

Application of E- Business for effective CRM
Practices

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Dedicated to My Family

Application of E- Business for effective CRM Practices

This dissertation submitted to the **Centre for Research in Materials Management** in association with **Indian Institute of Social Welfare & Business Management (IISWBM)** and **Indian Institute of Materials Management (IIMM)** in partial fulfillment of the requirements for the degree of

Fellowship

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Declaration

This is to certify that this work has been done by me and it has not been submitted elsewhere for the award of any degree or diploma.

Countersigned Signature of the student

Prof. S.N.Roy

The undersigned have examined the dissertation entitled Application of E-Business for effective CRM Practices.

presented by **Dibyendu Choudhury**, a candidate for the degree of Fellowship, and hereby certify that it is worthy of acceptance.

Date Advisor

S.N. Roy, Professor

Abstract-1

The internet economy has evolved much more than dotcoms, the bubble bursts but it had left us with a realm of the necessity of business transformation from traditional “Brick & Mortar” concept to E-business concept. In true sense a new economy has emerged with much business sense with the realization of the power of information. True benefits of this economy is achieved through the digitization of information extended to manage customer relationship management, whereby all processes of all activities and sub-activities of any firm involved embraced the online world through the deployment of internet based applications.

However, the most important underlying shift that has forced Customer Relationship Management (CRM) into the limelight must be the more macro-economic move towards customer-centricity. Recent emphasis on customer retention is merely symptomatic of the fact that the balance of power is increasingly shifting towards the customer, be they business, retail or Manufacturing. “Customer is God” or “Buyer’s Market” are very well known phrases now. It’s time to treat suppliers, vendors, employees to rename as customers to an Organization in some way or other and/or vice versa.

Terminological blood baths aside, CRM or eCRM, are core to all business processes: essentially it is all about selling quality products or services to the right group of people at the right time and getting paid right away for the promised services/goods. The faster the money realization in the Industry, the faster realization of Return on investments(ROI) to any businesses. The strategies to “monetizing” is a great subject to deal within electronics business and extending help towards clients to advice how they can leverage on returns while paying.

We had already seen electronic businesses (e-Business) like Google, Amazon & E-bay, Yahoo different giant business models have emerged but practicing almost the same rule of business and became successful. Countless businesses have ceased to exist at the same time in electronic business era which had been termed as “Bubble”. The ruggedness of the supply chain management and effective customer relationship management made few businesses to stay though. While contemporary business giants are still suffering losses, despite of adopting and implementing electronic business models. A simple example like Ebay’s electronic Birthday greetings cards towards their customers enhances loyalty and fosters satisfactions and seller/vendor’s spontaneous ratings by consumers enhances reliability. Therefore, E-bay could give birth of a community who live on only buying and selling on E-bay full time. Some changes brought in by Amazon in consumer to consumer scenario.

As such, there is a huge untapped opportunities for all firms especially in the areas of online vendor management for the procurements, supplier relationships, customer service and customization of product lines and contents as per the demand of the consumer behavior and building knowledge base across the organization to sustain and competing with this open market situation. Or else, they’ll be replaced by some other company who can offer better products/services in cheaper pricing and can be situated geographically far off.

Due to the vastness of the research area, let us focus to the part where we will review two Electronic Business Models and their effective CRM practices. Though these companies have originated in India, but expanded and popularized very rapidly to the entire globe due to the beauty of e-business models.

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Dibyendu Choudhury

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ABSTRACT-2

Background & Problem:

It is known that application of e-Business as a research subject, still in its infancy, and in a phase of strong development. This reflects upon the usage of advanced applications in companies; not all are aware of the possibilities that modern application of e-Business could bring profits to their operations specially a developing country like India, where retailing had not yet seen the shift to e-business models so far. To recognize the significance, the companies fully on e-business models have to understand that, it could be a source of competitive advantage while practicing the effective Customer Relationship Management (CRM) and integrating consumers. Additionally, fast growth companies often argue that this integration could limit their growth. The main research question of this thesis is whether the CRM could be used effectively? And how far its beneficial for e-businesses only offering services and migrating to product businesses.

Purpose:

The purpose of this thesis is to conduct both a theoretical and an empirical study of two fields of research: The resource based View (RBV) and applications of CRM. The theoretical study has got two main stages : RBV describing the application benefit of practicing effective CRM as a source of competitive advantage over e-Business model. In the empirical study the author investigates if the case companies utilize the effective CRM practices that are pointed out as a source of competitive advantage in the literatures.

