



UHASSELT

KNOWLEDGE IN ACTION

Faculty of Business Economics

Master of Management

Masterthesis

The role of CRM in market-driving firms a case study in the fashion industry

Batul Abu Qdairi

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization International Marketing Strategy

SUPERVISOR :

Prof. dr. Pieter PAUWELS



UHASSELT

KNOWLEDGE IN ACTION

www.uhasselt.be

Universiteit Hasselt
Campus Hasselt:
Martelarenlaan 42 | 3500 Hasselt
Campus Diepenbeek:
Agoralaan Gebouw D | 3590 Diepenbeek

2017
2018



Faculty of Business Economics

Master of Management

Masterthesis

The role of CRM in market-driving firms a case study in the fashion industry

Batul Abu Qdairi

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization
International Marketing Strategy

SUPERVISOR :

Prof. dr. Pieter PAUWELS

Acknowledgement

The realization of this master thesis required great efforts from myself especially for the limited time which I had. This would not have been possible without the guidance and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this study.

I would firstly like to thank my family for their consistent motivational support throughout the master period as well as my close friends.

Also, I would like to express my utmost gratitude to my supervisor, Prof. Dr Piet Pauwels, for his valuable assistance and his guidance during the whole process of writing and performing the research.

Finally, I greatly appreciate the contribution of all the respondents because without their participation and contribution, the questionnaire and the analysis would have been much harder.

Batul Abu Qdairi
Hasselt, Belgium
January 2018

Abstract

Is market-driving firms' performance influenced by their CRM activities? The purpose of this research is to determine the role of CRM in market-driving marketing strategies, in particular the association between CRM and proactive marketing in the fashion market was investigated.

This research aims at investigating the concept of a market driving strategy and to provide evidence of companies that are able to radically transform the market in order to reach a competitive advantage through performing CRM activities in a superior way. Previous literature about the subject used a qualitative approach. Because we wanted to use a different approach and due to the sensitive data that otherwise had to be collected internally in fashion companies and would have been very difficult to collect, this research tested the effect of CRM on firm performance from an external perspective and mostly in a quantitative way. We actually used an integrated approach of qualitative and quantitative methods of study. We initially conducted 10 interviews with active shoppers to be able to understand the phenomena and then developed a questionnaire for the quantitative data collection.

The aim of our research was to understand the effect of CRM on firm performance in market-driving firms. In order to obtain more accurate results, we tested the performance of both market-driving and market-driven fashion companies. Thus, the survey has been distributed to two subsamples: one comprising customers of market-driving firms and one comprising customers of market-driven firms. There were 150 participants for each sample. Only females shopping at least twice a month in Europe or North America belonged to the samples.

The findings reveal the main advantage of having a well-performing CRM in market-driving firms. The empirical evidence provided by this study has brought to light that a focus on long-term relationships with customers through CRM activities is very important to market-driving firms. The results clearly highlight the importance for market-driving fashion companies of having intensive CRM activities, of being involved in radical innovations to be able to attract customers and keep them loyal. Capturing changes in customers' preferences better than competitors and in real time, rather than responding to market changes as is the case of market-driven companies, is

key to success. Our study concludes that market-driving companies have superior CRM from an external perspective which means that they have developed a better performing CRM, even for activities within the company.

Table of Contents

Contents

| | |
|--|-----------|
| Table of Contents | IV |
| Acknowledgement | I |
| Abstract | II |
| Chapter 1: Introduction | 1 |
| 1.1. Market orientation and market-driving strategies | 1 |
| 1.2. Knowledge gaps in extant literature..... | 2 |
| 1.3. Research question | 3 |
| Chapter 2: Literature Review | 5 |
| 2.1. Market Orientation (MO)..... | 5 |
| 2.1.1. Market orientation measurements | 7 |
| 2.2. Market-driven vs. market-driving..... | 8 |
| 2.2.1. Market-driven..... | 8 |
| 2.2.2. Market-driving | 9 |
| 2.2.3. Comparing the two marketing approaches..... | 12 |
| 2.3. Customer relationship management..... | 14 |
| 2.3.1. Introducing CRM | 14 |
| 2.3.2. Types of CRM..... | 16 |
| Chapter 3: Literature Outcomes and Conceptual Model | 17 |
| 3.1. Theoretical conclusion | 17 |
| 3.1.1. CRM performance..... | 17 |
| 3.1.2. Proactiveness..... | 19 |
| 3.1.3. Firm performance..... | 20 |
| 3.2. Conceptual model | 21 |

| | |
|--|----|
| Chapter 4: Design of a field study | 25 |
| 4.1. The fashion industry is highly competitive..... | 25 |
| 4.2. CRM in fashion marketing..... | 25 |
| 4.3. Market-driving and CRM across fashion..... | 27 |
| 4.4. Cases of fashion brands..... | 29 |
| 4.4.1. Stella McCartney..... | 29 |
| 4.4.2. Benetton | 29 |
| 4.4.3. Zara | 30 |
| 4.4.4. Lesson learned from these cases | 31 |
| 4.5. Methodology | 32 |
| 4.5.1. Research strategy | 32 |
| 4.5.2. In-depth interview | 33 |
| 4.5.3. Sample selection | 34 |
| 4.5.4. Questionnaire design..... | 35 |
| 4.5.5. Testing and method..... | 37 |
| 4.5.6. Time horizon..... | 37 |
| Chapter 5: Analysis | 39 |
| 5.1. Sample profile..... | 39 |
| 5.2. Normal distribution test | 40 |
| 5.3. Hypothesis test | 41 |
| 5.3.1. Hypothesis 1..... | 41 |
| 5.3.2. Hypothesis 2..... | 42 |
| 5.3.3. Hypothesis 3..... | 43 |
| 5.4. Study conclusions | 44 |
| Chapter 6: Discussion | 45 |
| 6.1. Theoretical contribution..... | 45 |

| | |
|---|----|
| 6.2. Limitations and recommendation for future research | 47 |
| References..... | 49 |
| Appendices..... | 57 |
| Appendix 1 – In-depth Interview Questions | 57 |
| Appendix 2 – The Questionnaire | 58 |

Chapter 1: Introduction

This chapter aims at discussing the background of the problem this research is intended to deal with and at introducing the contribution of this research to this research stream by looking at the gaps extant research has left open. Accordingly, the main research question to be investigated in this dissertation is defined.

1.1. Market orientation and market-driving strategies

In order to be competitive, companies nowadays have to deliver superior value to customers. This marketing law is defined as the market orientation of a company. Kohli and Jaworski (1990) define it as a company's ability to generate, disseminate and use better information about its customers and competitors. According to these authors, the main activities of this approach are: the implementation of strategic market activities and the continuous dissemination of market data acquired, processing and analyzing of information, and anticipating how to fulfill a market's needs. Moreover, the authors (*ibid.*) argue that market orientation can be managed in two different ways; firstly, by market driven firms that listen to customers' demand and based on that create superior value and secondly, by market-driving firms that reshape the market and offer new and innovative superior value to customers.

Market-driving firms are companies that are customer oriented and try to find innovative ways to fulfill customers' needs by introducing original products or services. In other words, a market-driving company responds to unnoticed market opportunities finding itself creating and modifying new products and services to be offered to existing customers. Previous literature has assumed that there are two ways to "drive" a market. Kumar et al. (2000) on the one hand suggest that, through implementing a unique business system, successful market driving firms are capable of filling an existing gap in customer needs and thus deliver value. Jaworski et al. (2000) on the other hand, argue that market-driving firms need to create competitive advantage either by influencing the structure of markets (e.g. eliminating competitors from the value chain) or the behavior of market players (e.g. developing "new" offerings). Therefore, market-driving strategies include

tailor-made goods that lead to an improved competitive position by reshaping the market behavior in a “given” market (Jaworski et al., 2000). This also means that creating new markets can be a result of either investing in internal activities or using external influences such as legal and political environmental changes more intelligently (Araujo, 2007; Johanson et al., 1985). Based on that, a market-driving firm will consider in its actions the whole industry with all its participants in different positions, in order to have access to the most valuable resources in the market (Hills, 2004; Johanson et al., 1985).

In marketing, consumer needs and wants are generally taken as relatively obvious and exogenous. Literature shows however that some companies try to understand customer preferences more deeply to be able to create and deliver superior value through their offerings (Carpenter et al. 1994; Schmalensee 1982; Tversky et al.1988). Such firms have a market driving mindset. They realize that customer preferences are manageable and see this as an opportunity, as a chance to obtain a competitive advantage (Jaworski et al., 2000; Carpenter et al.,1989).

To be able to perform well as a company following a market-driving strategy, it needs to possess a great level of readily available information and have a close relationship with their customers. Hence, literature on market-driving companies and strategies does not only focus on the customer relationship with customers but also on all the stakeholders (e.g. competitors, industry regulators and alliance partners (Berghman et al., 2006; Hills et al., 2003; Mohr et al., 2009) who influence market behavior.

1.2. Knowledge gaps in extant literature

The literature shows that market-driving and market-driven are both effective in achieving superior competitive advantage (Tuominen et al. 2004). Focusing on market-driving firms, previous research has found that these organization’s behavior is largely dependent on creating, cultivating and strategically leveraging networks of alliances and key customers. Especially relationship marketing with suppliers as it is critical for market driving firms that want to radically innovate and have a fast success with launching products or services first on a certain market (Tuominen, 2004; Helder J. S., 2005). Market orientation literature has mainly looked at factors inside

successful firms, such as far-reaching market knowledge gathering and dissipation. In spite of the fact that market orientation and CRM have both brought to light notable and important studies in marketing (Helfert, et al., 2002), they have remained distinct schools and have little focused on business to customer relationships.

Tang (2016) argues that competitive intensity under certain market circumstances, such as uncertain consumer preference, negatively affects the market-driving innovation capabilities of a company. However, it hasn't been tested if improved customer relationship management could have increased the market-driving performance. Wongtianchai et al. (2014) argue that customer education, defined as the capability of an organization to learn from the knowledge feedback contributed by customers (thoughts, utilization experience of the items, etc.), has a positive effect on market-driving firm performance.

Moreover, Ghauri et al. (2011) have defined the main capabilities of a market driving firm as strategic marketing and the existence of an organizational learning configuration including networking, knowledge transfer and branding capabilities. Ghauri et al. (2016) therefore examined their effect on the market-driving capabilities of the firm performance in international markets. They argue that managers should take into consideration the development of capabilities related to knowledge and networking in order to enhance market driving behavior and performance in foreign markets.

1.3. Research question

From the previous paragraph the research concludes that no previous research has focused intensively on the role of CRM in the performance of companies following market-driving strategies. CRM has been ignored as a potential driver for market-driving firm performance. Relatively little is known about how the underlying market-driving CRM contributes to organizational performance. Extant literature has examined information, competition, organizational structure and other resources and capabilities as contributors to the implementation of market-driving strategies.

It is important to investigate the relationship between CRM, a marketing tool used mainly to acquire and keep customers loyal, and a market-driving strategy. This study aims at examining this relationship in depth and wants to test the relationship between market-driving strategies and CRM in a business marketing context. The researcher expects that market-driving strategy will influence the intensity of CRM activities and vice versa. Moreover, the researcher anticipates that this direct relationship will influence other factors such as the overall firm performance. This will be explained in the third chapter that will propose the conceptual model.

Therefore, the research questions that will be investigated in this dissertation are the following:

What is the effect of CRM on the performance of market-driving firms? and

Do market-driving firms have higher CRM performance than market-driven firms?

Chapter 2: Literature Review

In this chapter, the researcher presents an overview of a market-driving strategy and of the role of CRM within a company.

The literature review consists of several parts. Firstly, a presentation of literature criticizing customer-driven approaches. In the second part, the market driven approach and the market driving approach are both introduced followed by a round-up of the most important findings about those two strategies in literature. The fourth part contains a discussion about CRM activities and the connection they have with a market-driving strategy. The literature review below is based on what has been found in extant literature, but it has been enriched by adding some specific insights based on an analysis of some empirical examples.

