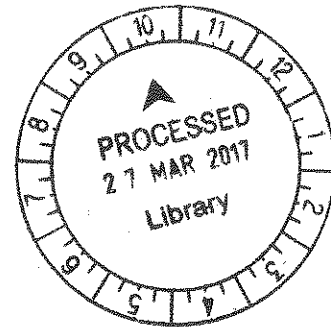# MASTER OF BUSINESS ADMINISTRATION

CUSTOMER RELATIONSHIP MANAGEMENT FOR THIRD PARTY LOGISTIC COMPANY'S COMPETITIVENESS IN SHANGHAI, CHINA

Author: Liang Binyu

Stuent No.: I 12000500

Supervisor: Mr. Francis Wong Fock Keong

Submission Data: 16th December 2016

Ethics Number: cBUS/PGT/CP/02697

Final World Count: 17478

Faculty of Business, Communication and Law

INTI International University (2016)

Abstract

Nowadays, customer resource has become key resource and important intangible asset of the enterprise competition, at the same time meet the personalized needs of customers become the key to winning in the competition. This study is focus on the customer relationship management influences together with other key factors (information technology, customer knowledge management, corporate philosophy) to ascertain the level of relationship between CRM and the third party logistics companies' competitiveness. The previous study is mainly focus on the general influences of customer relationship management, this study is mainly aim at customer relationship management and other key supporting factors will have an influence on the third party logistics companies' competitiveness.

The target population for this study is third part logistics companies in Shanghai, China and the sample size of the population that the researcher estimate to Cohen is 82 respondents. The study by online questionnaire collect data and using SPSS to validate the relationships among the structural variables in the theoretical model. This study expected to know the customer relationship management and other key supporting factors will have an influence on the third party logistics companies' competitiveness and provide suggestions for third party logistics companies to improve their competitiveness by CRM.

Key words: customer relationship management(CRM), information technology, customer knowledge management, corporate philosophy, competitiveness, third party logistics company

Acknowledgement

I would fist like to take this opportunity to show my deepest gratitude to Mr. Francis Wong, my responsible and amiable supervisor, who has provided me with the great guidance and support continuously during my whole MBA project. Without his advice and generous sharing of valuable knowledge and sources of academic researches, I could not accomplish this project.

Secondly, I would like to thank to my family as well as the experts from the third party logistic companies who were involved in the validation survey for this study, without their passionate participation and input the validation survey could not have been successfully conducted.

Lastly, I would also like to acknowledge Dr. Winnie of the FOBCAL at INTI international University as the second panel of this study, and I am gratefully indebted to her for her very valuable comments on this study. Besides, I also wish to this opportunity to thank INTI International University, as well as those staff in Faculty of Business, Communication and Law, Mr. Salaar Farooq, Miss Farah Afiqah, and other lecturers for their constant assistance and support during my study here in this university. During my journey here, I got to learn numerous helpful knowledge of MBA and relevant theories, concepts of different disciplines in Marketing, Management, Accounting, Finance, etc.

Without the support and assistance of those selfless and amiable people that I mentioned above, I could not accomplish this project. Thanks to them all again and best wishes to all of them!

Student's Declaration

I declare that:

I understand the meaning of 'Plagiarism and Intellectual Property Right' and Ethics Related to the Principles of Academic Works.

This assignment is hereby acknowledgment as my own work and I have duly acknowledged use of published and unpublished works of other people from the print, electronic and other media.

I am in possession of a copy of this document, which I can reproduce immediately if for whatever reasons, the original copy is lost or damaged.

[Name / Identification Number]   Liang Binyu / I12000500

[Signature]   Liang Binyu

[Date]   16/12/2016

Table of Contents

List of Tables

List of Figures

Chapter 1: Introduction

1.0 Overview

The beginning of this study initiated to introduce the background of the concept of customer relationship management and development situation of third party logistics company. Owing to this research mainly focuses on the customer relationship management of the third party logistics company in Shanghai, China, therefore also contrastive analyze relevant background in China. In the subsequent this chapter state the problem statement, research questions and objective, significance of study. Finally, it describes the scope and limitations of this study mentioned accordingly.

1.2 Background

These years, in pace with the development of communication technology and the rise of the internet, which bring the unprecedented influence for organization. (Kotler, 2012) At the same time, the trend of the integration of the world economy makes market competition growing in intensity, the situation of market supply and demand has had a fundamental change, which entered the era that market dominated by the customer (Park and Kim, 2012). The choice of the customer from face single market turn into orient to the global market, organization's competition becoming drastic, the market from a seller's market into a buyer's market (Wang, 2010). Therefore, due to the extension of the choice scope and augment of the choice channel, the demand of people has become more and more personal, organization can no longer use the same product or service to gain and keep customers, customers also no longer blindly stay loyal to one organization or products (Bose, 2010).

