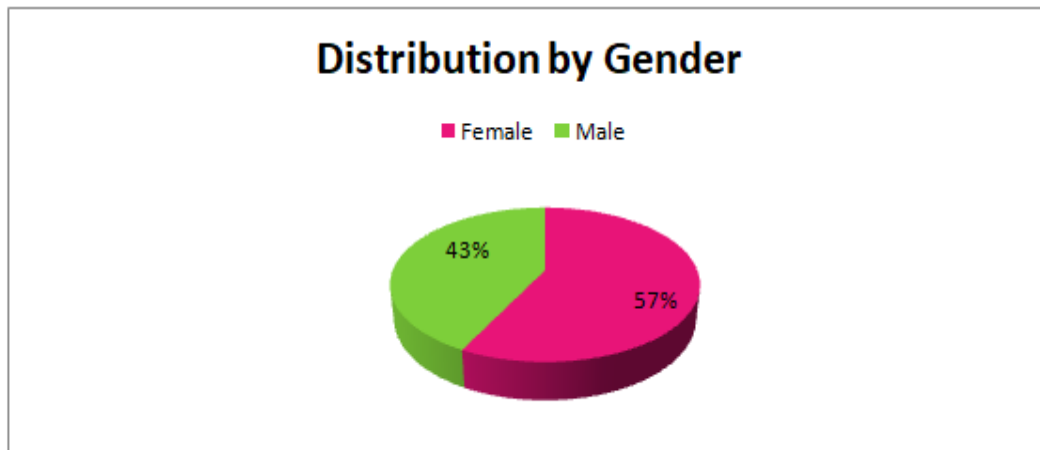
### **4.1 Data analysis:**

In order to better understand the impact or the influence of CRM elements used by Jumia on customers' satisfaction, we present in the following part of our dissertation, the results of our survey, which generally relate to how much are customers satisfied about their direct and indirect interactions within Jumia. At first place we start with the third part where we define and represent the profiles of respondents.

#### **4.1.1 The first part:** the profiles of respondents:

**Question 20:** Are you a female or a male?

Figure 09: The percentage of respondents in the population by gender.



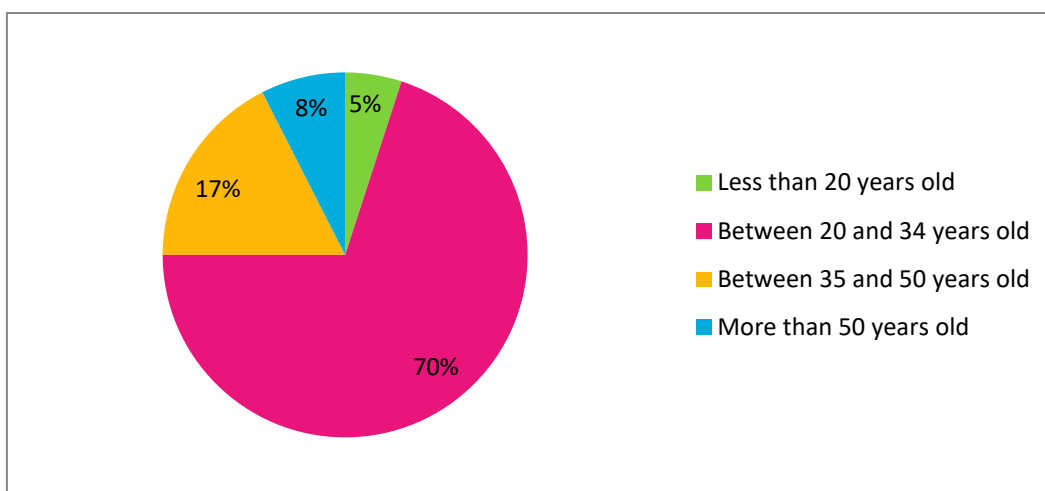
We notice here that the female gender represents 57% of the total number in our sample; which makes a representative part of Jumia's customers; it is higher than the male gender with 14% of difference. Our questionnaire was diffused randomly and not particular to specific gender. This can be explained by the type of products in Jumia or their recent strategy, where they made many attempt to focus more on the female community after realizing a study in 2017 (TSA.Algeria.com) that considered the purchases made by females were 20% lower than those made by males.

**Question 21:** How old are you?

Table 05: The results of question 21.

<b>Age range:</b>	<b>Effective:</b>	<b>Percentage:</b>
<b>Less than 20 years old</b>	10	5%
<b>Between 20 and 34 years old</b>	140	70%
<b>Between 35 and 50 years old</b>	35	17%
<b>More than 50 years old</b>	15	8%
<b>Total :</b>	200	100%

Figure 10: The distribution of respondents by age.



In this figure, it's obvious that young population represents more than 75% of the sample. Which means the young population is an important part of Jumia's customer, perhaps it's because of the concept of e-commerce that requires some technological knowledge; which is more familiar to young generations. However the other age ranges exist also with representative percentages; for example, we can see that customers who are more than 50 years old represent 8%, besides the population between 35 and 50 years old that is also present with 17% of the total number.

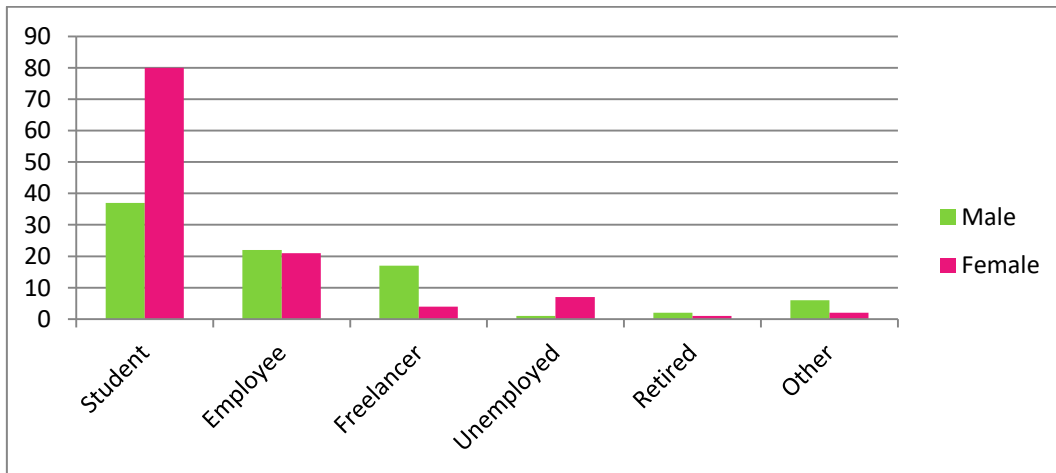
These results explain that Jumia could reach a large audience and make an important population in every range of age. Nevertheless, Jumia must focus more on the adult population and spend more time and energy to attract them, maintain them and retain them.

**Question 22:** what is your professional situation?

Table 06: The results of question 22.

Category:	Effective:	Percentage:
Student:	117	58%
Employee:	43	21%
Freelancer:	21	11%
Unemployed:	8	4%
Retired:	3	2%
Other:	8	4%
Total:	200	100%

Figure 11: The distribution of respondents by professional situation.



This figure affirms more that the young population makes a large part of Jumia’s customers, and it is clear that the important range here is students and employees’ categories, especially female students. They represent more than 2/3 of the sample taken, which means it represents nearly the same percentage at a high level. We conclude that the strategy opted by Jumia for its important range of customers, such as “Jforce” project, has a fruitful impact.

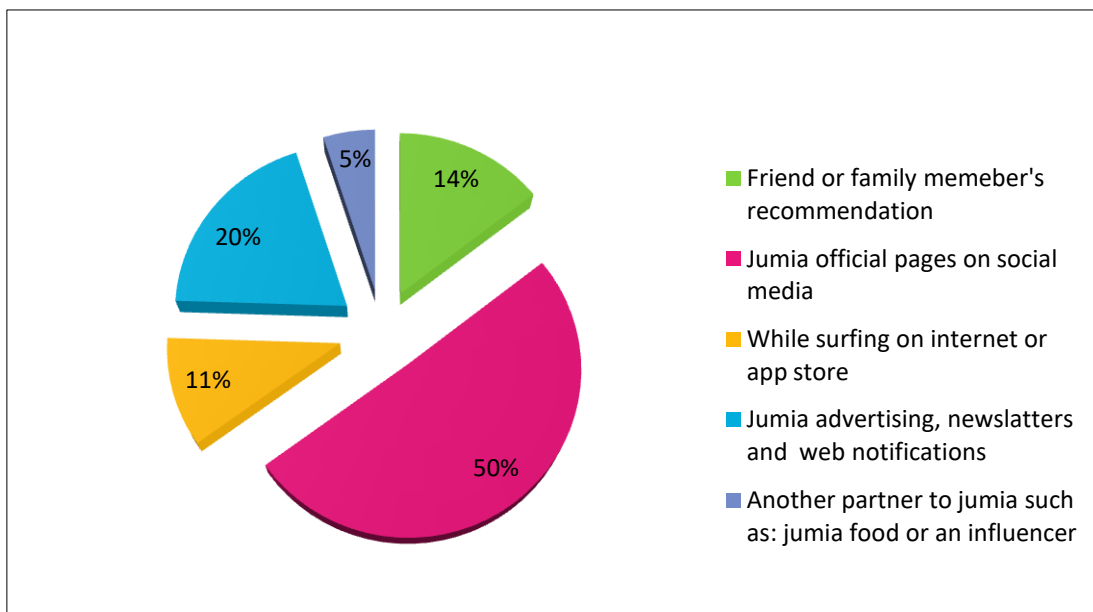
**3.1.2 The second part:** after elaborating the profiles of our respondents briefly, we will represent their general perception towards Jumia.