2.1. Market Orientation (MO)

The marketing concept indicates that organizational objectives can be achieved by identifying and satisfying the needs of target markets more efficiently and effectively than competitors (Kotler 2003). Kohli and Jaworski (1990) describe *market orientation* (MO) as the implementation of the marketing concept based on a deep understanding of market behavior, referring to the behavior of the actors on a given market.

It is the role of companies to understand how and when customers are buying specific products as well as understanding which ways are suitable and best to use for reaching a certain target market. Most of the firms indeed define MO as one of their core values (Noble et al., 2002).

Market orientation can be divided into two sets of behavior: responsive market orientation and proactive market orientation. In *responsive* market orientation (Slater et al., 1998; Day, 1999) a business tries to find, understand and to satisfy the “explicit” wants and needs of customers. Most empirical analyses have focused on this type of market orientation. In contrary to that *proactive* market orientation describes how businesses tries to find, understand and satisfy “unmanifested”

needs of customers. This market orientation has been commented in some theoretical analyses so far (e.g. Kohli et al., 1990; Narver et al., 1990; Slater et al. 1995) but only a few systematic empirical analyses have been conducted so far.

Moreover, marketing strategy differs among companies and three market orientation perspectives have emerged in the past 20 years.

The first perspective focuses on values and norms and was labelled the “cultural” perspective (Narver et al., 1990). The authors defined market orientation as an organizational culture that most effectively and efficiently creates continuous superior performance to deliver higher value to the customers than competing firms. According to these researchers this organizational culture consists of three behavioral components creating a climate that nourishes and supports market-oriented organizational learning:

- customer orientation;
- competitor orientation; and
- interfunctional coordination

Empirical studies have found that of these three interfunctional coordination, especially between R&D and marketing, have the most relevant influence on the success of new product development. The second perspective is the “proactive” approach, which considers market orientation as a capability of a firm to understand the external environment and therefore be able to anticipate unnoticed market needs before competitors and thus, achieve better competitive results.

In order to serve target customers ideally, MO requires a very competitive information base. The existence and implementation of MO presumes that a company possesses strong marketing capabilities and resources. The ownership and deployment of these ample resources is an important factor for the creation and maintenance of superior customer value at functional level (Zhou et al., 2005).

A result of the heterogeneity in resources across firms is a difference in firm performance differences (Barney et al., 2001). Several authors (Barney, 1991; Wernerfelt, 1984) have indicated

that the stronger a firm's competitive resources, which vary in value, rarity, inimitability and organization (VRIO), the more superior the firm's performance will be. Basically, the value of these resources is reflected in marketplace performance (Srivastava et al., 2001). Fahy et al. (2000, p. 75) state that "variation in the development of marketing resources is an important issue in terms of firm-level performance". Therefore, the acquisition and development of marketing resources are directed to the ability of anticipating unnoticed market needs and thus prevail over competitors. Superior marketing knowledge and resource capabilities are indeed to be used in marketing management strategy and practices (product, price, marketing communication, distribution, intelligence management, market and marketing planning).

The third perspective defines market orientation from a behavioral perspective. According to this perspective a firm's organization wide intelligence systems will be affected by the current and future customer needs (Kohli et al., 1990). That means that the organizational information system of a company changes based on market alterations.

2.1.1. Market orientation measurements

Several researchers have examined market oriented organizational behavior dimensions.

Kohli et al. (1990) classified market oriented organizational behavior in three essential activities: generating, disseminating and responding to market intelligence about customer needs and competitor actions, while Narver et al. (1990, 1995) have worked on the identification of the main aspects of an organizational culture (shared values and beliefs) and climate (processes, structures and incentives) that would favor the learning by the organization of how to create and deliver superior value to a targeted market audience.

Both research efforts have produced corresponding approaches for operationalizing the creation of a market orientation attitude and behavior in a company. On the one hand, Kohli et al. (1993) have developed the MARKOR instrument, which contains items centered on measuring the opinions of key organizational informants about chosen market-oriented behavior (generating, disseminating and responding to market intelligence). On the other hand, being aware that most market-orientation tools center on testing organizational behavior and interfunctional coordination

problems, Narver et al. (1990) sustain that market oriented behavior is a demonstration of the organization's cultural values and underlying belief system. They developed the MKTOR instrument that, through measurement of beliefs of key organizational informants regarding chosen organizational behavior, identifies market-oriented cultural values (customer orientation, competitor orientation and interfunctional coordination).

To conclude, while market behavior is the behavior of consumers, firms and stockholders on a certain market, market orientation behavior is internal to a company and can be analyzed from several perspectives such as cultural values and beliefs and a firms' structure and activities. Moreover, several instruments operationalizing market oriented behavior have been developed in the past.

2.2. Market-driven vs. market-driving

The research literature further divides market orientation into two different approaches: the market driven approach and the market driving approach which are discussed in more depth below.

2.2.1. Market-driven

The market-driven approach is defined as understanding the preferences of the market actors and features of the industry and then adapting the strategy and the products of the company to this knowledge. As such, a market-driven business or market approach is primarily based on reacting to this understanding of the existing features and behavior of the players within a certain market. Jaworski et al. (2000, p.45) defines market-driven management as the activity of “learning, understanding, and responding to stakeholder perceptions and behavior within a given market structure”.

Jaworski et al. (2000) found that the success of a market driven approach is closely connected to the companies' ability to attract and retain customers. In accordance with Shankar (2006) other

factors such as the competitors and product line demand elasticities affect the implementation of a market-driven strategy.

2.2.2. Market-driving

A market-driving strategy is defined as influencing the structure of the market, and the behavior of the market actors (Jaworski et al., 2000).

The market-driving approach refers to a proactive strategic posture (Narver et al., 2004; Schindehutte et al., 2008). It adapts upstream with downstream needs that enable the creation of a new value proposition (Harris et al., 2002; Jaworski et al., 2000; Kumar et al., 2000). As a result, market driving organizations view market orientation in more general terms, including the meeting of unnoticed needs and the creation of new ones. This strategic approach redefines the principles governing both the internal and external activities of the firm. Therefore, a new set of appropriable benefits emerge.

Kumar et al. (2000) describes ways in which market-driving firms develop and expand a unique internal business system that delivers superior value to customers through better price/quality relationship or a by offering superior service level. This strategic perspective requires a transformation of the behavior and preferences of key actors such as customers, competitors or even the whole supply chain. Tuominen et al. (2004) and Crespin-Mazet et al. (2007) add that a market-driving approach requires collaborative learning and close partnership with customers, suppliers and other business actors.

Market-driving companies and brands focus on finding new ways of fulfilling customer needs and wants and thus be successful. Since in such a case the company is taking a different direction as its competitors, this approach can be defined as radically innovative. One of the roles of the company is indeed to focus on the customers' attributes that have been disregarded by competitors in the past and as such to create superior value (Chen et al., 2012). This approach might be used in companies which think out of the box and attempt to reshape customer's preferences, wants and needs. The risks a company may encounter when applying this approach are however important.

The firm not only creates a different brand image which is risky and might fail, but the marketing efforts might also be inefficient and then a lot of time and resources are wasted (Ghauri et al., 2011).

Different authors who studied market-driving organizations from different perspectives, have identified similar key features of the approach. The main characteristics are the expectation of the brand to educate and lead the consumer as well as the supplier(s), and changing the conditions for the competitors within the market. Ghauri et al. (2008) also stress that a brand's ability to develop strong alliances and relationships with suppliers increases the performance in market-driving firms. A market-driving strategy has a broader focus in terms of the different external stakeholders.

Some firms can follow a market-driving approach from their initial growth while others may decide with time to move from a market-driven to a market-driving approach depending on their growth in size and power. One example of a company which immediately started with a market-driving perspective is IKEA: its original business idea was completely different from that of other furniture companies. Born global firms do likewise as they base their strategy on an innovation that offers completely new solutions to customers internationally (Hills et al., 2003). The traditional book retailer Barnes and Noble on the other hand is an example of the second category of market driving companies changing strategies over time. It implemented a radical web strategy to be able find new customers and offer new values, with implications for the entire value chain structure (Jaworski et al., 2000).

Marketing literature confirms that a market-driving strategy can be chosen by companies to reach a superior market position and a long-term competitive advantage. Studies argue that most of the successful firms invest in changing and influencing the minds of the customers and the actual market conditions rather than adjusting their own strategic approach and marketing activities to a local environment (Carrillat, et al., 2004; Jaworski et al.,2000; Kumar,1997; Harris et al., 2002; Kumar et al., 2000). Indeed, through this strategy, companies use their unique capabilities to take advantage of their competitive resources rather than adapting to the specific characteristics needed to entering some markets. (Narver et al., 2004; Tuominen et al., 2004).

Hunt (2002) argues that it is not enough for companies to passively respond to changing environments by finding the best appropriate product or service according to their existing resources and targeting market niches. Due to increasing competition, product and services become more similar and therefore prices, features and performance will be tightly similar in the eyes of customers (Buzzell et al., 1987). In market-driving situations however, customers are not aware of their needs or preferences and how they can be met. It is thus a challenge for the organization to have a superior business performance due to its ability to influence the market rather than being only reactive to it. Market-driving organizations may be able to achieve better performance by reshaping the market structure through efficiently using their resources, competencies and by taking advantages of the competitors' weaknesses (Carrillat et al, 2004).

Jaworski et al (2000) argue that in order to get sustainable competitive advantage from a market-driving strategy, organizations should be able to change the structure or composition of a market and/or the behaviors of its players. Many scholars have studied how the best organizations can efficiently drive their markets. Jaworski et al, (2000) explain that these companies can drive their market in three ways:

- By modifying market structures and eliminating competitors from the value chain through deconstruction;
- By adding players into the industry value chain using construction; or
- By changing the functions performed by players in the market through functional modification.

The authors also argue that market behavior can be shaped directly or indirectly: either by removing or building customer or competitors' constraints or, by creating or reversing new customers or competitors' preferences.

In contrast, Kumar et al (2002) pretend that a market-driving strategy is to produce discontinuous leaps in customer value, create entirely new markets, design unique business systems, raise service to unprecedented levels, develop new channels and fundamentally change the rules of the competitive game with competitors. Moreover, their research concentrated on innovation as the key factor that allows to meet the mentioned conditions. However, they do not provide a conceptual framework that integrates the organizational processes leading to market-driving. But

all authors do agree with the fact that a market driving company needs resources for innovation. This can be very expensive and therefore the financial aspect is an important internal factor to take into consideration as a proactive strategy requires more resources than a market driven strategy (Naranjo-Valencia et al., 2011).

A market-driving approach is not limited to the beginning of a product or technology life cycle but can occur in all stages of its implementation. Pioneer companies may certainly start the development of new concepts and technologies, but novelty is not a necessary condition for companies following a market driving strategy (Minet et al., 2008). Therefore, while most pioneering activities are designed to drive markets, not all market-driving activities are outcomes of pioneering.

2.2.3. Comparing the two marketing approaches

Different authors have discussed and analyzed the differences and common aspects of market-driven and market-driving firms. Jaworski et al. (2000) developed the model in Figure 1 to explain the differences between market driven and market driving strategy.

Figure 1 Differences between market driven and market driving strategy



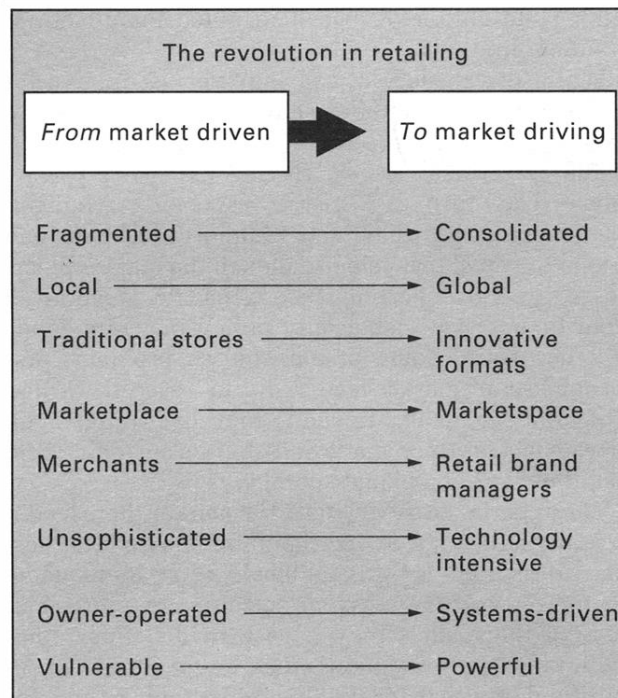
Source: Jaworski, Kohli & Sahay, 2000, p.46

According to Jaworski et al. (2000), two dimensions determine which strategy is prevalent in an industry: market behavior and market structure. Market driving strategy will, as opposed to a market driven strategy, be followed when either of both dimensions is not given but just about to take shape.