In this new environment, the enterprise gradually realizes that the identification, selection, obtain and maintain customer relationship becomes crucial (Zhang and Zhu, 2012). The

competition between enterprises has been from quality, service, and price competition transformed into take the customer as the center of the competition (Berry, 2011). Organization must focus on the customer's demand, in-depth understand customer requirements that provide high-quality product or service timely (Wang, 2010). Customer resource has become key resource and important intangible asset of the enterprise competition, at the same time meet the personalized needs of customers become the key to winning in the competition (Simns, 2013). In the circumstances, customer relationship management emerges with the tide of times that as a competitive strategy provides the omni-directional management perspective for organization, besides giving more thorough customer communication skills, maximize customer profitability for organization, which help organization achieve success (Yang, 2012). According to Walton (2012), there are 50% of the directors of FORTUNE 500 firms starts from customer relations services. Since 1998 in China, the research and application of customer relationship management (CRM) has been paid attention by commercial circles, and nowadays, finance, telecom, IT, manufacture and other industries which have higher informatization level and strong economic strength, the actual implementation of CRM has been mature (Gao and Lin, 2011).

Third party logistics based on traditional warehousing, transportation, shipping agency and other business, it is a new industry that through the integration of resources and business in the process of economic globalization and commerce informationization (Guo 2012). Based on America logistics agency (2011), through the third party logistics company's services, the cost of or enterprises fell by 11.8%, logistics assets dropped by 24.6% and 8.2% decline in inventory. The third party logistics has become an important operation mode that help other enterprise gain profit (Roberts, 2013). According to Bao (2012), the third party logistics has become the main body of modern logistics industry in western countries, there have more than 70% large European companies have been applying the third party logistics, the UK, France, the United States, Japan and other developed countries' application rate more than 50%. Since China's accession to the WTO in 2001, each industry's communication and dependency become more and more complexity, logistics creates a bridge that between contact these complex relationships (Guo, 2012). Whether manufacturing enterprise and business enterprise both turned attention to the third party logistics that can improve the efficiency of the supply chain (Xu and McLean, 2011).

In recent years, China's total social logistics growth has been higher than the national economic growth (Bao, 2012). According to statistics by the development of Chinese logistics industry association, China's logistics industry's total logistics amounts are 177.3 trillion Yuan in 2012, which up 8.9% from a year earlier (Fan, 2013). Meanwhile, country also pay high attention to the development of logistics industry, and have issues a series of policies and measures to make the logistics system constantly improving (Guo, 2012). Hereby, China's third party logistics enterprise facing the good opportunity (Bao, 2012).

Though at the same time, with the logistics market progressive opening, more and more international logistics companies have joined the ranks of the third party logistics competition, such as FedEx, UPS, DHL, which have brought great pressure to the local third party logistics enterprises (Yim and Lim, 2011) Based on China General Administration of Customs in 2012, foreign-invested enterprises have occupied absolute advantage for overseas third-party logistic business, foreign logistics enterprises have occupied 80% of China's import and export business, only Shanghai port, there has 75 foreign investment engaged in third-party logistics, average amount of imports as much as $ 0.30 million (Feng, 2013). Furthermore, due to the advent of buyer's market that customers have basic dominate the market (Wang, 2013). Therefore, for the speed of logistics service, efficiency as well as personalized service, customer's requirements become more and more high (Xu and McLean, 2011). The third party logistics company as a service organization, enterprise competition is based on customer as the center, customer resources is the significant resource for the logistics company that is the fundamental strategic resources for its survival and development (Fan, 2013). Hence, the implementation of customer relationship management (CRM) theory and technology is an important means that improve the third party logistics enterprise core competitiveness (Feng, 2013). This study thus attempts to establish whether customer relationship management and other key supporting factors will have an influence on the third party logistics' companies' competitiveness.

1.3 problem statement

Customer relationship management (CRM) is a collection of modern marketing concept, new management system that, marketing strategy management methods, and IT technology for a new management system (Frank, 2014). It is a development strategy that help organization enhance core competitiveness, take the customer as the center (Berry, 2011). In China, most the third party logistics companies' marketing concept sill in a period of transition, which conceptual change from product orientation to market orientation (Hao, 2013). A lot of enterprises lack of customer tracking and customer demand research, do not forms a relevant knowledge framework and lack enterprise cultural atmosphere that on the basis of customer-focused business philosophy (Song, 2013). Therefore, CRM as a modern new idea, new method that based on customer-focused, the application of the third party logistics companies will inevitably appear certain maladjustment (Zhang and Wang, 2012).

Moreover, according to Bao (2012), for the third party logistics companies in China, the application of Customer relationship management (CRM) is still in its infancy. There have a lot of problem in the process of implementation, such as, the low degree of standardization, narrow channels of customer communication, the low degree of information transparency, lack of intelligent management and customer relationship database maintenance is difficult (Song, 2013). Besides, from an IT technical standpoint, CRM is a software application system (Annan, 2015). It includes business operations management subsystem, customer cooperation management subsystem, data analysis and management subsystem and management subsystem of information technology (Malik, 2015). Huge cost of system implementation let a lot of logistics company daunting (Annan, 2015). For example, a full set of Oracle Siebel basically around $50 million, therefore, a lot of small and medium-sized logistics enterprises have doubts for the cost of CRM implementation (Donovan, 2014).