**Question 01:** How did you get to know Jumia?

Table 07: The results of question 01.

Choices:	Effective:
• Friend or family member’s recommendation.	29
• Jumia official pages on social media.	101
• While surfing on internet or on play store.	21
• Jumia advertisings, newsletters, web notifications.	39
• Another partner of Jumia such as Jumia food or an influencer.	10

Figure 12: The percentage of customers according to the way they knew Jumia.



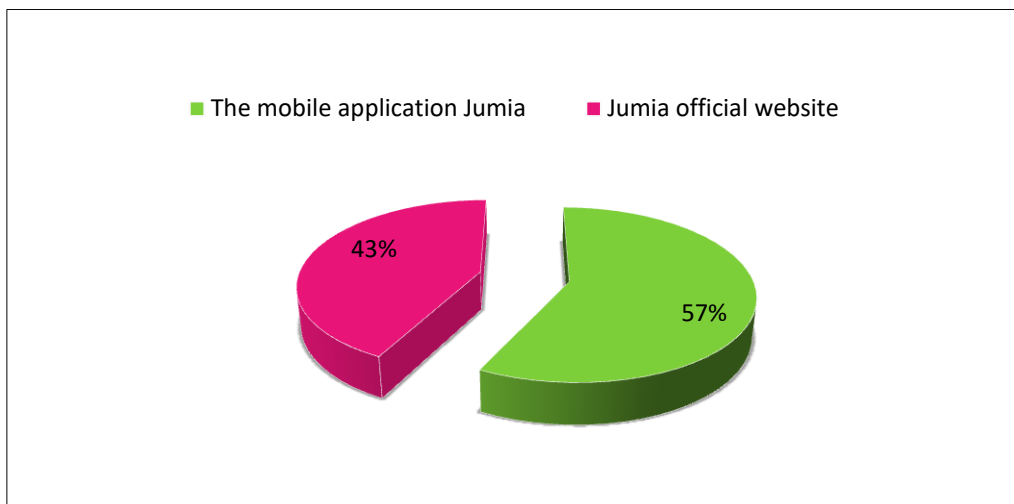
As seen in the figure, nearly half of Jumia’s customers knew Jumia through its official pages on social media, which explains the fact that Jumia manage a strategy push that focus on Internet’s community, and ensure to be active and update with them in order to attract more audience and keep that community connected. Secondly we notice that the next percentage is the related to Jumia’s advertising, newsletters and web notifications with 20% respondents, and this affirms not only the strong marketing orientation of Jumia but also the important effect of managing electronic interactions due to sales force automation systems. As we can

see another indicator that shows the strength of strategy Push of Jumia, nearly ½ of customers stated they knew Jumia while surfing on Internet or in app store, and it expresses somehow that Jumia has well referenced its official web-site and application. These three indexes indicate the efficiency of electronic interactions' management at Jumia.

We notice as well from the percentage 14% of respondents that Jumia has sort of popularity within customers who are able to influence their entourage and recommend them to try Jumia's products and services. Finally, we see that the other aspect of managing interactions, which represents interactions with partners that might effect directly the perception of prospects, although it's not as much present as the other percentages with only 5% of the sample.

**Question 02:** How do you prefer to shop on Jumia store?

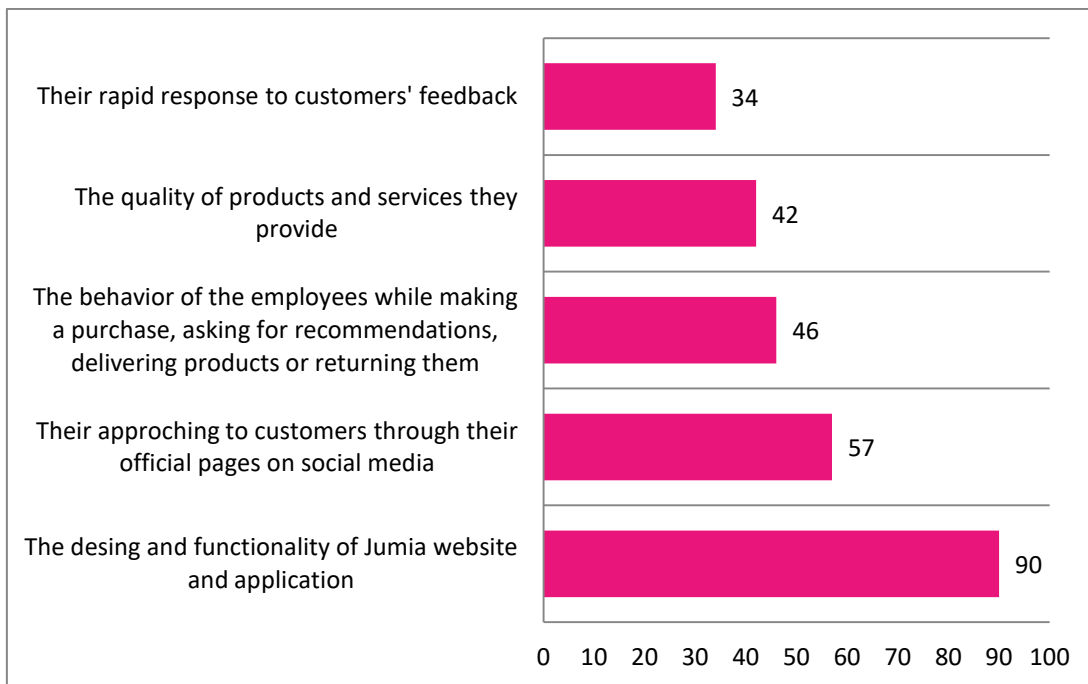
Figure 13: The preferred preface for Jumia's customers.



More than ½ of customers prefer shopping on Jumia using the mobile application, which is more appropriate for young and connected customers.

**Question 03:** What do you like the most about Jumia?

Figure 14: The distribution of customers according to their preferred CRM element in Jumia.

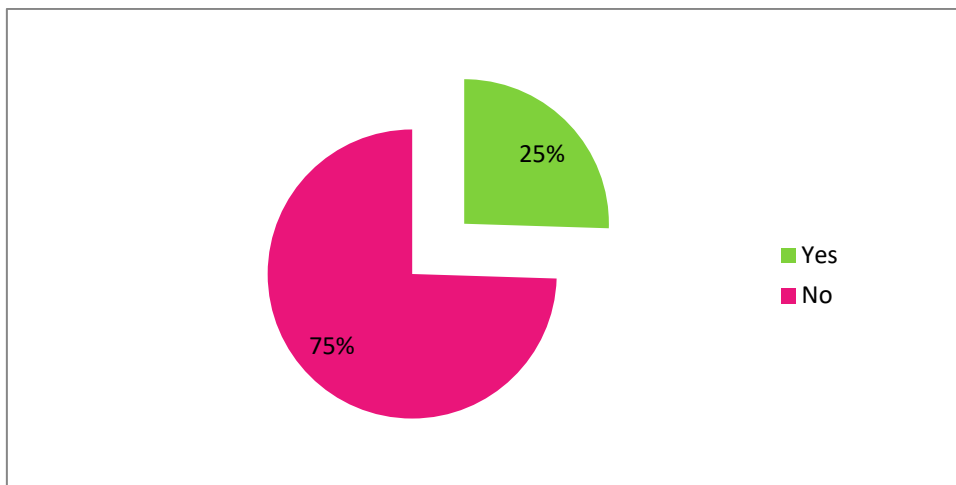


The figure shows that more than 1/3 of chosen customers, prefer Jumia’s interface more than any other element, the interface represents the first interaction point between Jumia and its customers. Then we notice that the second percentage of customers with more than ¼ of them, prefer the approaching of Jumia’s stuff to customer through social pages on social media, which confirm the last supposing that Jumia manage its connected community at high level. The third proportion represents customers who like the behavior of employees while making a purchase, asking for recommendations, delivering products or returning them, with percentage of 46%. Moreover, we see that the quality of products and services takes nearly the same interest of Jumia’s customers with percentage of 42%. Lastly but not least, customers are relatively less interested in the rapid response of Jumia to their feedback and evaluation.

The next part will help us to understand and analyze more widely the percentages shown in this question.

**Question 04:** Are you a regular customer to Jumia?

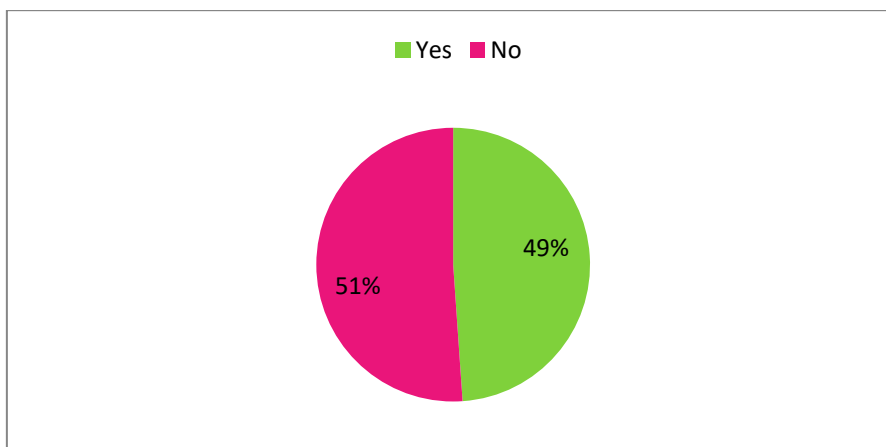
Figure 15: The distribution of customers according to their usual activity with Jumia.