Jaworski et al. (2000) further argue that a company operating as market driven, accepts the industry structure as “given” and does not try to change or eliminate the role of existing market players. Inversely, a market driving firm changes the composition of the players’ roles as well as their functions in the market (Alderson, 1957; Jaworski et al., 2000). Moreover, a market driving company creates innovative products that change customer behavior (Tuominen et al., 2004). However, these authors also state that a degree of proactiveness can exist in every company.

Kumar (1997) argues that there are some major differences between market-driven and market-driving firms in a retailing context as shown in Figure 2.

Figure 2 The evolution from market driven to market driving strategy in retailing



Source: Kumar, 1997, p. 3

Market-driving companies are proactive to markets. They surprise customers by adding new value through the generation of radical innovations in business models, products, or value creation networks. Proactive strategies are indeed characterized by creative innovative products to compete on the market and high investments to be always up-to-date. Whereas market-driven firms act reactively to changes in the market conditions and add new value through new features in products using incremental innovation models.

Previous research about market orientation in general has shown that having a market oriented capability can be seen as a sort of strength over competitor. Many companies have thus heavily invested to become more market oriented. However, the fact whether a company follows a market-driven orientation or a market-driving orientation or strategy influences the success of this market orientation. Market-driven approaches can and will be imitated successfully over time. For any business that intends to create and maintain sustainable competitive advantage over a long period of time, it is suggested that it aims to increase its proactive market orientation continually (Narver et al., 2004) and thus become more market-driving than market-driven.

2.3. Customer relationship management

In this paragraph the researcher introduces the general idea of CRM and describes the different types of CRM.

2.3.1. Introducing CRM

Rouse (2014) defines CRM as the method that companies use to improve relationships with customers with the main goal of reaching customer satisfaction and loyalty. Zulkifli et al. (2012) state that the implementation of CRM in businesses may successfully improve focusing on customer needs and has become a relevant strategy for companies.

CRM is a business management tool for developing and improving customer knowledge within the company to create, maintain, and strengthen profitable relationships (Sue et al., 2001). CRM focuses on customer-oriented strategies and developing a long-term relationship with customers

since establishing a long-term customer relationship is in general more efficient, effective and beneficial than holding a short-term transaction orientation with those customers (Berry et al., 1983; Gronroos 1991; Morgan et al., 1994).

Companies might use CRM to better understand the actual demand of the market and to develop more simple and accurate market forecasting techniques. When using this tool in an efficient manner, brand owners can obtain a clearer vision of every opportunity and therefore be able to create the optimal path for the introduction of new products.

Payne (2012) discusses how Customer Relationship Management (CRM) can increase a customers' value perception, which will have an impact on the maximization of return for shareholders. Using customers' information for creating, developing and maintaining long-term profitable relationships will indeed increase loyalty and customer satisfaction (Kailasam et al., 2015). However, loyalty and satisfaction are at the same time a source of information and knowledge for companies, and when properly utilized, they can provide valuable insights in relation to how they are doing, and thus serve as an indication of whether changes in the CRM strategy must be made.

Firms tend to consider customer relationship management from an analytical point of view (Buttle, 2009). "CRM comprises the intelligent mining of customer-related data for strategical or tactical purposes." (Ibid, 2009, p.27). In other terms, the intelligent collection of data about the customers within the CRM framework allows companies to develop tools and software to make the identification of customers' buying behavior and the connection with them in the best suitable easier way. Hence, many previous studies about CRM tend to not focus on strategic and operational aspects of it, but mainly only on the analytical aspect (McAlexander et al. 2002, Buttle, 2009, Stokburger-Sauer, 2010).

2.3.2. Types of CRM

CRM includes many activities and it can therefore be viewed from different perspectives. CRM indeed can be divided into four basic types based on their major characteristics: Operational CRM, Analytical CRM, Strategic CRM and Collaborative CRM (Tutorialpoint, 2014).

Operational CRM focuses on customers from a business activities' perspective such as marketing, services and sales;

Analytical CRM includes the collection and storage of data from customers. These may be sales data (products feature, purchase history), marketing data (customer response rates to marketing efforts) and financial data;

Strategic CRM uses and enhances the information about customers to customize and improve the interactions with them. Thus, maintaining and preserving long-term relationships with them becomes more feasible;

Collaborative CRM in companies is used to provide help to customers by sharing the information gained from the interactions with them. As such improved services and products can be offered to them using their input (co-creation).

Organizations use CRM to customize their offerings to meet customers' needs (Tseng et al., 2014). In return, customized products improve the quality of services which means greater customer satisfaction, loyalty and retention (Mithas et al., 2005; Palmer et al., 2005). Also, the purpose of Customer Relationship Management is to enhance customer acquisition (Jain et al., 2002), to increase customer experience as well as to manage customer interactions with the aim of reducing response time to customers' complaints (Kim et al., 2003; Mithas et al., 2005).

In summary, companies must know their customers in order to meet their requirements and this is why information acquisition on customer buying behavior is becoming a vital company asset. An emphasis on CRM is essential to any company aiming to gain a competitive edge as it acquires valuable information enabling it to predict needs and wants more accurately, thus creating better opportunities of reaching the target audience effectively.

Chapter 3: Literature Outcomes and Conceptual Model

In this chapter, the researcher firstly defines the different outcomes of the literature review. Then proposes the different hypotheses to be tested in this research venture and mould them into a conceptual model.

3.1. Theoretical conclusion

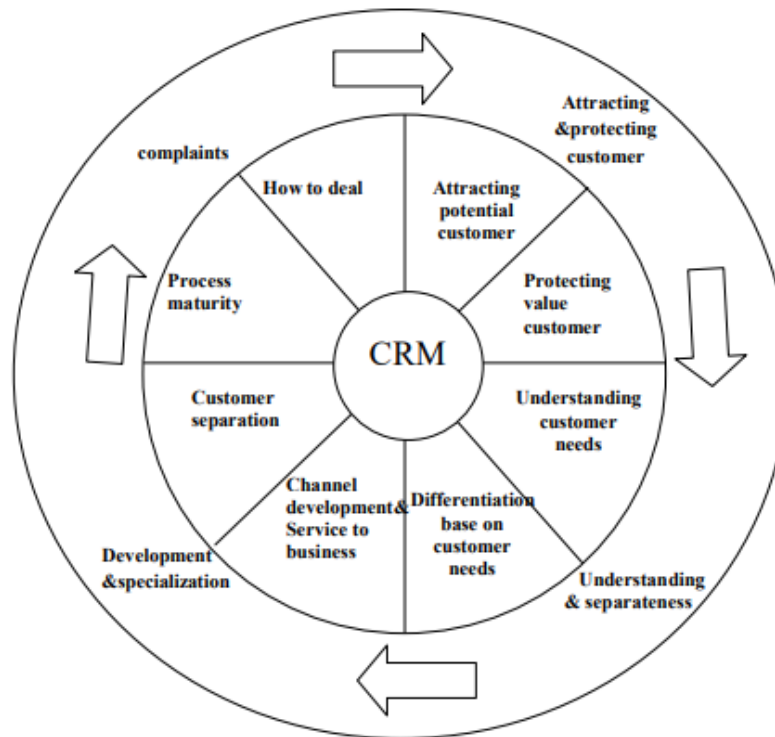
The literature on market-driving strategy and CRM, leads us to an analysis of the main variables of this research. They are: CRM performance, proactiveness and firm performance. For each one, I indicate the most important references.

3.1.1. CRM performance

Mehrdad et al. (2011) argue that if companies want to realize CRM as a key competitive advantage, they should pay attention to customers' needs and practice customer centered methods (Buttle, 2009). By using information technology, companies try to create long-term relations with customers. That has led to a situation in which improving CRM has become more common for many companies (Lambert, 2010). In general, the researcher has stated that effective CRM activities increase customer loyalty and thus have lower marketing effort costs and higher market share as a consequence.

Mehrdad et al. (2011) describe competitive CRM as a capability. Its performance can be studied through analyzing the different main activities the company performs when developing CRM. Hoots (2005) presents them in a wheel-like form as shown in Figure 3. The activities are:

Figure 3 The wheel of CRM activities



Source: Hoots, 2005, p. 13

In the next paragraphs the major activities mentioned in this Figure 3 are explained.

Understanding and Separating. In order to understand customers, to perceive what is of value for them and to identify the type of service to offer them at the right time and in the right place, companies should develop intensive contacts with them. There are different important activities companies can do to understand and classify customers. Payne (2005) lists the most important ones: acquire new customers by targeting their preferences and defining the needs and attitudes of different customer targets. In traditional marketing terms these activities refer to market research and segmentation.

Development and Specialization. In a customer-oriented world, efficient implementation of CRM includes improvements in contact channels with customers and contact channels with customers

for product development activities as well as establishing contact between these. This will lead to customization and thus add value to a companies' CRM. The companies' brands will indeed offer different goods or services to each targeted segment based on their unique preferences. These were previously identified. This can maximize the profitability of a certain group of customers (Klein, 2006).

Attracting and Protecting Customer. Companies able to attract customers through proper channels could be defined as having a good CRM. Activities undertaken to effectively keep customers loyal should be of main importance for every firm. In the previous chapter, the researcher has already pointed out this link between CRM, loyalty and profitability of customers.

Effective Response to Complaints. Companies should include complaint management in their CRM plans to be able to get feedback from the customers. Moreover, it's the role of the marketers to act after receiving a complaint and to use it as a source of improvement of products and services offered (Mehrdad et al., 2011).

In summary, a companies' CRM capability is based on the know-how the company acquires in performing these CRM activities and in continuously investing in this know-how, companies are better positioned to keep customer service levels and satisfaction high.

3.1.2. Proactiveness

As discussed in the literature review, in market-driving situations, customers are not consciously aware of their needs or preferences. This means that the essence of a market-driving strategy is the firms' ability to influence the market rather than being reactive to it. The theory goes that this will lead to superior business performance. Market-driving organizations are able to achieve higher performance by reshaping the market structure through using their resources and competencies efficiently and by taking advantages of competitors' weaknesses (Carrillat et al, 2004).

Researchers moreover argue that most of the successful firms invest in changing and influencing the minds of the customers and the actual market conditions rather than in adjusting their own strategic approach and market activities to the market environment (Carrillat, et al., 2004; Jaworski et al., 2000; Kumar, 1997; Harris et al., 2002; Kumar et al., 2000). When they adopt this strategy, companies prefer to use their unique capabilities to take advantage of their competitive resources to adapting to the specific characteristics of the markets they enter. (Narver, Slater, and MacLachlan, 2004; Tuominen, Rajala, and Möller, 2004).

According to Jaworski et al. (2000), a market-driven firm which wants to change the industry structure needs to implement a market driving strategy partially in order to meet the customer wants effectively.

The researcher therefore assumes that market-driven and marketing-driving are two extremes on one dimension, called *proactiveness*. Harris and Cai (2002) indeed state indeed that both market-driving and market-driven approaches are complementary to each other (in Chen et al., 2012; Tuominen et al., 2004). Therefore, any company can represent both strategies (Burt et al., 2008).

The Jaworski model (2002) takes however only two external factors into account: market behavior and market structure. Internal factors must also be studied, to be able to decide which is the better marketing strategy to use of both. The researcher tries to fill this gap in the conceptual model by introducing *proactiveness* as a variable.