Construct the index system of Customer relationship management (CRM) requires companies not only have IT professionals, more needs considerable logistics talents (Chen, 2013). Today's the third logistics enterprises lack of professional logistics personnel. (Guan and Jiao, 2014). According to Rong (2014), professional logistics staffs are required to in-depth investigation and research, analyzing the development situation of logistics activities, meanwhile, master rules of logistics and have a strong

understanding of enterprise business processes, personnel, equipment, information management level and other relevant information, then customer value evaluation index system can be established and customer relationship management (CRM) can into full play.

Consequently, due to the lack of focus on the customer relationship management of logistics companies in Shanghai, China, this study hopes to fill the gap by identifying the CRM influences together with other key factors to ascertain the level of relationship between CRM and the third party logistics companies' competitiveness.

1.4 Research objectives

In a market economy, customer is fundamental strategic resources for the company survival and development (Tontini, 2013). The third party logistics company that main based on the logistics services as the main business, any enterprise business's emergence and development is to provide services to the customer and try the best to meet customer need (Xu and Li, 2012). Strengthen customer effective management, maintain good customer relations is effective method that help the third party logistics enterprise to establish core competitiveness (Wang, 2014). Chinese third party logistics enterprises have a huge gap with foreign big companies, such as scale, the equipment, fund, personnel quality and management, however, local third party logistics enterprises familiar with the domestic market, have strong customer network (Oliver, 2010).

This study mainly introduced customer relationship management (CRM)'s concept and thought into the third party logistics enterprise in Shanghai, China. The purpose is conduct thorough research on the third party logistics enterprise how to apply customer relationship management (CRM), provide appropriate methods and suggestions for the third party logistics enterprise to implement customer relationship management strategy. Based on this main objective, the following are some specific research objectives:

1. To determine whether customer knowledge management has a significant influence on customer relationship management (CRM) in third party logistics companies in Shanghai, China.

INTI International University (2016)

2. To determine whether corporate philosophy has a significant influence on customer relationship management (CRM) in third party logistics companies in Shanghai, China.

3. To determine whether information technology has a significant influence on customer relationship management (CRM) in third party logistics companies in Shanghai, China.

4. To determine whether CRM level has higher influence on the third party logistics companies' competitiveness in Shanghai, China.

1.5 Research Questions

According to research objective, the main research questions associated with this research will be as following:

1. Is there a significant relationship between customer knowledge management and customer relationship management (CRM) in third party logistics companies in Shanghai, China?

2. Is there a significant relationship between corporate philosophy and customer relationship management (CRM) in third party logistics companies in Shanghai, China?

3. Is there a significant relationship between information technology and customer relationship management (CRM) in third party logistics companies in Shanghai, China?

4. Is there a high significant relationship between CRM level and the third party logistics companies' competitiveness in Shanghai, China?

1.6 Significance of the research

1.6.1 Significance to Academe

Nowadays, Customer relationship management (CRM) theory and concept has already established a relatively complete system, and also have been successfully applied in the telecommunications, IT or banking industry (Okyere, 2015). Besides, most of the research and application of the CRM ideas is mainly concentrated in the service sector, followed by manufacturing, because services and customer have more contact, establish a corresponding customer relationship is more important (Hasan and Uddin, 2103). Nevertheless, for the third party logistics is less involved in the study and research of CRM, especially for the third party logistics industry in China, because at this stage most logistics enterprises are still in the transitional period (Zhou, 2012). Meanwhile, the development of CRM theory or methods in western country is relatively mature, but due to particularity of China's market economy and differences between Chinese and western culture, the study and implementation of CRM concept also has the corresponding different (Xiao, 2012). Therefore, this study can provide more information and statistics material for other researchers who will be devoted to this research field.

1.6.2 Significance to Industry

The third party logistics is a typical customer relationship maintenance industry, which need to analyze different customer value, identify valuable customer, establish and maintain good relationship with valuable customer and then provide personalized service, improve customer loyalty (Wu and Leng, 2013). Therefore, in my opinion, the implementation of customer relationship management can assist the third party logistics industry to realize such goals.

This study on the basis of the customer characteristics analysis of third party logistics enterprise in Shanghai, China, which will provide the feasibility analysis for the third party logistics industry how to implement customer relationship management (CRM) and point out that significance meaning of customer relationship management (CRM) for the third party logistics enterprise. Besides, establish customer relationship management process and implementation methods for the third party logistics enterprise, which help industry research customer's dynamic need, obtain valuable customers to maximize meet