According to the figure, only about  $\frac{1}{4}$  of Jumia's customers have a regular activity within it, which means they dealt with Jumia more than one time. However, the most of customers, nearly  $\frac{3}{4}$  of customers, don't have regular orders from Jumia. This is almost a sign of instability of customers' relationship with Jumia. Hence, it is considered as red flag to Jumia and its strategy of running relationships with customers.

**Question 05:** If yes, do you receive personalized newsletters and offers that are suitable to your usual purchases?

Figure 16: The percentage of Jumia's regular customers who receive personalized newsletters and offers.



Following the last figure, only 49% of Jumia’s regular customers receive personalized newsletters and offers suitable to their purchases, the rest don’t receive any specialized despite their significant existence.

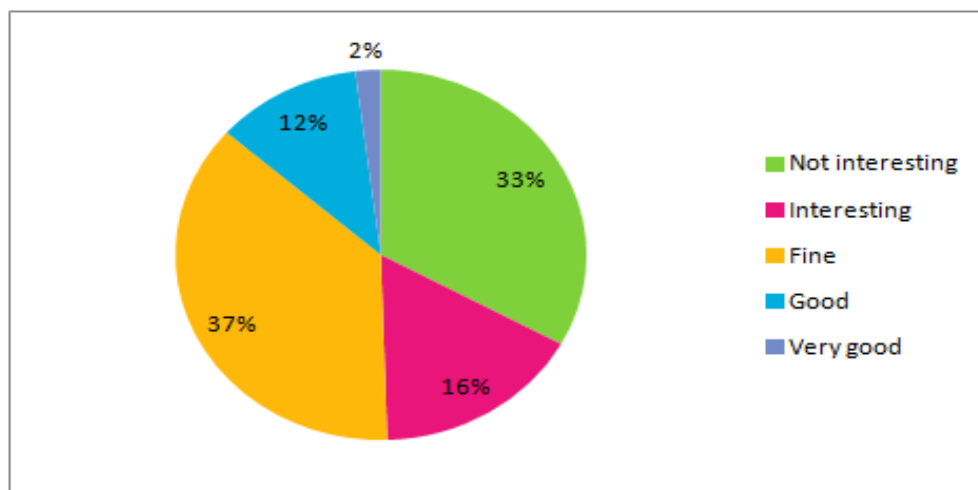
The strategy of personalization has an important role on satisfying customers and retaining them, which should be a priority for Jumia to reach more customers and integrate personalized offers and orientations more in SFA systems.

**3.1.3 The third part:** this part explains clearly the degree of customers’ satisfaction about every CRM element in Jumia. As mentioned before, we divided CRM elements into 4 essential axes that are elaborated as following:

**3.1.3.1 Interaction management:** In this CRM element, we asked questions that are related to the website and the application of Jumia. In other words, the questions are related to direct interactions with customers including interaction along touch points and distribution channels, in the case of Jumia: interaction through website, application interface, calling, promoting and delivering interactions.

**Question 06:** How do you find the promotions and the occasional discounts offered by Jumia?

Figure 17: The distribution of customers according to their perception to Jumia’s promotions and occasional discounts.



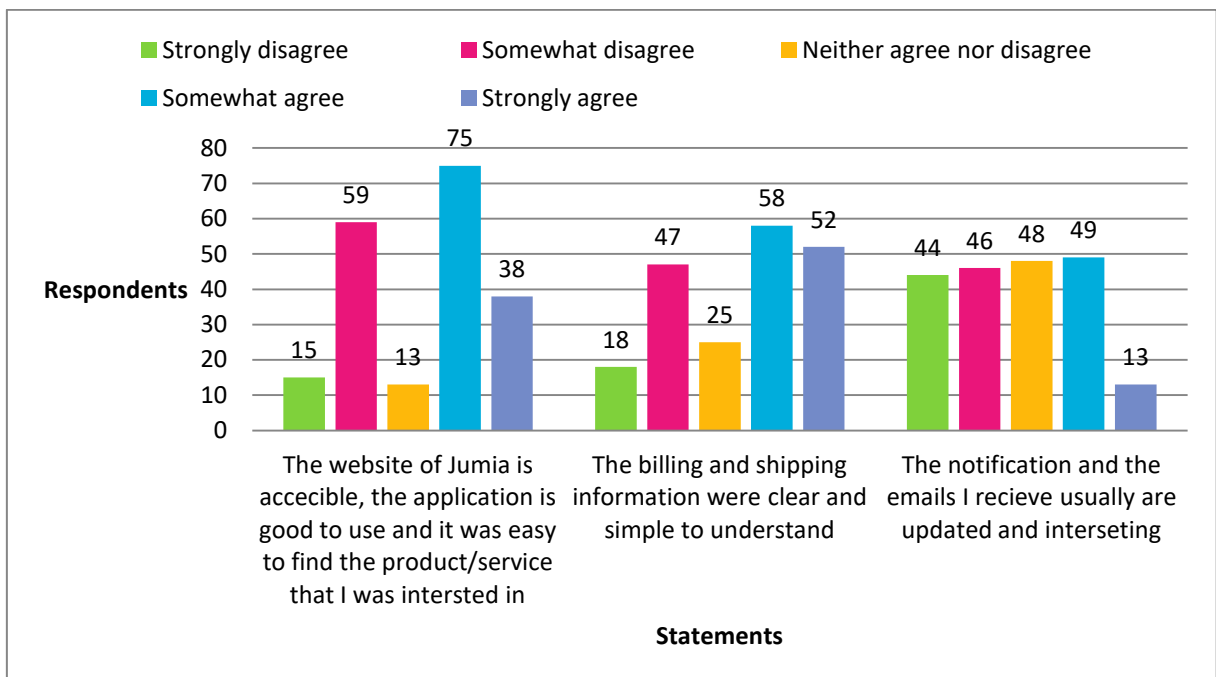
We can notice that 37% of customers find promotions and occasional discounts of Jumia “fine. On the other hand 33% of them find these promotions not interesting, which is a high percentage that can’t be neglected. 16% of customers find Jumia’s promotions and occasional

offers interesting, and only 12%, 2% of respondents respectively find them good and very good.

From these results we understand that Jumia’s promotional planning and strategy are not important or interesting for customers, and they must be considered to be developed and improved.

**Question 12:** How much do you agree or disagree with the following statements about Jumia website and your purchasing experience?

Figure 18: the distribution of customers by their degree of agreement with the statements related to interaction management.



In the figure above, there are three additional statements that are related to other CRM elements, as we can see the first three statements are integrated in interactions’ management of Jumia. 75 customers somewhat agree and 38 others, strongly agree that Jumia website and application are easily used and accessible. While 59 and 15 nearly disagree and strongly disagree with this statement, 13 others are neutral and they are neither agree nor disagree.

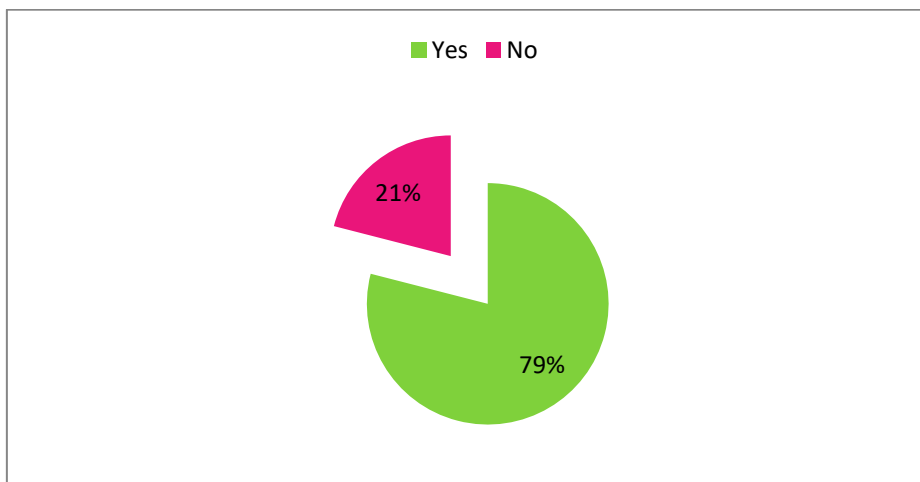
In the second statement, more than ½ of customers somewhat agree and strongly agree that billing and shipping information were clear and simple to understand. More than ¼ of customers strongly agree and somewhat disagree with this statement, when the rest don’t agree nor disagree with it.

For the third statement, 44 and 46 of customers are respectively strongly disagree and somewhat disagree that notifications and newsletters they receive are updated and interesting, which means notifications and newsletters are not meeting specific needs of those customers. 48 of customers are not taking any side, and choose to be neutral about this declaration. However, 49 and 13 of customers respectively somewhat agree and strongly agree that notifications and newsletters are interesting and update.

**3.1.3.2 Relationship development:** this elements as mentioned before, is more specific with relationships’ process including procedures, mechanisms, schedules, and activities in which the products and services have been delivered to customers. It integrates also the commitment of convincing customers that their feedbacks are taken seriously. The following questions clarify more the influence of this element at Jumia on customers’ satisfaction.