3.1.3. Firm performance

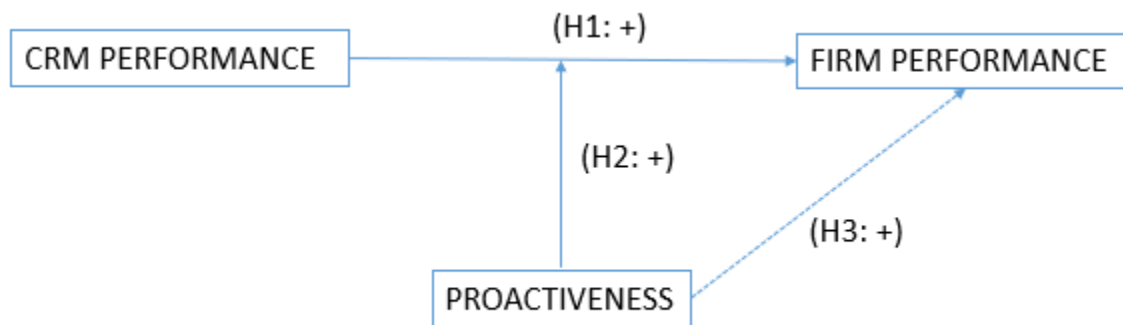
All successful market-driving brands are characterized by a strong vision of achieving organizational goals such as customer satisfaction, loyalty and internationally growth. Firm performance is therefore dependent on other internal and external variables such as sales, market share as well as government regulations, the state of the economy, etc. The effective application of CRM is also one of these variables. Since most of the types of CRM activities are internal (*Operational, Analytical and Strategic CRM*), it is thus necessary to test the effect of these

organizational activities (in this case, marketing efforts) on overall firm performance. Based on that firm performance is one of the variables in our conceptual model.

3.2. Conceptual model

Based on the literature review and on the definitions mentioned above, the researcher has developed the following conceptual model. The intention is thus to test the relationships mentioned between the main different variables in the research.

Figure 4 Conceptual Model



Source: own development

The conceptual model describes *firm performance* as dependent variable and *proactiveness* and *CRM performance* as independent variables.

As discussed before, CRM consists in setting specific objectives with the aim to improve customer satisfaction, to enhance business sales opportunities and results as well as organizational performance. Organizational performance refers to how a company reaches its mission and goals. Organizational performance starts with a certain vision for reaching a specific goal. This goal may contain different objectives such as customer loyalty, market share and client satisfaction as well as profitability. (Boisvert, 2006).

Therefore, the first hypothesis that arises is as follows:

H1: CRM performance positively affects firm performance.

CRM indeed includes marketing efforts with the aim of starting concrete customer involvement and reshaping the market structure. For this research this signifies that the researcher concentrates on its operationalization rather than on its applicability to gather intelligence. (McAlexander et al. 2002, Buttle, 2009, Stokburger-Sauer, 2010).

Proactiveness is one variable that will influence this operationalization. Since CRM is considered to be the right approach to create a stable and long-lasting relationship with customers, anticipating their needs is absolutely necessary. The capability to anticipate these needs is thus essential to make CRM affective in influencing the companies' results. In market-driving firms this is all about unmentioned, unconscious and even not yet existing customer needs and preferences. Proactive action will make this possible to some extent and thus influences the relationship between CRM and company performance.

Since CRM is used itself to gain knowledge about customers in order to:

- customize market offerings and promotional investment;
- segment the market effectively;
- develop and maintain long-term profitable customer relationships; and
- determine how to handle unprofitable customers (Srivastava et al. 1999),

CRM on its own therefore, has a positive relation with firm performance which was expressed in H1. For market-driving strategies however proactively forecasting market behavior is an added internal capability. Anticipating unspoken customer needs and preferences through proactiveness can improve CRM's impact on company results. Proactiveness thus influences this relationship between CRM and firm performance indirectly as a moderating variable.

For market-driving strategies however proactively forecasting market behavior is an added internal capability. Anticipating unspoken customer needs and preferences through proactiveness can improve CRM's impact on company results. Proactiveness thus influences this relationship between CRM and firm performance indirectly as a moderating variable.

Based on that, the second hypothesis of this research reads as follows:

H2: Proactiveness has a positive moderating effect on the relationship between CRM performance and firm performance.

Finally, to capture the net effect of proactiveness on the relationship between CRM and firm performance, a direct test of proactiveness on firm performance is also required. Ghauri et al. (2011) argue that market-driving activities have a significant effect on the overall firm performance. Moreover, the literature shows that a market-driving firm is effective in achieving superior competitive advantage and therefore firm performance (Tuominen et al., 2004). However, there is a gap in literature about the effective relationship between the mentioned variables.

Therefore, it is necessary to test the relationship since proactiveness allows companies directly to impact future market directions by acting on detected unspoken needs. Thus, the long-term performance of the company will certainly be positively influenced, also because the competitive position of the company is improved by acting ahead of competitors.

The third and last hypothesis thus reads as follows:

H3: Proactiveness has a positive effect on firm performance

Chapter 4: Design of a field study

This chapter discusses firstly the characteristics of the fashion industry, which is the subject of this research. The initial section is based on a review of previous literature and on documentation on some specific brand cases. The second section of this chapter explains the methodology the researcher uses in this research. It includes the design of the questionnaire and the data collection process.

4.1. The fashion industry is highly competitive

The clothing industry is highly competitive. Brands need to renew product styles constantly due to changing fashion trends (Christopher et al., 2004). Staying competitive requires the constant checking of these trends and the adaptation of the offering of the company or brand to it. This actually signifies that market orientation is highly in need in the fashion industry. As discussed before, Kohli et al. (1990), indeed define market orientation as a company's ability to generate, disseminate and use better information about its customers and competitors. According to the authors, the main activities of this approach are: the implementation of strategic market activities and the continuous dissemination of the market data acquired, the processing and analyzing of information and the anticipation how to fulfill market's needs. This research focuses on testing CRM and proactivity through fashion brands and whether they both affect the overall firm performance.

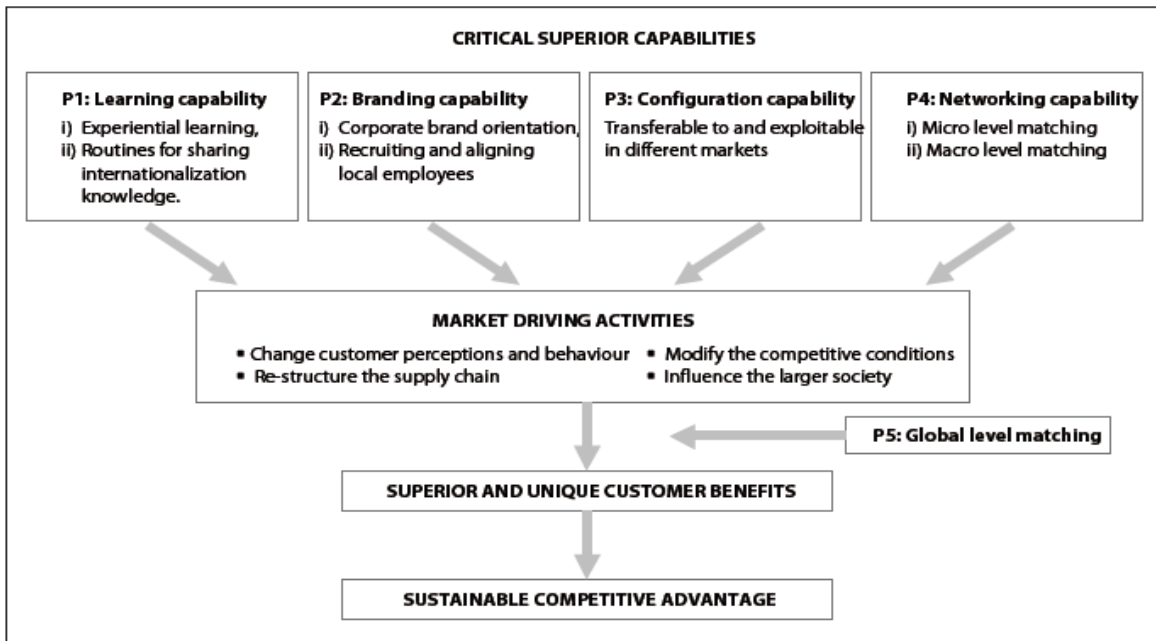
4.2. CRM in fashion marketing

Cillo De Luca and Troilo, (2010) show the importance of having excellent market information about fashion preferences to be able to pursue high product innovativeness in the industry. CRM is used as a unique resource and not only as Information Technology system, but this last element comes in handy in the fashion industry. As argued before, customers' information should be used to understand the relationship between customers and the company as well as to keep customers satisfied.

One of the original fashion clothing researchers, Blumer (1969) argues that fashion trends are created by designers by a process of making selections out of available trends in the market. Thus, the success of many brands is heavily dependent on the adoption of industry's designs. From this perspective, adaptation of the clothing collections is considered to be less risky and challenging than introducing innovative designs, especially in international markets. Ghauri, et al. (2011), adapting the prevailing trends in local markets using certain prevailing styles, usually needs less time for customer acceptance and less complex strategic decisions. If the researcher accepts this to be true, a market-driving brand needs to operate internationally to be able to change market conditions. Moreover, it should also possess a lot of resources and capabilities to be able to create innovative fashion styles. Although high-end designer brands are capable of anticipating customer's perception about fashion preferences, few mid-end brands can accurately forecast market needs on the basis of market information (Blumer, 1969). High-end designer brands make this process happen through marketing activities such as scanning and analyzing the market environment, understanding unnoticed fashion customer preferences and through enhancing a kind of co-creation effort with customers (Spotts, 2015).

Learning capability is indeed indicated as one of the major capabilities to implement a market-driving strategy (Ghauri et al., 2011). The authors position it at the top of the main capabilities companies need to possess in order to create superior customer value in the fashion industry (see Figure 5 below). Implementing market-driving activities can only be successful if the firm acquires sufficient market knowledge about future trends very soon. This "learning capability" can be built through CRM activities such as *Strategic* and *Collaborative* CRM, which was explained in Chapter 2. By collecting information about customers, companies are able to understand them and to collaborate with them in order to make further improvements in products and services.

Figure 5 Critical Superior Capabilities to create sustainable competitive advantage



Source: Ghauri, Elg, Tarnovskaya and Wang, 2011, p. 586

Based on the previous discussion, the research can assume that the learning capability about future market trends is critical for designers aiming to introduce new designs on the market. The development of this type of know-how of course needs time and experience to be built and developed at a superior level.

4.3. Market-driving and CRM across fashion

The fashion market industry requires an innovative product variety since customers' preferences and fashion trends change over time. Market-driving companies such as H&M and Zara are able to manage their CRM capability extremely well to understand the market better by satisfying customer preferences ahead of others and ahead of customers being consciously aware of them through offering trendy pieces at reasonable prices (Christopher et al., 2004; Filieri, 2005).

Fashion brands consider adopting such a market-driving strategy as an opportunity to speed up the market internationalization process through the use of the firm's unique resources. Indeed, a

relevant number of well-known global firms have successfully implemented market-driving strategies. The evidence that supports this statement is provided by the experience of many global firms of which some are situated in the fashion or related cosmetics industry. Authors cite Swatch, IKEA, Benetton, Virgin, Starbucks, Wal-Mart, De Beers, Amazon.com, CNN, The Body Shop and Tetra Pak as market-driving companies (Harris et al., 2002; Jaworski et al., 2000; Kumar et al., 2000). However, research on market-driving strategy rarely focuses on the international dimension of fashion and on what is needed to enter foreign markets characterized by different cultures, clothing habits, religion as well as political rules.