**Question 08:** Is it easy for you to find what you look for in JUMIA market?

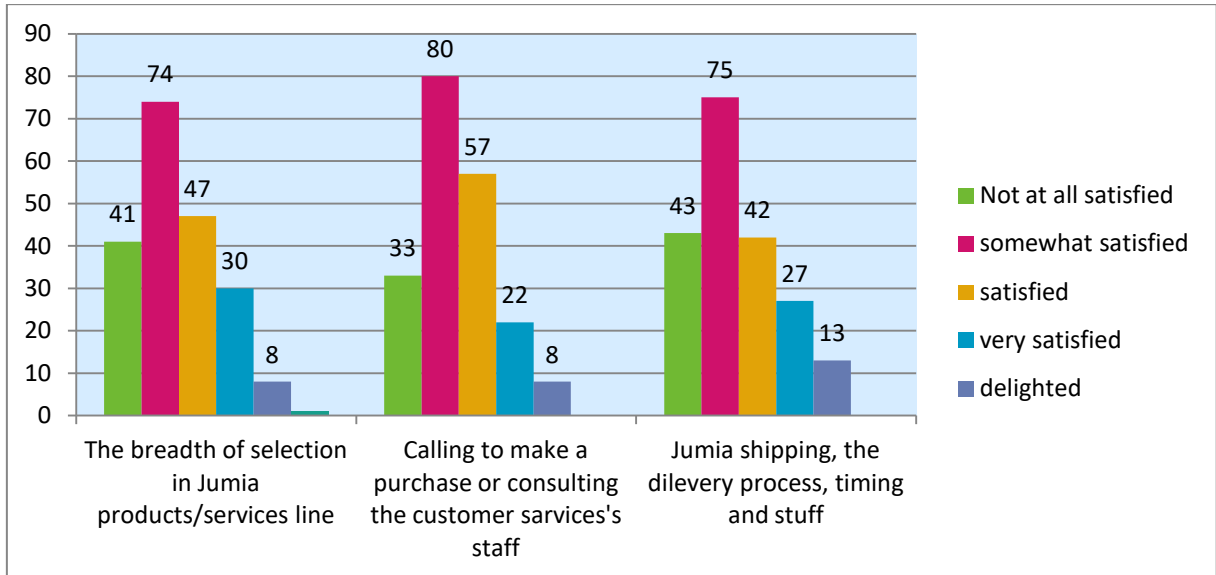
Figure 19: The percentage of customers regarding to their ability of finding what they need in Jumia market.



158 customers who represent 79% of respondents find what they look for at Jumia store or market easily, that means shopping process is clear and well defined for them. On the other hand, 48 of respondent customers can’t find what they search in Jumia easily; hence, this number is quite important despite the shopping procedures that seem simple and uncomplicated.

**Question 13:** How much satisfied are you with the following elements?

Figure 20: The degree of satisfaction of customers about the elements of relationship development.



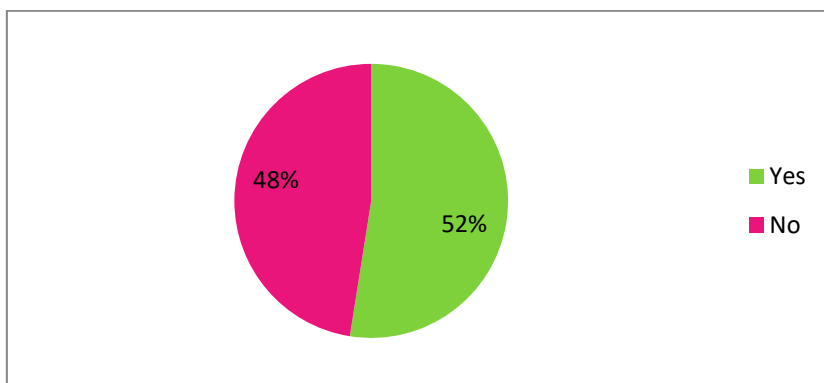
According to the figure above:

80 customers are somewhat satisfied about the process of making a purchase while calling, and consulting the customer service staff. 33 of them are not at all satisfied; which means more than ½ of those customers are not satisfied about the procedures of making purchase with Jumia. 57 customers are satisfied, 22 and 8 are respectively very satisfied and delighted and this last category represents a small amount of satisfied customers comparing to the unsatisfied ones. The results in this category pose a serious problem about the purchase process and consulting system of Jumia.

The next element is related to delivering products and we can notice that 43 customers who responded are not at all satisfied and 75 of them are somewhat satisfied, 42 of them are satisfied, when 27 are very satisfied and the rest (13 customers) are delighted. The results of this question show that the number of unsatisfied or negatively satisfied customers is high comparing to the number of satisfied and positively satisfied customers. This indicates the existence of serious flows in delivery process.

**Question 14:** Is Jumia’s return policy faire?

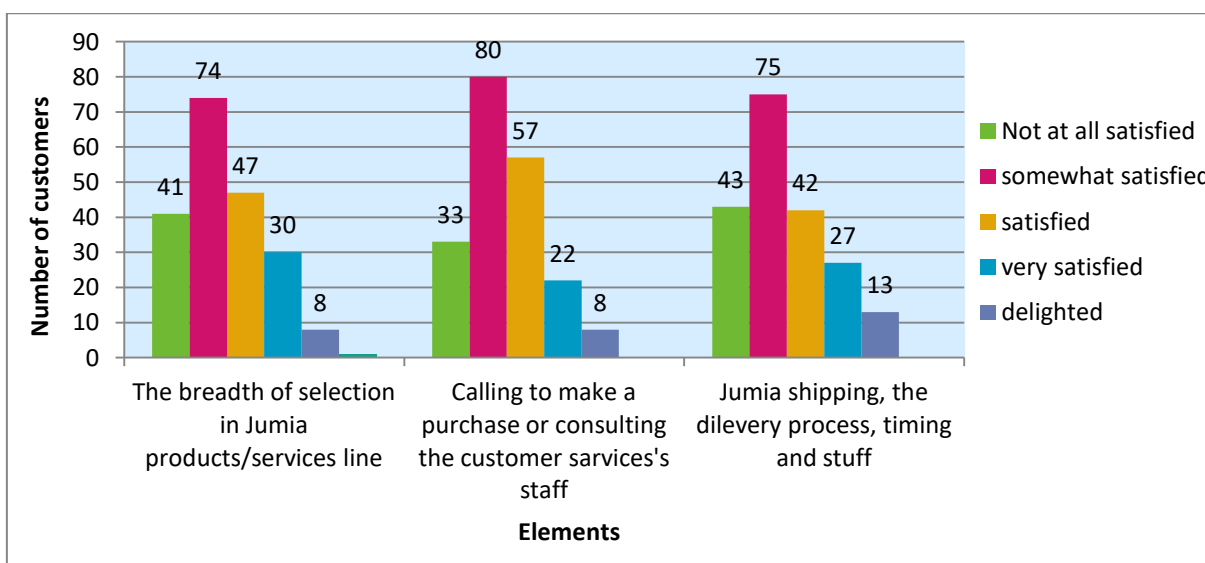
Figure 21: The distribution of customers by their perception to Jumia’s return policy.



We notice that 101 customers, who represent nearly 52% of the respondents, find Jumia’s return policy fair when the rest 99 customer find it unfair, however 48% is not a small percentage, it defines a big issue related to return policy of products, either in the process or in the conditions. Anyways, these results have another signification, that customers are almost unsatisfied about the process of returning products to Jumia.

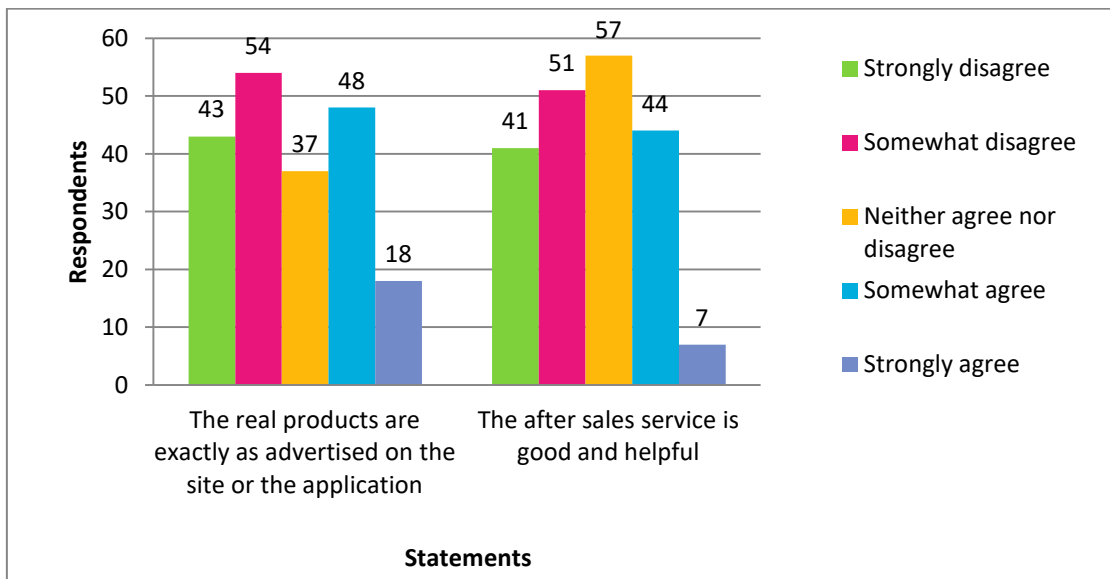
**3.1.3.3 The quality of products and services:** the questions integrated in this part are all about Meeting customer expectations with providing good quality of products and services in reasonable prices, and handing customers’ complaints about products and services.