Previous research about fashion brands has studied how they move from market-driving to market-driven strategy and vice versa. All the difficulties and their implications a brand encounters on this path in both directions have been studied. Filieri (2015) indicates that the change requires the implementation of a sophisticated information system to be able to anticipate the market and its trends. Moreover, Mosca (2008) argues that market-driving fashion brands, that are successful and have a solid position of superior competitiveness, can be categorized by three main factors:

- an interest in increasing the firm's performance through the enhancing of the value of the main intangible resource (ibis.);
- the reinforcing of the direct relationship with final consumers with the aim of strengthening their personal identification and recognition in the values expressed by the brand and increasing their loyalty and satisfaction, even in when the unpredictability and instability of market demand is high; and
- improving the information management flow which links the market to the company and vice versa through a highly developed and structured information system combined with sales input points (part of CRM) and customized interactive and affordable communication.

Thus, one of the major purposes of international fashion brands is to achieve the company's objectives through high overall organizational performance.

4.4. Cases of fashion brands

Based on the previous discussion, some examples of market-driving brands and their main marketing activities are noteworthy and illustrate the above theories.

4.4.1. Stella McCartney

One of the best-known market-driving sustainable luxury brands is Stella McCartney (Muthu, 2017). Its main objective is to provide ethically and environmentally unique pieces developed by excellent fashion tailors and thus representing trendy designs for women (Coste-Manière et al., 2017).

The aspect of “responsible” sourcing and supply is a very important value in the brands’ beliefs (Kering 2016). Therefore, Stella McCartney designed a high-quality vegetarian alternative to leather for her customers. It is called ‘Eco Alter Nappa’ (Stella McCartney 2016). Sustainability is in this case is also a way of innovation. ‘Eco Alter Nappa’ is a garment made from polyurethane and polyester coated with 50% vegetable oil. It requires less mineral oil than normal coating. Stella McCartney reached a well-accepted and well-known status within fashion customer circles and in the luxury fashion world using this eco leather, in particular, through her iconic Falabella Bags (“Silver Buckle Eco Alter Nappa Shoulder Bag - Stella Mccartney”, 2017).

Stella McCartney took into consideration that this ‘new’ form needed an audience of early adopters to be able to start with this innovative luxury. Moreover, she adopted the right psychological approach to consumers using the help of a personalized design of CRM able to record changes in customer behavior and preferences (Muthu, 2017).

4.4.2. Benetton

Another example of a proactive fashion brand is Benetton (Ivey, 2002). Benetton had to make many changes to its initial strategy to create a market-driving approach able to shape and

revolutionize the fashion industry. Filieri (2015) analyzed the main innovations introduced by the company, which demonstrate a constant will to drive the market. The author indicates the importance of redesigning the shops' layout, the creation of a quasi-franchising system¹, the use of innovative suppliers' relationships, strong social media advertising and a postponement strategy. Benetton's postponement strategy is about matching the color trends during the season. Coloring the products is the last stage of the production helps Benetton to assemble (through an Electronic Data Interchange (EDI) system) the color according to current customer requirements and fashion trends (Dapiran, 1992). This strategy required that Benetton use a developed CRM to monitor customers' information in real time.

However, international brands such as Zara and H&M have started to compete the market in the 90s (Barela, 2003) and the distribution strategy of Benetton was too rigid to rapidly match changing customer's needs as they were able through a strong management of the retail-chain (Edmondson, 2003; Barela, 2003). Benetton therefore decided recently to move from a proactive to a reactive strategy toward the market, proving the existence of dynamism of strategy in both directions.

4.4.3. Zara

Another market-driving brand and market leader is Zara, an internationally known Spanish brand, with a particularly large market share in Europe. Zara has over 1,700 stores all over the world and is worldwide known due to its regularly newly developed products and its ability to make them available in its stores within two weeks only. This is well under the average rate in the clothing and fashion industry which stands around every six months.

The company's idea is to operate on zero advertising policy which means that it must keep attracting customers in unusual ways to keep its brand awareness high and stay competitive with

¹ quasi-franchising system consists in bypassing wholesalers and selling directly to retailers including the absence of a formal contract between the two parts and the absence of royalties' payments (Favero, 2005).

its main competitors H&M and Benetton. In spite of the lack of advertising, Zara has surprisingly loyal customers. Its customers are indeed loyal and they prefer to make continuous visits throughout the year, with an average of 17 visits per customer compared to 4 for other stores. ("Zara CRM Case Study", 2017).

It does so by active CRM using a CRM software it developed itself. The software enables Zara to collect information about sales and decide which products are trendy. This makes designers' work easier and enables the company to create new items based on the popular trends with styles and colors preferred by their shoppers. Through its CRM, Zara is able to order the items before they hit stores and also to be always ahead of their competitors with latest trendy styles to customers. Zara also produces only few pieces of each model to assure uniqueness and exclusiveness to its loyal customers. Thanks to the benefits of this CRM, Zara has indeed developed effective relationships with its customers ("Zara CRM Case Study", 2017).

Thus, by listening to its customers' needs, Zara has been able to compete effectively on the market and have a superior advantage. The majority of Zara's pieces sell at full price, compared to less than half for most of its competitors.

Zara is a perfect example of a company using CRM data in an efficient way to increase brand image with current and potential customers. Regardless of their size, other brands and firms, can learn from Zara in how to use CRM for improving sales, brand awareness, and profits by attracting customers and keeping them loyal through understanding their needs and preferences. Utilizing CRM as a source of collection information on customers preferences and patterns, can prove to be an efficient mechanism to better understand the target customers tastes and needs enabling companies to improve their products and services.

4.4.4. Lesson learned from these cases

Leading proactive fashion brands such as the ones mentioned before, have developed long-term relationships with their target market through a consistent innovation of style, products and design.

Yet they also use CRM to achieve a strict and consistent preservation of their brand's competitive positioning in the international markets (Mosca, 2008).

The researcher can also indicate that all the previously mentioned research on the fashion industry and on proactiveness of companies belonging to the industry mainly focus on the importance of the information system in CRM and market-driving strategies. Few studies have analyzed the specific relationship between customer relationship management and proactiveness in this specific industry.

4.5. Methodology

Here after is presented and discussed the methodology of the field study giving detailed information about the strategy used, the choice of the sample, the design of the questionnaire as well as how the data will be analyzed.

4.5.1. Research strategy

Saunders et al. (2009) argue that there are three different ways to conduct research: exploratory, descriptive and explanatory. This research uses an exploratory study to investigate the causal relationships between the independent and dependent variables. Since an internal test within companies would be difficult to execute because of the sensitive data that would be needed and probably wouldn't be released by the marketing managers of these companies, an external approach is developed for this research. Also, a cognitive bias in firm performance might appear in analyzing internally since single critical informants may overstate their brand's performance (Pelham et al., 1996; Noble et al., 2002).

When one measures phenomena such as brand awareness, CRM activities, product preferences, etc., through percentages and explicit numbers and within the context of a given sample, they obtain the status of 'facts' (Barnham, 2016). Since this dissertation follows questions that have to be measured, we pursue a quantitative method to measure the different variables. (ibid).

By testing the CRM, the proactiveness and the firm's performance from the perspective of the customer, this will be able to deduct the internal performance in an unusual way. Previous research about CRM and market-driving strategy has always focused on the firms' perspective and no studies have tested the company's CRM approach with the customers. As discussed previously, market-driving brands reshape the market and consumer behavior: customers therefore are better able to capture the effective innovativeness and the social impact of the brand on the market.

This research in this dissertation will be based on a survey strategy. The researcher will follow a deductive approach (Saunders et al., 2009). The researcher uses this strategy because it is more efficient to collect large numbers of data in a fast way, while at the same time still giving an insight of the phenomena. Furthermore, the results will be used to explain the relationships between the variables of the conceptual model and to evaluate their statistical relevance. The relationships to be analyzed for their statistical relevance are the relationships between the CRM performance of the company, its proactiveness and the firm's performance, as indicated by the conceptual model. An advantage of using a survey strategy is furthermore that the researcher is in charge of the whole process: the information that is gathered through a questionnaire gives the researcher more independence since the questions are customized to answer the research question (ibid.)

4.5.2. In-depth interview

The quantitative research was only started after ten in-depth interviews with active shoppers were conducted. These interviews were conducted personally and had the objective to understand customers' ideas and perspective better. The list of questions guiding our in-depth interviews is presented in Appendix 1.

During the in-depth interviews participants were encouraged to discuss freely about the subjects of our dissertation which helped us to gain insight in today's fashion market. This approach allowed the researcher to understand customers' experiences as well and proved to have great potential for eliciting rich information. Indeed, the interviewees provided much more detailed information about fashion brands than what is available through internet. This enabled us to classify some brands for the questionnaire:

Market-driving brands in the eyes of customers are Zara, H&M, Desigual, Benetton, Abercrombie&Fitch, Hollister, Superdry, Mango, Levi's, Nike, Banana Republic and Victoria's Secret.

Market-driven brands in the eyes of customers are Bershka, Pull&Bear, Only, Vero Moda, New Yorker, Stradivarius, C&A, S. Oliver, Morgan, Esprit, Puma, Monsoon and Pimkie.

The previous literature review about market-driving fashion brands was used to measure the proactiveness of the brands and to help the interviewees in defining them (Coste-Manière et al., 2017; Muthu, 2017; Harris et al., 2002; Jaworski et al., 2000; Kumar et al., 2000; Filieri, 2015). The most important part of our in-depth interviews was the scale used to define proactive brands in the eyes of customers. The researcher has used the MARKOR scale (Kohli et al., 2003) which measures the reactivity of a market oriented firm. As indicated previously, many authors define market-driven and market-driving strategy as complementary to one another and thus pretend that these two strategies can coexist in a company, for instance with different brands the company owns. I therefore have defined proactiveness as one dimension with two extremes. This scale has been used in a way that when the results point to a less reactive attitude of the company or brand, the more reactive the firm activities are considered.

Moreover, many participants' relevant statements and comments have been categorized and attributed later to ideas and concepts used in our questionnaire. Thus, the in-depth interviews also helped in designing the questionnaire. The contents of the in-depth interviews were used to develop the questionnaire consisting of 23 closed-ended questions, which will be discussed in the questionnaire design paragraph (section 4.2.4.).

4.5.3. Sample selection

To select the most appropriate sample, the researcher has used a judgmental non-probability sampling method by distributing the questionnaire to gather answers from only female active

shoppers only. “active shoppers” were defined as customers who visit clothing shops at least twice a month. Women are usually more active in doing so than men, which explains my choice of female respondents only. The objective was namely to obtain as accurately as possible insights and information. Furthermore, in order to be able to test the standard CRM and firm performance effectively, respondents from countries where the brands’ companies chosen for the questionnaire are working in non-franchising distribution mode were selected. I have only taken Europe and North America in consideration since the brands chosen for the questionnaire are directly linked with headquarters in these regions (“European Franchise Directory and Top 500 Franchise Europe List | Franchise Europe.com”, 2017).

In order to test whether brands using a market-driving strategy are better performing due to better CRM activities, a comparison with market-driven brands was required. For exploratory research designs, usually the sample size is small: a minimum size for marketing studies is of 200 people with an average between 300 to 500 people (Malhotra et al. 2012: pag. 500). Also, a judgmental sampling gives the researcher the choice of the sample size (ibis.). Therefore, two groups of 150 people each received the survey: one subsample answered questions on market-driving brands and the other one on market-driven brands. The surveys have been distributed mainly by email and social media: they have been sent in fashion groups and forums to better target the sample required. Also, the questionnaires have been distributed personally in street and outside the fashion shops of the brands included in the questionnaire.

4.5.4. Questionnaire design

Saunders et al., (2009) claim that surveys are the most common measurement instrument within business and management research. The advantage of using a previously used measurement tool is that it has already been tested and proven to measure the phenomena in a correct way. The questionnaire can be found in Appendix 2 with a clarification of the companies chosen for the survey. The choice of certain brands is based on literature review criteria for proactiveness, the in-depth interviews and the brands’ history (Kohli et al., 1993; Muthu, 2017; Coste-Manière et al., 2017; Muthu, 2017; Filieri, 2015; Spotts, 2014).

The main scale used to test *CRM performance* is CUREL (Jain et al. 2007). Other measurements of CRM performance have also been taken into consideration to reinforce the questionnaire and were described by several authors (Reichheld, 1993; Sheth et al., 1995; Payne, 2000; Heskett, 2002).

The main scales used to test *firm performance* have been developed by Santos et al. (2012) and Richard et al. (2009) since these authors use contemporary scales. Previous traditional measurements do not measure different variables which are important for the research, such as ‘relevance to practice’ (Ghalayini et al., 1996: pag 65). Firm performance is usually measured by testing the achievements of an organization in financial terms (ibid). However, the research is designed to analyze firms from an external perspective to understand them internally. Firm performance is therefore measured by testing growth of the brand, employee satisfaction, and environmental and social performance; This has to be done moreover from the customer’s perspective.

The questionnaire was developed on the Qualtrics website and sent mainly by email and social media to potential respondents. Moreover, the questionnaire has been distributed physically outside the shops of the fashion companies included in the survey.

The questionnaire has been particularly divided into three key sections as follows:

1. Attribute variables;
2. CRM performance; and
3. Firm performance.

The attribute questions consisted of questions asking about the criteria necessary for being part of the sample, namely an active female shopper living in North America and Europe.

To give the respondent the possibility to choose an accurate answer, the independent and dependent variables were measured on a 7-point Likert scale ranging from strongly agree to

strongly disagree. Also, measurements including close-ended questions were employed in the questionnaire. The independent and dependent variables were measured testing each of the two market approaches.

4.5.5. Testing and method

In this research, primary data are analyzed statistically in order to test the independent variables' influence on firm performance in the fashion industry. The data are tested using IBM SPSS software statistics and used statistically coding procedures as follows:

- Simple linear regression analysis to analyze the strength of the relationship between CRM performance and dependent variable;
- Independent t-test for testing the statistical significance of the proactiveness variable on firm performances, as hypothesized; and
- Normality using t-test.

In summary, regression analysis as well as the testing of hypotheses were applied to get a clearer view of the relationship between the variables (Saunders et al., 2009).

4.5.6. Time horizon

This research doesn't require to examine changes in behavior or development through a long period of time and in different timeframes. The dissertation consequently follows a multiple cross-sectional path since it requires testing the relationships in a particular timeframe comparing two samples with one another. Moreover, the time limit set for finishing this research venture implies that adopting a longitudinal approach is not possible.

Chapter 5: Analysis

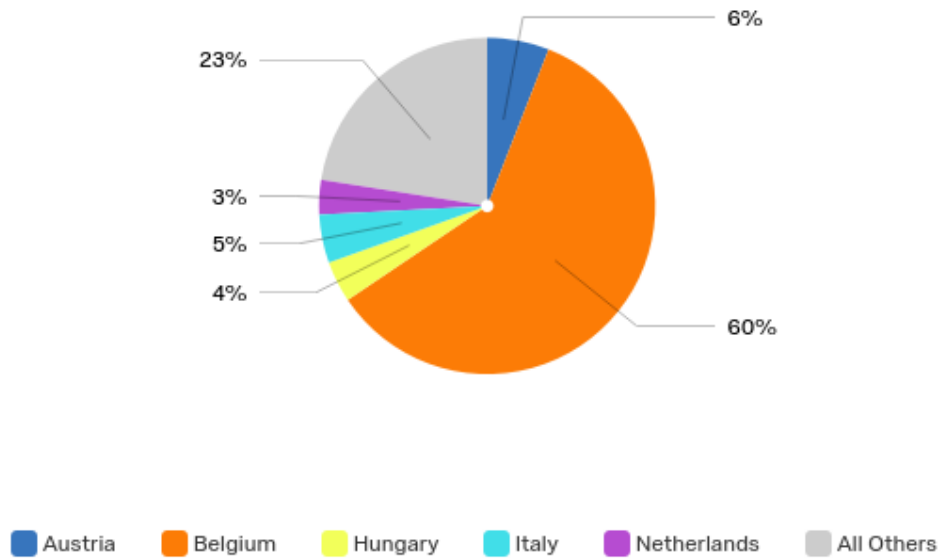
The aim of this chapter is to present and discuss the main results of the analysis. It gives general information about the fashion companies under study, and explores the relationship between the variables of the study according to the research conceptual model. All hypotheses of the study are tested in this chapter and evaluated to draw rigorous conclusions.

5.1. Sample profile

The questionnaire started with some questions for filtering the sample based on the previously mentioned criteria: being female and shop from fashion clothing shops at least twice a month from Europe or North America. The data of the people who did not meet the criteria of the sample, has been excluded from the analysis. The 300 people in the two samples therefore have met all the criteria.

The surveys have been distributed online through social media, by email as well as physically outside the shops of the companies owning the brands used in the questionnaire. The largest part of the responses is from Belgium because it was easier for the author of the dissertation to reach this audience as she resides in Belgium. The remaining questionnaires come from different European countries.

Figure 6 Country of Respondents



Source: own development

5.2. Normal distribution test

Table 3 shows the results of the normal distribution test using the *Kolmogorov-Smirnov* and *Shapiro-Wilk* tests. The table also presents the results of the test of the proximity of the variables of the continuous variables to their natural distribution, and to validate the pre-determined assumption, the value of the *Sig* must be greater than (0.05). All the study variables are greater than (0.05), indicating that the normal distribution condition is available in the study variables, it is possible to provide the normal distribution conditions in these data and then use the scientific tests.

Table 1 Test of Normality Results

| Tests of Normality | | | | | | |
|--------------------|---------------------------------|-----|------|--------------|-----|------|
| | Kolmogorov-Smirnov ^a | | | Shapiro-Wilk | | |
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Firm Performance | .095 | 297 | .000 | .971 | 297 | .000 |
| CRM | .090 | 297 | .000 | .972 | 297 | .000 |

a. Lilliefors Significance Correction

5.3. Hypothesis test

In this section, the three hypotheses are tested for statistical significance of the relationships among the major variables of this study. The results of the tests are presented below.

5.3.1. Hypothesis 1

To verify the first hypothesis in this research we had to measure the effect of CRM performance on the firm performance (*CRM performance positively affects firm performance*) and see whether it is statistically significant. The respondents answered ten main questions to define this effect, which tested: CRM Communication, customer care, Customer privileges, CRM technology, physical CRM quality, complaints handling, managerial involvement in complaints, product development, brand recommendation and personalized service. Since H1 does not require to include proactiveness, the data of the two surveys have been merged for testing the first hypothesis.

Table 2 Simple Linear Regression Test Results

| Coefficients ^a | | | | | | |
|---------------------------|------------|-----------------------------|------------|---------------------------|--------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.404 | .153 | | 9.179 | .000 |
| | CRM | .716 | .033 | .786 | 21.817 | .000 |

a. Dependent Variable: Firm Performance

A simple linear regression is used to test the first hypothesis. As can be seen from regression results in table 2 above, there is statistical evidence to support the acceptance of H1 since the value of the t-statistic is high (21.817) and the significance level is lower than 5%. This means that CRM performance has a positive and highly significant effect on firm performance.

5.3.2. Hypothesis 2

The second hypothesis stated that there is a positive effect of proactiveness on CRM performance and firm performance (*proactiveness has a positive moderating effect on the relationship between CRM performance and firm performance*). The respondents were divided into two samples: one answering the questions regarding companies with a high level of proactiveness and one answering the questions regarding companies with a low level of proactiveness. In Tables 3 and 4 below the value “1” represents the proactive sample while the value “2” represents the reactive sample.

Table 3 Two samples analysis

| Model Summary | | | | |
|-------------------------------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .786 ^a | .617 | .616 | .56606 |
| 2 | .821 ^b | .674 | .672 | .52310 |
| a. Predictors: (Constant), CRMT | | | | |
| b. Predictors: (Constant), CRMT, SA | | | | |

Table 4 Stepwise Regression Test Results

| Coefficients ^a | | | | | | |
|---------------------------|------------|-----------------------------|------------|---------------------------|--------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.404 | .153 | | 9.179 | .000 |
| | CRM | .716 | .033 | .786 | 21.817 | .000 |
| 2 | (Constant) | 2.069 | .169 | | 12.239 | .000 |
| | CRM | .503 | .042 | .552 | 11.866 | .000 |
| | SA | .609 | .085 | .334 | 7.173 | .000 |

a. Dependent Variable: Firm Performance

Simple regression was used to test the second hypothesis. Since proactiveness hasn't been valued but represented by a subdivision of the full sample into sample 1 and sample 2, the dummy variable

“1” represents the proactive sample and the dummy variable “2” represents the reactive sample. SA is used as a variable to represent both samples together. Table 4 shows that the value of t-statistic is relatively high, and the significance level is lower than 5%. A seven-point Likert Scale was used to measure the opinions of respondents’, as shown in the Appendix 2. The beta coefficients represent the mean of the variables divided by their standard deviations. The high beta coefficient results are due to having only one independent variable. The linear regression in this case is only testing the relationship between two variables for these surveys and this means that there is 80% of relationship only between the results of CRM and firm performance. If the beta coefficient is 0.80, then for each 1-unit increase in the CRM predictor variable, the outcome (firm performance) variable increases by 0.80 units. In other words, firm performance’s results are high as 80% of CRM’s results.

Stepwise regression results, presented above, provide statistical evidence that “CRM” has a significant effect on firm performance. Given this result, one can conclude that there is a high probability that firm performance will increase when “CRM performance” increases. That signifies that H2 is accepted.

5.3.3. Hypothesis 3

The third hypothesis was that there is a direct effect of proactiveness on firm performance (*proactiveness has a positive effect on firm performance*). The means of the two subsamples are tested. The independent t-test is used when two separate independent, not dependent on each other and identically distributed variables are measured (Kim, 2015). Again, in this case the two samples include the one for market-driving firms and the one for market-driven firms.

Table 5 Independent Sample T-Test

| Independent Samples Test | | | | | | | | | | |
|--------------------------|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|---|----------|
| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| FPT | Equal variances assumed | 1.571 | .211 | -17.820 | 295 | .000 | -1.31333 | .07370 | -1.45838 | -1.16828 |
| | Equal variances not assumed | | | -17.831 | 286.392 | .000 | -1.31333 | .07366 | -1.45831 | -1.16835 |

The results above show that H3 is accepted since the significance level is lower than 5% and the value of t-statistic is high. This result indicated that proactiveness has the most highly significant effect on firm performance, and therefore should be considered carefully by management while choosing a CRM strategy to follow in market-driving firms.

5.4. Study conclusions

This thesis was primarily designed to shed a light on the relationship between CRM and proactiveness on firm performance. To serve this purpose, the researcher formulated three hypotheses testing the different variables in the conceptual model, developing a survey to collect data in order to be able to statistically test these hypotheses.

The data analysis has revealed that all of the formulated hypotheses could be accepted in this research and that researcher assumptions were correct.

Chapter 6: Discussion

This dissertation advances the literature about market-driving organizations by analyzing the impact of their CRM performance on the firm's performance for international fashion clothing brands.

6.1. Theoretical contribution

Since about a decade, the relationship between market orientation and firm performance has started to be tested formally in literature. Most of those empirical studies analyze the form of market orientation that can be described as 'responsive market orientation', in which a firm responds to the expressed needs of its target customers. By contrast, 'proactive market orientation' refers to a business model attempting to satisfy customers by discovering latent needs or opportunities of which a customer is unaware. The best companies today are using available technology and new ways to re-invent the competitive retail fashion industry.

Market oriented behavior, especially responsive market orientation, can and will be imitated more easily by competitors. Therefore, to create and to maintain sustainable competitive advantage in the long run, any market oriented business must increase its "proactive" market orientation constantly by effectively improving its skill in learning and investing in efficient long-term customer relationships.

The theoretical premise is that organizations with strong market-driving cultures recognize that building a successful company brand may not always depend on the organizational ability to innovatively develop unique offerings with superior value to customers, but much more on the interpretation of feedback received from actual customers. This interpretation must be translated then into customer offerings that fulfill latent needs of which the customer is not always consciously aware that they exist.

The empirical evidence provided by this study has brought to light that a focus on a long-term relationship with customers through CRM activities is very important to market-driving firms.