In question 13, we mentioned some elements related to the quality of products and services within Jumia:



First element was in figure 20, we found that 74 customers are somewhat satisfied and 41 are not at all satisfied about the breadth of selection in Jumia products and services line, which explains that Jumia has some merchandising difficulties, and must organize more the appearance of products on its market, as it should make customers know well its products. 47 of customers are satisfied and they represent nearly 23, 5 % of the respondents percentage. 30 and 8 or respondents who are perceptively very satisfied and delighted customers represent 19% of the total and unfortunately it's a small sum according to the number of negative feedback.

Figure 22: The distribution of customers by their degree of agreement with the statements related to the quality of products and services.

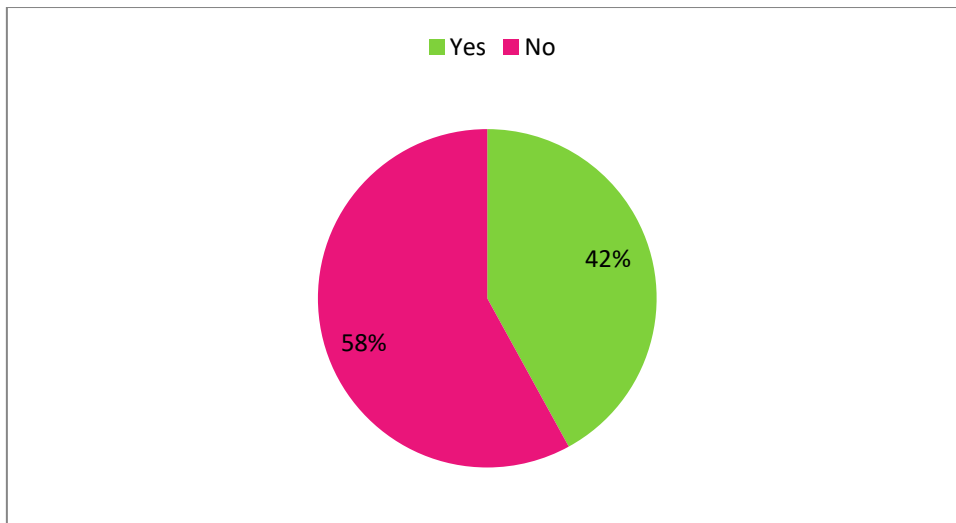


Second element is also integrated in question 12; it is related to the product exposed in Jumia market. And we can see that 43 customers strongly disagree that the products are exactly as advertised on the site or the application, 54 of them somewhat disagree where 37 are neutral. On the other hand 48 customers somewhat agree and 18 customer of them strongly agree that products are the same.

The third element is in the same figure and we can obviously see that 7 customers strongly agree that the after sales service is good and helpful, 44 of them were in somewhat agree side, 57 customers were neutral. 51 and 41 respectively are somewhat disagreed and strongly disagreed which means they find the after sales service bad and not helpful at some points.

**Question 09:** Are products prices fair and competitive?

Figure 23: The distribution of customers by their perception to the products' prices.

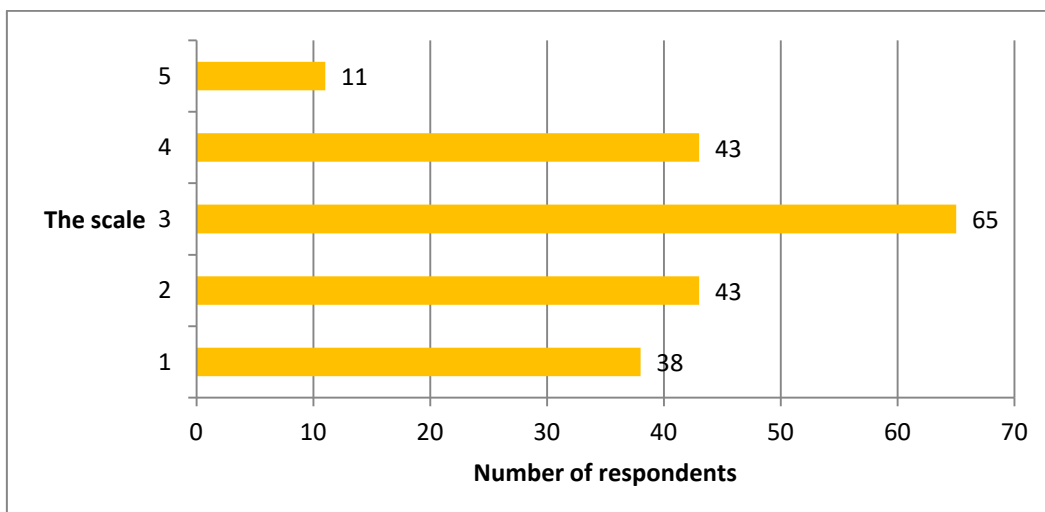


For this question 116 of customers who responded find products' prices in Jumia unfair and not competitive, when 84 of them see that the prices are fair and competitive.

The results of this question show that Jumia face another problem related to prices. However, the products are not produced by Jumia definitely but the negative perception of customer to the prices policy can affect negatively the image of Jumia.

**Question 18:** On a scale of 1 to 5, how likely are you to recommend Jumia products and services to a friend or family member?

Figure 24: The distribution of customers regarding to their recommendation of Jumia products and services to their friends or family members.



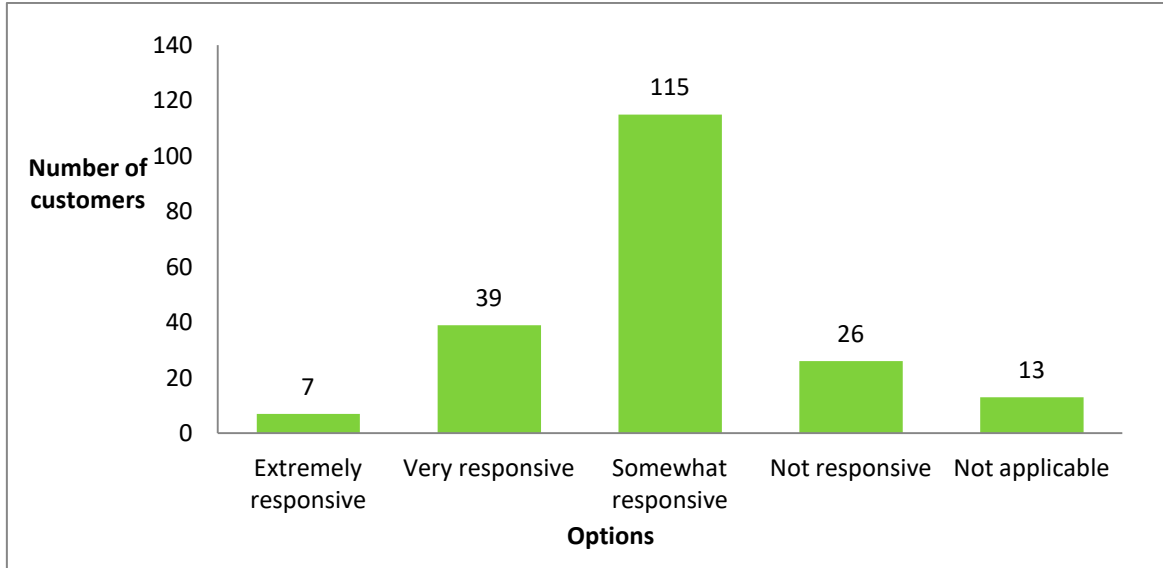
As we can see, 65 customers in our sample are likely to recommend Jumia products and services to their friends or family members, when 43 are less likely with two degrees per five, and 38 of them are less likely with one degree per five, they are not likely to recommend those products and services. On the other hand, 43 are more likely with 4 degrees which explain their satisfaction about the products and services of Jumia, and the rest 11 customer can highly recommend Jumia’s products and services to their entourage, which means they are very satisfied.

Recommendation of Jumia to another person means that customers are satisfied at some point. However, the number of customers who are less likely to recommend Jumia to their entourage is significant and must be studied and considered to be improved.

**3.1.3.4 Behavior of employees:** questions in this element include customers’ perception to Jumia’s employees.

**Question 11:** How responsive are Jumia’s employees to your questions, complains and concerns about the products and the services?