This market orientation indeed clearly highlights the importance for the company of having intensive CRM activities and of going for radical innovations, in order to be able to attract customers and keep them loyal. Capturing changes in customers' preferences in real time and in a better way than competitors do, rather than responding to market changes as in the case of market-driven companies is the name of the game to be successful. The study concludes that market-driving companies have superior CRM from an external perspective which means that they have developed a better performing CRM, even for activities within the company.

If a fashion company has particular clothing designs and creates "innovative" offerings, it has power over the customer. On the contrary, if the customer can easily accept an alternative fashion brand and can find similar products in a competitor's shop, then the customer has the power. This is something that the whole market is realizing. Companies that under-invest in innovativeness lose power over customers, spend more on promotions, offer discounted prices and are thereby getting less revenue. They can invest even less in innovativeness in the next period and are thus getting trapped in a vicious circle. Most companies are starting to see the benefits of developing new offerings by focusing on the benefits that long-term customer relationships can bring to both parties. However, environmental, technological and social factors should be taken into consideration as well. In countries where technology utilization isn't as developed as in other countries, CRM adaptation is ought to provide a competitive edge provided that available local resources are in place.

The researcher also deduced from the in-depth interviews that market-driving fashion companies have a higher brand image in the customers' mind than market-driven companies have. This means that their brand awareness is relatively higher and consequently, market-driving fashion companies can benefit from the first mover advantage of adopting this approach and being able to introduce new offerings well ahead of competitors. Thus, this "time advantage" is vital for companies adopting a market-driving orientation in particular for international brands.

Market-driving is part of the firm's behavior and CRM can be seen as an organizational behavior as well. Both need to be in the "mindset" of the company, that also has to know how to implement it in the right approach to the customers. However, the researcher should take into consideration

the resources and capabilities of the company. Small companies that aim to drive the market for instance should not have tacit know-how.

Results from the literature review show that a different degree of proactiveness can exist in every company. The researcher suppose therefore that a different degree of CRM can exist as well. Having a good CRM could be the result of a well-thought strategy in the company, but also because the company aims at having long-term relationships with customers.

Moreover, this research is more applicable in B2C situations than in B2B situations because business customers present a different buying behavior than individual consumers do. They require that companies adapt to their needs. Thus, services and products are more based on real market needs and changes in customers' preferences than on latent ones. Moreover, B2B customers very often lead their suppliers to new ideas and products than inversely.

This study has consequently contributed to bridging the gap between the market-driving research in marketing and customer relationship management activities. The study suggests that it is a key challenge for companies to consider how CRM performance can be given an active part in such a market driving strategy.

6.2. Limitations and recommendation for future research

The study conclusions must be considered within the limitations of the study. Several of these limitations point out opportunities for future research.

First, the researcher must underline that the findings of our exploratory study are limited in their generalizability. These findings were obtained by focusing on a sample of few fashion companies. The results might not be generalizable to other industries. Analyzing different industries could give more insight into the phenomena the researcher tried to measure and their interrelations. A study within B2B companies for instance might lead to different results.

Second, a convenient sample has been chosen. This was done because of the limited time available and because of the lower costs of analysis involved. Larger samples of people interviewed people might help to strengthen the results of this study. This is also true for a wider selection of companies for the questionnaire.

Third, the different types of CRM are difficult to analyze all and only from the customer perspective. As discussed in the literature review, CRM activities are divided into: *Operational, Analytical CRM, Strategic, Collaborative CRM*. This study has focused mainly on Operational CRM and Strategic CRM while the other aspects of CRM activities haven't been tested. This is due to the fact that only analyzed CRM from an external perspective, namely the customer. Testing different aspects of from an internal perspective could give more insight into how market-driving businesses benefit from customers' feedback and use this information to create innovative products.

Fourth, future research can go further and analyze the degree of proactiveness and test whether the degree of CRM performance increases with a higher degree of proactiveness. Moreover, firm performance has been studied just from outside without considering internal factors and financial achievements.

Finally, the findings indicate that a business, in addition to possessing the market-driving behavior, has to assess its capabilities more deeply. This relates to the companies' performance and marketing capabilities but also to its competences to create and manage long-term customer relationships. Based on that, a more comprehensive set of criteria for firm performance (both financial and non-financial) and measures for CRM are clearly required.

References

Araujo, L. (2007). Markets, market-making and marketing. *Marketing Theory*, 7(3), 211–226.

Barela, M.J. (2003), “Executive insights: United Colors of Benetton. From sweaters to success: an examination of the triumphs and controversies of a multinational clothing company”, *Journal of International Marketing*, Vol. 11 No. 4, pp. 113-128.

Barnham, C. (2016). Quantitative and qualitative research: perceptual foundations. *International Journal of Market Research*, 57(6), p.837.

Berghman, L., Matthyssens, P. and Vandenbempt, K. (2006). Building competences for new customer value creation: An exploratory study. *Industrial Marketing Management*, 35(8), pp.961-973.

Berry, Leonard L. and A. Parsuraman (1991), *Marketing Services — Competing Through Quality*, New York: Free Press.

Berthon, P., Hulbert, J., and Pitt, L., (1999), “To serve or to create? Strategic orientations towards customers and innovation,” *California Management Review*, Vol. 42 No. 1, pp. 37–58.

Boisvert, H. (2006). Building More Efficient Business. *CMA magazine*. 79(9). Boyle, M.J. (2004). Using CRM Software Effectively. *CPA Journal*. 74(7), 17-26.

Buttle, F. 2009, *Customer Relationship Management*, Taylor & Francis Ltd, GB.

Buzzell, R.D. and B.T. Gale (1987), *The PIMS Principles: Linking Strategy to Performance*, The Free Press, New York.

Carrillat, F. A., Jaramillo, F., & Locander, W. B. (2004). Market-driving organizations: A framework. *Academy of Marketing Science Review*, 4

Chen, Y., Li, P. and Evans, K. (2012). Effects of interaction and entrepreneurial orientation on organizational performance: Insights into market driven and market driving. *Industrial Marketing Management*, 41(6), pp.1019-1034.

Child, J. (1972), “Organizational structure, environment, and performance—the role of strategic choice,” *Sociology*, Vol. 6 No. 1, pp. 1–22.

Christensen, C.M. and Bower, J. (1996), “Customer power, strategic investment, and the failure of leading firms”, *Strategic Management Journal*, Vol. 17 No. 3, pp.197–218.

Christopher, M., Lowson, R., & Peck, H. (2004). Creating agile supply chains in the fashion industry. *International Journal Of Retail & Distribution Management*, 32(8), 367-376.

Cillo, P., De Luca, L. and Troilo, G. (2010). Market information approaches, product innovativeness, and firm performance: An empirical study in the fashion industry. *Research Policy*, 39(9), pp.1242-1252.

Coste-Manière, I., Guezguez, H., Ramchandani, M., Reault, M., & van Holt, J. (2017). Detoxifying Luxury and Fashion Industry: Case of Market Driving Brands. *Textile Science And Clothing Technology*, 27-41.

Crespin-Mazet, F., & Ghauri, P. (2007). Co-development as a marketing strategy in the construction industry. *Industrial Marketing Management*, 36(2), 158–172.

Dapiran, P. (1992), “Benetton—global logistics in action”, *International Journal of Physical Distribution & Logistics Management*, Vol. 22 Issue 6, pp.7-11.

Day, G.S. (1994), “The capabilities of market-driven organizations”, *Journal of Marketing*, Vol. 58 October, pp. 37– 52.

De Luca, L. and Atuahene-Gima, K. (2007), “Market knowledge dimensions and cross-functional collaboration: Examining the different routes to product Innovation Performance”, *Journal of Marketing*, Vol. 71 January, pp. 95-112.

Edmondson, G., (2003), “Has Benetton Stopped Unraveling?”, *Bloomberg Business Week*, June 22, 2003.

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.

European Franchise Directory and Top 500 Franchise Europe List | Franchise Europe.com. (2017). Retrieved 25 November 2017, from <https://www.franchiseeurope.com/>

Favero, G. (2005), *Benetton: i colori del successo*, Milano: Egea.

Filieri, R. (2015). From market-driving to market-driven. *Marketing Intelligence & Planning*, 33(3), pp.238-257.

Ghalayini, A., & Noble, J. (1996). The changing basis of performance measurement. *International Journal Of Operations & Production Management*, 16(8), 63-80.

Ghuri, P. N., Elg, U., Tarnovskaya, V., & Wang, F. (2011). Developing a market-driving strategy for foreign markets: Internal capabilities and external activities. *Schmalenbachs Business Review*, 3(11), 1–23

Ghuri, P. N., Tarnovskaya, V., & Elg, U. (2008). Market driving multinationals and their global sourcing network. *International Marketing Review*, 25(5), 504–519.

Ghuri, P., Wang, F., Elg, U. and Rosendo-Ríos, V. (2016). Market driving strategies: Beyond localization. *Journal of Business Research*, 69(12), pp.5682-5693.

Harlan E. Spotts (2017). *Revolution in Marketing: Market Driving Changes: Proceedings of the 2006 Academy of Marketing Science (AMS)*. Springer.

Harris, L., & Cai, K. (2002). Exploring Market Driving: A Case Study of De Beers in China. *Journal Of Market-Focused Management*, 5(3), 171-196.

Helder J. S. (2005). *Market Driving Relationship Marketing For Radical Innovations*. AMA Winter Educators' Conference Proceedings

Helfert, G., Ritter, T. and Walter, A. (2002). Redefining market orientation from a relationship perspective. *European Journal of Marketing*, 36(9/10), pp.1119-1139.

Herhausen, D. (2011). *Understanding proactive customer orientation*. Wiesbaden: Gabler Verlag.

Hills, S. and Sarin, S. (2003). From Market Driven to Market Driving: An Alternate Paradigm for Marketing in High Technology Industries. *Journal of Marketing Theory and Practice*, 11(3), pp.13-24.

Hills, S. B. (2004). *Market driven vs. Market driving activity, antecedents and consequences: Evidence from high technology industries (Unpublished doctoral dissertation)*. Rensselaer Polytechnic Institute, New York.

Ivey, J. (2002), "Benetton gambles on colour of the future," *Corporate Finance*, June, pp. 13-15.

J. Workman, Ch. Homburg, K. Gruner (1998), Marketing Organization: An Integrative Framework of Dimensions and Determinants, *Journal of Marketing*, 62, 3, 21-41.

Jain, R., Jain, S., & Dhar, U. (2002). Measuring customer relationship management. *Journal of Services Research*, 2(2), 97-109.

Jaworski, B., Kohli, A., & Sahay, A. (2000). Market-Driven Versus Driving Markets. *Journal Of The Academy Of Marketing Science*, 28(1), 45-54.

Johanson, J., & Mattsson, L. G. (1985). Marketing investments and market investments in industrial networks. *International Journal of Research in Marketing*, 3(2), 185–195.

Kailasam, M. and Wongsurawat, W. (2015). The myth of customer loyalty: why information and scale are more important during downturns. *Strategy & Leadership*, 43(6), pp.38-41.

Kim, T. (2015). T test as a parametric statistic. *Korean Journal of Anesthesiology*, 68(6), p.540.

Kohli, A., & Jaworski, B. (1990). Market Orientation: The Construct, Research Propositions, and Managerial Implications. *Journal of Marketing*, 54(2), 1.

Kohli, A., Jaworski, B., & Kumar, A. (1993). MARKOR: A Measure of Market Orientation. *Journal Of Marketing Research*, 30(4), 467.

Kumar, N. (1997). The revolution in retailing: from market driven to market driving. *Long Range Planning*, 30(6), 830-835.

Kumar, N., Scheer, L., & Kotler, P. (2000). From market driven to market driving. *European Management Journal*, 18(2), 129-142.

Malhotra, N., Nunan, D. and Birks, D. (2012). *Marketing research an applied approach*. Pearson.

McAlexander, J. H., Schouten, J. W. and Koenig, H. F. (2002). Building brand community. *Journal of marketing*, 66(1), pp. 38-54.