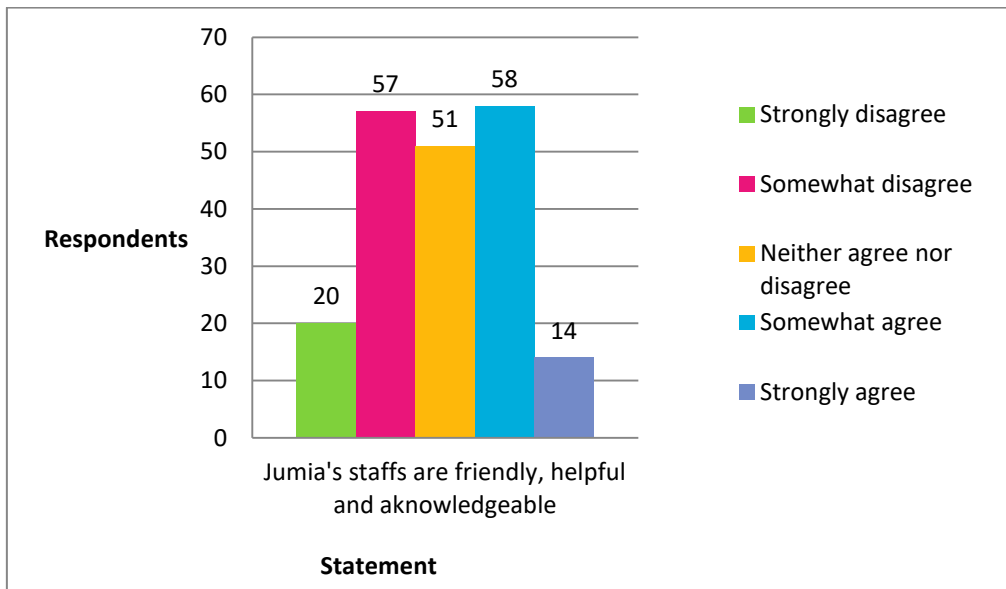
Figure 25: The distribution of customers by their perception to Jumia employees’ responses.



More than 1/2 of respondent customers find jumia’s employees somewhat responsive to their questions and concerns about products and services. 7 customers find them extremely responsive, 39 customer find them very responsive. On the other hand, 26 of customers find Jumia’s employees irresponsible, and the rest find them not applicable at all.

This results indicate that customers have somehow a positive impression about Jumia’s employees. However there still are some negative view from other customers and it must be considered to improve it.

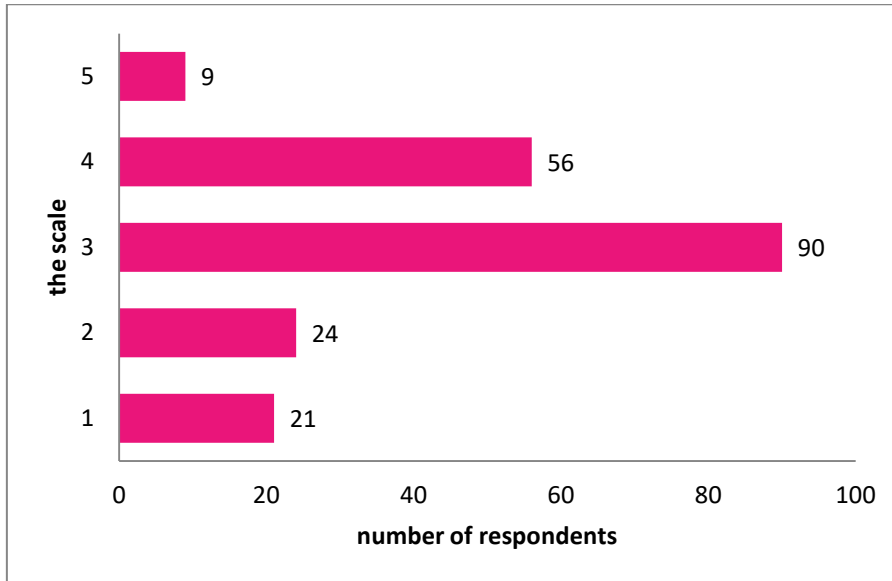
Figure 26: The distribution of customers by their degree of agreement with the statements related to behavior of employees.



Another aspect of this element, is integrated in question 12; where we can see that 58 of customers somewhat agree that Jumia’s staff are friendly, helpful and knowledgeable. 57 customers were somewhat disagreed with the statement, and 51 of them were neutral and they chose to be neither agreed nor disagreed. 20 customers strongly disagreed and they find Jumia’s staff neither friendly nor helpful, and the least number was the 14 customers who strongly agreed that Jumia’s staffs are friendly, helpful and knowledgeable.

**Question 15:** On a scale of 1 to 5, how do you rate your experience with Jumia staff, in the customer service and after sales service?

Figure 27: the distribution of customers regarding to their evaluation of their experience with Jumia's staffs at many levels.

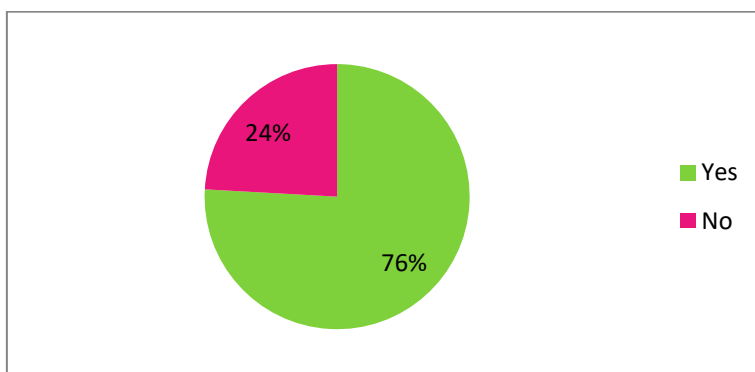


90 customers rated their experience with Jumia's staff at 3, which means they are satisfied within it somehow. 56 and 9 of them evaluated Jumia's staff with 4 and 5 respectively; it means they are very satisfied about it. Nevertheless, 24 customers and 21 other ones rated Jumia's staff with 2 and 1 respectively.

**3.1.3.5 Physical environment:** for the case of Jumia, physical environment is represented by the design of the website and the application, the appearance of products advertised, the location of Jumia centers, the waiting area and so on.

**Question 07:** Do you find Jumia website and application well designed and attractive to shop?

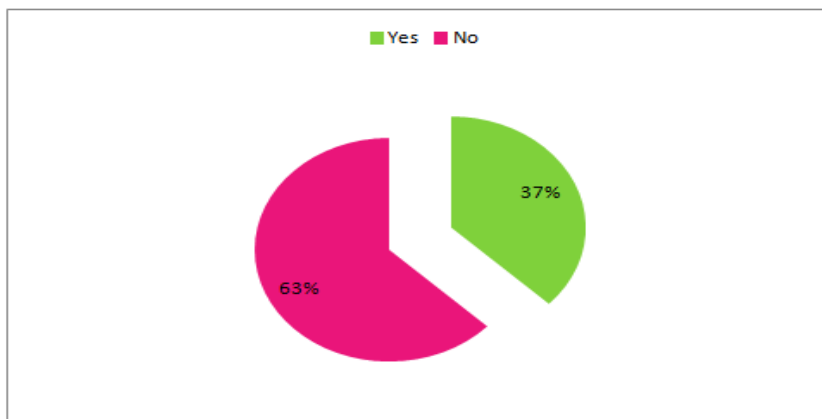
Figure 28: The distribution of customers by their perception to the design of Jumia website and application.



Most of customer responded with yes, nearly 76% of customers in our sample see Jumia website and application well designed and attractive to shop. When only 24% of them see the contrary and it's not a significant percentage comparing to the number of satisfied customer about the shape and decoration of the website and the application.

**Question 10:** Do you find the photos of the products original and elegant?

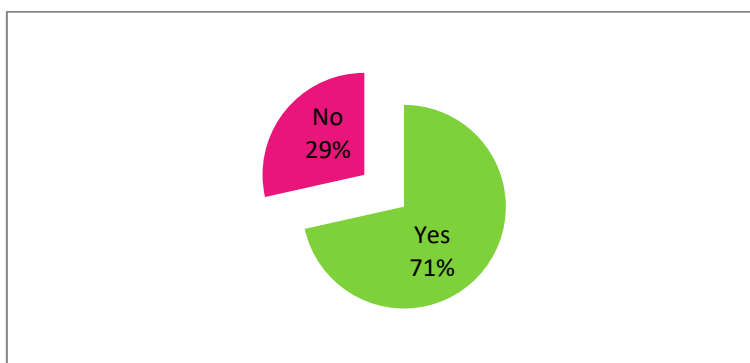
Figure 29: The distribution of customers by their perception to the photos of the products advertized in Jumia market.



For this question, about 1/3 of customers responded with yes on the question. However, nearly 2/3 of customers responded with No, which means they find the photos of products neither original nor elegant, and this remind us of the statement in figure 22 where most of customers strongly disagreed and somewhat disagreed that products received are exactly as advertised in the site or the application, this pose a real issue about the appearance of products.

**Question 16:** Are Jumia regional centers reachable and accessible?

Figure 30: The distribution of customers by their view to Jumia regional centers.

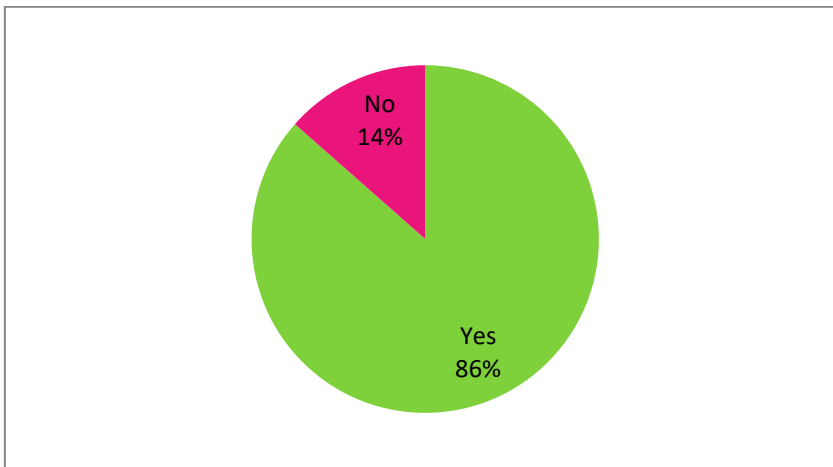


We notice according to this figure that 71% of customers find Jumia regional centers reachable and accessible. When 29% of them answered with no, which means they find Jumia centers unreachable. Thus, the result of this question has sort of positive significance.