Mehrdad Alipour, Mohammad Hallaj Mohammadi (2011) The Effect Of Customer Relationship Management (CRM) On Achieving Competitive Advantage Of Manufacturing Tractor. *Global Journal of Management and Business Research*. Volume 11.

Mohr, J., & Sarin, S. (2009). Drucker's insights on market orientation and innovation: Implications for emerging area in high-technology marketing. *Journal of the Academy of Marketing Science*, 37(1), 85–96.

Morgan R. and Hunt S. (1994) 'The commitment-trust theory of relationship marketing'. *Journal of Marketing*. Vol. 58. No 3, pp. 20-38.

Mosca F. (2008). *Market-Driven Management in Fashion and Luxury Industries*. SYMPHONYA Emerging Issues in Management, n.1.

Muthu, S. (2017). *Detox fashion*. Singapore: Springer.

Naranjo-Valencia, J. C., Jiménez-Jiménez, D., & Sanz-Valle, R. (2011). Innovation or imitation? The role of organizational culture. *Management Decision*, 49 (1), 55-72.

Narver, J. C., Slater, S. F. and MacLachlan, D. L. (2004), Responsive and Proactive Market Orientation and New-Product Success*. *Journal of Product Innovation Management*, 21: 334–347.

Narver, J., & Slater, S. (1990). The Effect of a Market Orientation on Business Profitability. *Journal Of Marketing*, 54(4), 20.

Narver, J.C., Slater, S.F., and Mac Lachlan (2000), Total market orientation, business performance and innovation, Marketing Science Institute, Working Paper Series, Report # 00.16.

Noble, C.H., Sinha, R.K. and Kumar, A. (2002), "Market orientation and alternative strategic orientations: a longitudinal assessment of performance implications", *Journal of Marketing*, Vol. 6, October, pp. 25-39.

Payne, A. (2012). *Handbook of CRM: achieving excellence in customer relationship management*. Burlington, MA: Elsevier.

Pelham, A.M. and Wilson, D.T. (1996), "A longitudinal study of the impact of market structure, strategy, and market orientation on small-firm performance", *Journal of the Academy of Marketing Science*, Vol. 24 No. 1, pp. 27–44.

Pervez N, Elg U, Tarnovskaya V, et al. Developing a Market-Driving Strategy for Foreign Markets: Internal Capabilities and External Activities [J]. *Schmalenbach Business Review*, 2011, 11(3): 1-23

Rajnish Jain, Sangeeta Jain, Upinder Dhar (2007), CUREL: a scale for measuring customer relationship effectiveness in service sector. *Journal of Services Research*, Volume 7, Number 1

Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: towards methodological best practice. *Journal of Management*, 35(3), 718-804.

Rodrigues, A.P., and Pinho, J.C. (2012), "The impact of internal and external market orientation on performance in local public organizations", *Marketing Intelligence & Planning*, Vol. 30 Issue 3, pp.284-306.

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students*. Fifth ed. Essex: Pearson Education Limited.

Schindehutte, M., Morris, M.H., & Kocak, A. (2008). Understanding market-driving behavior: The role of entrepreneurship. *Journal of Small Business Management*, 46(1), 4–26

Shankar, V. (2006). Proactive and Reactive Product Line Strategies: Asymmetries Between Market Leaders and Followers. *Management Science*, 52(2), pp.276-292.

Sinkula, J.M. (1994), "Market information processing and organizational learning," *Journal of Marketing*, Vol. 58 No. 1, pp. 35–45.

Slater, S.F. and Narver, J. (1994), "Does competitive environment moderates the market orientation performance relationship?" *Journal of Marketing*, 58 (January), pp. 46-55.

Spotts, H. (2015). *Revolution in marketing*. Cham [u.a.]: Springer.

Srivastava, R. (2001). The resource-based view and marketing: The role of market-based assets in gaining competitive advantage. *Journal of Management*, 27(6), 777-802.

Stokburger-Sauer, N. (2010). Brand community: drivers and outcomes. *Psychology & Marketing*, 27(4), 347-368.

Storbacka, Kaj (2000), "Customer Profitability: Analysis and Design Issues," in *Handbook of Relationship Marketing*, Jagdish N. Sheth and Atul Parvatiyar, Eds., Thousand Oaks, CA: Sage Publications, pp. 565-586.

Sue P and Morin P (2001) A Strategic Framework For CRM. LGS Group Inc., an IBM Company

Tanya T. (2016). The Effects of Marketing Innovation on Firm Performance: Market-Driven or Market-Driving. *AMA Winter Educators' Conference Proceedings*.

Tarnovskaya, Veronika & Pervez, Sweden & Ghauri, N & Ghauri, Pervez. (2017). Market driving supplier strategy: IKEA's global sourcing network in Europe.

Tuominen, M., Rajala, A., & Möller, K. (2004). Market-driving versus market-driven: Divergent roles of market orientation in business relationships. *Industrial Marketing Management*, 33(3), 207–217.

Wongtianchai, S. and Ussahawanitchakit, P. (2014). Market-driving Strategy and Marketing Performance: An Empirical Investigation Of Software Businesses in Thailand. *Journal of International Finance and Economics*, 14(2), pp.81-98.

Zulkifli, Z., & Tahir, I. M. (2012). Developing and Validating Customer Relationship Management (CRM) Practices Construct. *International Journal of Business and Behavioral Sciences*, 2(1), 35-48.

Appendices

Appendix 1 – In-depth Interview Questions

| | Question | Source |
|-----|---|----------------------|
| Q1. | What fashion clothing stores you visit more? | |
| Q2. | What clothing companies would you define as leaders in the fashion industry? | |
| Q3. | Do you feel these companies respond to competitor's changes such as in clothing designs and prices? | (Kohli et al., 1993) |
| Q4. | Why you defined them as leaders in the market? | |
| Q5. | What clothing companies would you define as non-leaders (or followers) in the fashion industry? | |
| Q6. | Do you feel these companies respond to competitor's changes such as in clothing designs and prices? | (Kohli et al., 1993) |
| Q7. | Why you defined them as followers in the market? | |
| Q8. | Any additional comment? | |

Appendix 2 – The Questionnaire

- Description of Questionnaire Design

Market-driving brands: Zara, H&M, Desigual, Benetton, Abercrombie&Fitch, Hollister, Superdry, Mango, Levi's, Nike, Banana Republic, Victoria's Secret.

Market-driven brands: Bershka, Pull&Bear, Only, Vero Moda, New Yorker, Stradivarius, C&A, S. Oliver, Morgan, Esprit, Puma, Monsoon, Pimkie.

Brands have been defined based on:

- literature review (Santos et al., 2012; and Richard et al.; 2009; Kohli, Jaworski & Kumar, 1993; Harris et al., 2002; Filieri, 2015)
- Brands' history.
- In-depth interviews.

- Message Sent to Interviewees

Hello all,

I'm a master student in Management at Hasselt University and I have developed two surveys for my master thesis.

The purpose of the study is to examine the effect of a long-term relationship between a brand and the stores that represent it and you as a customer. We study this effect in leading and non-leading fashion companies and their brands. Your answers will be anonymous and will never be linked to you personally. The estimated time to answer one of the questionnaires is only 5 minutes. I'd really appreciate your voluntary participation. The criteria to be part of any of the two questionnaires are: being a female, going shopping only in Europe and North America and at least twice a month.

There are therefore two questionnaires:

If you're a customer of at least one the following companies: *Zara, H&M, Desigual, Benetton, Abercombrie&Fitch, Hollister, Superdry, Mango, Levi's, Nike, Banana Republic, Victoria's Secret.*

Then I kindly ask you to fill this questionnaire:

https://uhasselt.eu.qualtrics.com/jfe/form/SV_a5AC9jXys40f6PH

And, if you're a customer of at least one of the following companies: *Bershka, Pull&Bear, Only, Vero Moda, New Yorker, Stradivarius, C&A, S. Oliver, Morgan, Esprit, Puma, Monsoon, Pimkie.*

Then, I kindly ask you to fill this questionnaire:

https://uhasselt.eu.qualtrics.com/jfe/form/SV_6hhzIsxKXGhY77D

If you shop clothes at least twice a month, then we consider you to be an active shopper and you can easily fill both. It would be very nice if you could answer both questionnaires.

Thank you for cooperating.

- Questionnaire questions

| Questionnaire Variables | Question Aim | Questions | Source |
|----------------------------|--------------------------------------|--|-----------------------|
| Filtering Questions | | | |
| Attribute | Gender | What is your gender? (Female, Male) | N/A |
| Attribute | Country of shopping | Select your country | N/A |
| Attribute | Active shopper | Do you visit clothing shops at least twice a month? (Yes/No) | N/A |
| Attribute | Market-driven/driving choosing shop | Please choose the brand you visit more and answer the next questions only regarding that particular brand. | N/A |
| Customer behavior | Customer behavior | How many times a month you visit the brand's shops? (2-3 times, 5-10 times, more than 10) | N/A |
| CRM Questions | | | |
| CRM | CRM Communication | The brand informs you about offers/promotions (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Customer care | The brand sends you greetings on special occasions. (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Customer privileges | You receive special offers/privileges as regular customer. (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | CRM Technology | The brand uses latest technology to offer better quality of service. (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Physical CRM Quality | Employees at store are consistently helping customers (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Complaints handling | Complaints are properly handled. (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Managerial involvement in complaints | You receive managerial support for your complaints (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Product development | The brand frequently asks for customers' feedback. (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Brand recommendation | You recommend the brand to other people. (7-point Likert scale) | (Rajnish et al. 2007) |
| CRM | Personalized service | Brand offers personalized services. (7-point Likert scale) | (Rajnish et al. 2007) |

| Firm Performance questions | | | |
|----------------------------|--|--|---|
| Firm Performance | Brand image | The brand name is well-known. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Product quality | Please rate the quality of the products. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Perceived Value | The product's quality worth the price. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Brand growth | In terms of no. of shops, the brand has grown in the past 5 years. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Brand growth | In terms of product variety, the brand has grown in the past 5 years. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Shop Renew | The brand constantly renews the shop layout/design. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Organizational Climate | The work environment at store is friendly. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Social performance/Minority Employment | Minority employees work at stores. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Employees training | Employees at store provide you relevant information about products. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Social projects | The brand is involved in social responsibility projects. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |
| Firm Performance | Environmental Responsibility | The brand cares about environmental responsibility. (7-point Likert scale) | (Santos et al., 2012; and Richard et al.; 2009) |

Auteursrechtelijke overeenkomst

Ik/wij verlenen het wereldwijde auteursrecht voor de ingediende eindverhandeling:
The role of CRM in market-driving firms a case study in the fashion industry

Richting: **Master of Management-International Marketing Strategy**

Jaar: **2018**

in alle mogelijke mediaformaten, - bestaande en in de toekomst te ontwikkelen - , aan de Universiteit Hasselt.

Niet tegenstaand deze toekenning van het auteursrecht aan de Universiteit Hasselt behoud ik als auteur het recht om de eindverhandeling, - in zijn geheel of gedeeltelijk -, vrij te reproduceren, (her)publiceren of distribueren zonder de toelating te moeten verkrijgen van de Universiteit Hasselt.

Ik bevestig dat de eindverhandeling mijn origineel werk is, en dat ik het recht heb om de rechten te verlenen die in deze overeenkomst worden beschreven. Ik verklaar tevens dat de eindverhandeling, naar mijn weten, het auteursrecht van anderen niet overtreedt.

Ik verklaar tevens dat ik voor het materiaal in de eindverhandeling dat beschermd wordt door het auteursrecht, de nodige toelatingen heb verkregen zodat ik deze ook aan de Universiteit Hasselt kan overdragen en dat dit duidelijk in de tekst en inhoud van de eindverhandeling werd genotificeerd.

Universiteit Hasselt zal mij als auteur(s) van de eindverhandeling identificeren en zal geen wijzigingen aanbrengen aan de eindverhandeling, uitgezonderd deze toegelaten door deze overeenkomst.

Voor akkoord,

Abu Qdairi, Batul

Datum: **14/01/2018**