**3.1.3.6 Social network interaction:** social network interaction represents managing community's members and responding to their questions. Jumia focuses the most about the community of social media, and for this reason we made a question about it.

**Question 17:** Are Jumia's official pages on social media active, updated and interactive with its community?

Figure 31: The distribution of customers by their perception to Jumia's official pages.



It's quite clear here that more than  $\frac{3}{4}$  of customers find Jumia's official pages on social media active, updated and interactive with community, and the rest minority sees the contrary; which means customers are almost satisfied about Jumia activity on social media.

**Question 19:** If you are able to change anything about Jumia products or services, what do you like to change?

This opened question allowed the customers of our sample to express their real perception to Jumia; as it provided them the opportunity to precise the factors that Jumia should improve to gain customer satisfaction and loyalty.

At first, only 92 customers have responded to this question, and they suggested many elements related to CRM that should be considered by Jumia such as:

- Prices of products: more than 20 customers mentioned that products at Jumia market are very expensive comparing to real stores or to other competitors.

- Delivery time and price: the second element that was mentioned after the prices. Customers complained that the delivery service of Jumia is somewhat weak; they make delays to reach the customers, they don't ship to the exact address of customer, and the price of delivery is counted for each order.
- The quality and the variety of products: lack of females' products, lack of brands.
- The design of the application: unattractive colors and random/ impersonalized notifications.
- Behavior of employees: they are not friendly or patient with customers enough.

**Example of responses:**

“Control of prices, conformity of products to the pictures and description, and providing an option that allows us to pick up the order ourselves instead of having to pay the shipping for every order”

“I would add real photos of products. The special offers ends before even we can select and buy (occasional discounts on phones...). I work more with Jumia food and collaborate with more restaurants and fast food where I can find fast delivery with reasonable prices”.

“The quality of delivery is low, when we make an order for several items, they deliver them separately and we are obliged to adapt ourselves to their timing”.

“First of all prices are high, the products we find on Jumia are 3 or 4 times more expensive than products on real stores. The quality is lower, staffs are not friendly at all, they didn't want to come to pick a returned product and my mom is 60 years old; she was obliged to go to their centre desperately to return the product”.

“All Jumia must be changed!!”

“Providing more products to female customers such as several brands, bags, shoes, we don't find many clothes for us as women, and I don't really like the quality of the existing ones”.

“Options of expedition in wilayas where there is no delivery service like Souk Ahrass for example”

“I would like to change some algorithm in their website and application and add some trick so they can treat each customer individually and give them more carrying”.

“At least they should make sure that the description of their products fit the actual product”.

“Conversational UX”.

“The quality of products and employees should be more nice and patient”.

“I’d like to add some new clothes for women because personally I don’t really like what they sell in the women fashion category”.

“The prices those are extremely excessive to the other online/real stores. The ridiculous “promotions on products” 67% less on a product just to find it more expensive than the original price. The return policy was good at the beginning in fact where you could check your product and return it immediately if you are not satisfied, but now you need to take it and then make a whole complain which is honestly just meaningless. Also the products especially on the female clothing section are ridiculous they look like some thrift shop clothes with the price of high rang products. Spamming me with emails and notifications over anything they do!! I don’t even get notified on anything related to my previous purchases. I usually buy makeup, cosmetic products and accessories then I get notified on electronic and home appliance which really shows how randomly they do their job. Good luck”.

#### **4.2 Synthetic results:**

After describing and analyzing the data gathered from 200 customers of Jumia, we can have a glance about the satisfaction type (positive or negative) of those customers:

##### **4.2.1 The positive aspects:**

**Managing social network:** The first element we can notice by analyzing the data is the electronic CRM of Jumia including electronic marketing, emailing and push notification, and customers have a positive perception toward Jumia’s electronic interactions especially on social media; despite the small flows they have. We see that in:

- Question 01: 50% of customers knew Jumia due to its activity on social media. And 20% of them knew it through received NLs and WNs.
- Question 03: the element “their approaching to customers through their official pages on social media” was mentioned 57 times.
- Question 17: 86% of customers see Jumia’s official pages active, updated and interactive with the community.

**Jumia interface:** customers who responded were somewhat satisfied about the design of Jumia’s website and application:

- Question 03: we remarked that the element “the functionality and design of Jumia’s website and application” was chosen by 90 customers.
- Question 12: 75 of customers somewhat agreed and 38 others strongly agreed that the website of Jumia it accessible, the application is good to use and it was easy to find what they look for there.
- Question 07: 76% of customers find Jumia’s website and application well designed and attractive for shopping.

Those two elements indicate that Jumia use strategy push the most; in order to attract new prospects and make them know the brand.

**4.2.2 The negative aspect:** it’s the aspect that Jumia must improve overall.

**Promotions and personalized notifications and offers:** we can see that customers’ responses are not really positive and it’s obvious in the following results:

- Question 05: 51% of regular customers who responded with no, which means they don’t receive any personalized NLs or offers suitable to their usual purchases.
- Question 06: we noticed that 33% of customers find the promotions and occasional discounts of Jumia not interesting. It’s not a representative percentage comparing to 33% of customers who find those promotions fine, but it is still higher as negative key.
- Question 12: 90 customers strongly disagreed and somewhat disagreed with the statement “the notifications and the emails I receive usually are updated and interesting” and that represent a significant number comparing to 62 who somewhat agreed and strongly agreed.

**Relationship development:** including:

- Question 13: As seen 80 of customers were somewhat satisfied about the process of calling and making a purchase, the number is under the level of satisfaction, and it doesn’t represent a positive significance.
- Delivery and shipping: 40 of customer in our sample were not satisfied at all about Jumia shipping, delivery process, timing and staff. Moreover, 75 of them were somewhat satisfied; which indicate that there is a problem related to delivery process

generally because customers are not satisfied. As we could find in question 19, many customers suggested changing the delivery timing and prices.

- Return policy in Question 14: we noticed that 48% of customers find Jumia's return policy unfair.

#### **The quality of products and services:**

- The breadth of selection in Jumia's products and services line: in question 13, we noticed that 41 customers were not satisfied at all about categories of products and services in Jumia line, and 74 of them were somewhat satisfied which is less than level of satisfaction. In question 19 many customers suggested to add some variety in products especially females' products and they suggested to add the ability of picking the product themselves if possible.
- The prices of products and services: in question 09, we notice that 58% of customers find the prices of products in Jumia not competitive. In question 19 many respondents suggested changing the prices of products and delivery service specifically.
- The after sale service also must be considered to be improved, in question 12 we noticed that 41 strongly disagreed with the statement "after sale service is good and helpful"; when 51 somewhat disagreed within it. We can conclude that most of customer are unsatisfied about the after sale service.

**The behavior of employees:** customers' perception to Jumia' employees was clearly obvious in question 12 where 20 of them strongly disagreed that Jumia's staff are friendly, helpful and knowledgeable, and 57 of them were somewhat disagreed with the statement. In question 19, one of suggestions and complains was that employees should be more patient, responsive and friendly including the staff in after sale service, in customer service and delivery men.

**The physical environment:** customers are not satisfied about the products themselves generally, but especially about the gap between the appearances of products advertized on the website and their real shape. In question 12, more than 95 persons were disagreed and somewhat disagreed with the statement: "the real products are exactly as advertised on the site and the application". In question 10, 63% of customers confirmed that the photos of products are neither original nor elegant.

### **4.3 Validity of research hypotheses:**

In order to test the validity of our suggested hypotheses; it's important to mention again our research main question that is:

#### **- How do CRM elements contribute to Jumia's improved customer satisfaction?**

After having represented the results of our survey, and interpreting them we can deduce which one of the following hypotheses is appropriate as an answer to our research problematic:

#### **- H1 : CRM elements and tools used by, Jumia have a positive influence on customer satisfaction.**

The results gained from our study, have shown clearly that some CRM elements at Jumia have sort of positive influence on customers' satisfaction. In the synthetic results we mentioned that Jumia's customers were more satisfied about the user interface and social network interactions; these two elements generally don't improve satisfaction as much as they help to attract more prospects. Nevertheless, the other elements don't have the positive impact expected from customers. Thus, this hypothesis is not valid.

#### **- H2: CRM elements and tools used by Jumia don't have a significant influence on customer satisfaction.**

In order to precise the view of customers towards CRM elements of Jumia, we addressed some questions more than one time differently. And we noticed many neutral responses in questions: 06, 11, 12, 13, 15 and 18. This indicates that some customers are indifferent and CRM elements don't have any significant impact on their satisfaction, but the number of those customers is still inferior to the number of those who had negative impression towards CRM elements mentioned on the questionnaire. Consequently, we can conclude that this hypothesis is not valid 100%.

#### **- H3: CRM elements and tools used by Jumia have a negative influence on customer satisfaction.**

The number of customers who had negative perception to CRM elements used by Jumia, was widely significant comparing to the other numbers of customers who were satisfied or neutral, and that was clear in question 5, 9, 12 and 13. Unfortunately, the majority of customers are somewhat disappointed and unsatisfied about many CRM elements used by Jumia. We can deduce that the majority of those CRM elements as well, have a negative impact on customer

satisfaction because they don't fully cover customers needs, and because most customers' perception was under their expectations. Hence, this hypothesis is valid at 90%.

#### **4.4 Recommendations:**

In synthetic results, we already explained the main elements that should be ameliorated in order to improve customers' satisfaction. However, we suggest number of recommendations that might help to develop positive and long term relationship with customers:

- First of all, the CRM vision of Jumia is not oriented client, that means it doesn't focus on the customer himself, but it focus on sales and gains. The mindset of the entire organization must be changed. Giving customer more importance and treating him/her as independent, special individual, is a long term investment that will return to the company with more gains in the future.
- Secondly, Jumia must deal with reliable sellers and delivers. As seen in customer's opinion, neither the quality of products nor the delivery service is good. This requires more control and verification of recruitment's conditions, pricing policy and delivery commission. When unserious employees do their jobs without any control, they will affect negatively the image of Jumia and the reputation of the company itself. They should recruit sellers and delivery men from several other wilayas, so they ship the products in a short time and minimize costs.
- The return policy of products must be developed and modified to fit all categories of customers. I propose revising the conditions of returning products and make them more flexible to the customer's situation (if he lives in isolated places or he lives in town...).
- Considering customers' feedback and listening to their complains more, most customers on social media groups complained they can't reach Jumia staff to complain or suggest some modifications, they get responded from the automatic call machine, which is not helpful for both parts.
- Elaborating satisfaction surveys to customers in order to understand and evaluate customers' perception.
- Providing personalized offers and tailored service for each category of customer, for example: low prices for students and unemployed customers who have a regular activity with Jumia...etc.

#### **4.5 Limitations:**

Our study focused on one aspect in CRM elements used by Jumia, which is related to Jumia market and e-commerce platform. Besides, the sample we took is not representative 100%; it doesn't give an accurate judgment about the satisfaction of all customers because it doesn't cover a large population of Jumia's customers.

#### **Conclusion:**

It is concluded from the analysis of our study that CRM elements are responsible for creating customer satisfaction. This indicates that Jumia should give greater emphasis on service quality provided to customers and giving high tension to solving customer problems and complaints which was responsible mainly for customer satisfaction as shown in the study.

e-commerce companies should be viewed as a source to provide additional value besides services and products; which is developed based on customer needs and wants, and not only to consider CRM as customer's record. Since competition in the e-commerce services is very tense, Jumia should give more importance to CRM as a tool to gain competitive advantage through customer satisfaction.

## **Conclusion:**

The objective of our study was to show the impact of customer relationship management in customer satisfaction; which ultimately leads to customer loyalty. The study considered a sample of Jumia's customers as the population of the study. The customer relationship management elements were the independent variables and customer satisfaction is the dependent variable. CRM is about process efficiency, reducing operational costs, and improving customer interactions and experience. On today's world, building a deeper and closer relationship with customers and satisfying them, are critical to any business' success. Customer satisfaction is an evaluation of the ability of a product or service by responding to customers' needs, it is presented by the difference between customer's expectations and the customer's perception to that product or service, and it's measured through customer loyalty.

The results in the last chapter clearly indicate that CRM has a positive relation to customer satisfaction. However, not all CRM elements used by Jumia have significant impact on the dependent variable. Interaction management, especially the user interface, and managing social network found to contribute most to customer satisfaction. This result confirms the first hypothesis. Nevertheless, the other elements have a negative impact on customers' satisfaction; which confirm the third hypothesis. Jumia must put emphasis in the three elements which are relationship development, behavior of employees and quality of products and services. Thus, it's concluded from the results of our study that CRM elements and tools, do not contribute to Jumia's improved customer satisfaction.

Our research only focuses on one company in Algerian e-commerce sector. Therefore the result of study cannot be generalized to other companies, sectors or countries. On the other hand, the sample chosen is not representative for all customers of Jumia. We would prefer to use qualitative research approach through addressing an interview to Jumia's staff; because it provides additional details and analysis about the phenomenon studied. We didn't spend sufficient time in the company so that enable us to have an accurate idea about the functionality of every CRM element in Jumia.

CRM is the resourceful approach in maintaining and creating relationships with customers. It is not only a business but also strong personal bonding within people. Improvement of this type of bonding leads the business to new levels of success. Once this personal link is built, it

is easy for company to detect the actual needs of customers and to serve them in a better way. Organizations must consider seriously the investing on tools for implementing CRM systems in their workplace.

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## **APPENDICES:**

### **The questionnaire:**

#### **Introduction:**

Hello I am a senior student at EHEC Algiers “ecole des hautes etudes commerciales”, as a part of obtaining a Master degree in commercial sciences: marketing field, we are preparing an academic research in order to understand the role of CRM on enhancing customer satisfaction and we chose Jumia Algeria as a case study.

You are kindly invited to answer these questions as sincerely as possible, that will take nearly 10 min of your time, and we would like to inform you that information requested will be used merely for scientific purposes.

- 1- How did you get to know Jumia?
  - Friend or family member’s recommendation
  - Jumia official pages on social media.
  - While surfing on internet or play store.
  - Jumia advertisings, newsletters, web notifications.
  - Another partner of Jumia.
  - Other.
- 2- Do you prefer to shop on Jumia store through:
  - The mobile application.
  - Jumia official website.
- 3- What do you like the most about Jumia?
  - The design and the functionality of the web-site and the application.
  - The quality of products and services they provide.
  - Their rapid response to the customer feedback.
  - Their approaching to customers through the official pages on social media.
  - The behavior of the employees while making a purchase, asking for recommendations.
  - Delivering the products or returning them.
- 4- Are you a regular customer to Jumia?
  - Yes
  - No
- 5- If yes, do you receive customized newsletters and specific offers suitable to your usual purchases?
  - Yes

- No
- 6- How do you find the promotions and the occasional discounts offered by JUMIA?
  - Not interesting
  - Interesting
  - Fine
  - Good
  - Very good
- 7- Do you find Jumia website and application well designed and attractive to shop?
  - Yes
  - No
- 8- Was it easy for you to find what you were looking for in JUMIA store?
  - Yes
  - No
- 9- Are the product prices fair and competitive?
  - Yes
  - No
- 10- Do you find the photos of the products original and elegant?
  - Yes
  - No
- 11- How responsive were JUMIA to your questions and concerns about the products and the services?
  - Extremely responsive
  - Very responsive
  - Somewhat responsive
  - Not so responsive
  - Not applicable
- 12- How much do you agree or disagree with the following statements about Jumia website and your purchasing experience?

statements	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
The website of Jumia was accessible, the application is good to use and it was easy to find the product/service that I was interested in.					
The billing and shipping information was clear and simple to understand.					
The notifications and the emails I receive usually are updated and interesting.					
The real product received is					

exactly as advertised on the site.					
The after sale service is good and helpful.					
JUMIA staff is friendly, helpful and knowledgeable.					

13- How much satisfied are you with the following elements?

Elements	Not at all satisfied	Somewhat satisfied	Satisfied	Very satisfied	Delighted
The breadth of selection in Jumia product/service line.					
Calling to make a purchase, or consulting the customer service staff.					
Jumia shipping and delivery process, timing, and stuff.					

14- Is JUMIA returns policy fair?

- Yes
- No

15- On a scale of 1 to 5, how would you rate your experience with our staff, in the customer service or in the after sales service?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
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16- Are Jumia regional centers reachable and accessible?

- Yes
- No

17- Are Jumia's official pages on social media active, updated and interactive with the community?

- Yes
- No

18- On a scale of 1 to 5, how likely are you to recommend our product to a friend?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
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19- If you are able to change anything about Jumia products or services, what do you like to change?

20- You are :

- Female
- Male

21- How old are you?

- Less than 20 years old
- Between 20- 35 years old
- Between 35- 50
- More than 50

22- What's your professional situation?

- Student
- Employee
- Freelancer
- Unemployed
- Retired
- Other

### **Jumia Africa: additional information.**

Jumia is a Pan-African Group created in 2012 by Mr. Sacha poonnec and Jeremy hodara. This group is more than 20% owned by Rocket Internet, a German incubator with launched Startups: such as zalando, kaymu and jovago in Africa. Jumia has grown rapidly, In November 2014, the Nigerian Startup claims to have raised 120 million Euros, then in March 2016, Goldman Sachs (investment bank in New York), axa (French international group specializing in insurance) and Orange are investing (French telecommunications company) 326 \$ million to continue the Jumia development. The company allows payment in cash on delivery, allowing a changeover progressive towards distance payment.

Jumia's revenues amounted to 134.6 million Euros in 2015 with a figure more than doubled in 2014. In June 2016, Jumia became the official name of the brand of the group after rebranding operation; kaymu becomes Jumia market, jovago becomes Jumia travel, Hello food becomes Jumia food, vendito becomes Jumia Deals, lamudi becomes Jumia house, ever jobs becomes Jumia jobs, carmudi becomes Jumia cars, algx becomes Jumia Services. Originally named jovago, Jumia travel is an electronic hotel reservation site that claims 25,000 hotels in Africa in summer 2016, the great choice among online agencies, and 200,000 others around the world. In 2018, Jumia experienced more than 42% growth in its business volume, the group is active in the 14 African countries covering 80% of the population with internet access in Africa, its American competitor Amazon being absent from the market, Jumia is nicknamed sometimes "African Amazon" or "African Ali Baba".

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