Delimitations:

The effective CRM practices and their issues in this thesis are limited to a strategic level. The case companies are expected to trade with physical products and or services, in order to fulfill the requirements. The theoretical framework is limited to effective CRM and competitive advantage issues within RBV in e-business.

Methodology:

A literature survey has been carried out in order to understand the concepts of effective CRM practices over e-business applications. Furthermore a case study had been conducted in two fast growth companies in India practicing e-business and by researching whether the companies utilize the CRM practices suggested in the literature. Before the case studies were carried out. Secondary information about the case companies were collected. With this knowledge in mind, interviews were planned and implemented.

Results and conclusions:

The author has recognized the best practices for CRM from the literature which could be a source of competitive advantage for these e-businesses. In the case studies, some of these practices could be identified within the company. The author concludes that it is worthwhile for the case companies to utilize and try to develop effective Customer Relationship management (CRM) to get more competitive advantages.

Suggestions for the further research:

The author believes that it would be interesting to conduct this research with a wider sample of companies, either a quantitative research of the effective CRM practices and their competitive advantages by questionnaire, or focusing on one of them in detail. Another idea to analyze one of these case companies from the resource –based view and broadened from CRM to find a source of competitive advantage.

1. Introduction

In this first main chapter the author will present the background for this thesis. Continuing, the main research question is formulated following the two sub questions that give the thesis further direction towards the authors' interests. The purpose for this study, as well as delimitations of the research area, is presented. After a brief presentation of the companies used as case studies, an illustration of the thesis structure will complete this introduction chapter.

1.1 Background

The author had decided upon this subject of the thesis while conducting strategic consultation with both the case companies. Building the functionality of a fast growing company includes some major strategic decisions for the management. Different services offering through the e-business, could play a great role in the company's performance and possibilities for gaining the competitive advantage. Even the location of central warehouse, could play a great role for gaining a competitive advantage (Christopher, 1998). It is commonly known that Customer Relationship Management (later in this thesis the term CRM may be used), as a research subject still in its infancy and in a phase of strong development (Christopher,1998). This reflects upon the usage of advanced e-business applications (Yusuf, 2004) in the markets. Many companies are not aware of the possibilities that effective CRM practices could bring to their operations, and the competitive advantages it offers.

There is a strong emphasis in many organizations to develop such composite or cross-functional information systems that cross the boundaries of traditional business functions in order to reengineer and improve vital business processes.

These organizations view cross-functional information systems as a strategic way to share information resources and improve the efficiency and effectiveness of a business, thus helping it attain its strategic objectives. Business firms are turning to Internet technologies to integrate the flow of information among their internal business functions and their customers and suppliers. Companies are using the World Wide Web and their intranets and extranets as the technology platform for their cross-functional and inter-organizational information systems. (Prof. Anatoly Sachenko,2006)

As businesses started automating more and more systems, more and more data became available. However, collection remained a challenge due to a lack of infrastructure for data exchange or to incompatibilities between systems. Analysis of the data that was gathered and reports on the data sometimes took months to generate. Such reports allowed informed long-term strategic decision-making. However, short-term tactical decision-making continued to rely on intuition. In modern businesses, increasing standards, automation, and technologies have led to vast amounts of data becoming available. Data warehousing technologies have set up repositories to store these data. Business intelligence has now become the art of sifting through large amounts of data, extracting pertinent information, and turning that information into knowledge from which

actions can be taken. (Prof. R. MOHANASUNDARAM & Prof. M. KUMARAVEL VSB Engineering College Karur, 2007).

In a global marketplace, an increasingly tough competition results in companies striving to find strategies that give them a competitive advantage over their competitors (Christopher, 1998). Competition is no longer between companies, but among effective CRM practices (Ragu-Nathan T & Subba Rao, 2004). Without completely knowing the e-business strategies of their competitors, it is difficult to find the benchmark for the best solutions. On the other hand, companies could hold some sustainable competitive advantage without being able to self-recognize the source for the competitive advantage. If neither the company itself nor the competitors are able to recognize the source, the competitive advantage will be sustainable (Lippman & Rumelt, 1982). Furthermore, growing customer requirements are leading to an era in which relationships with both customers and suppliers are crucial for corporate financial survival (Wines, 1996). These are main thoughts that this thesis is based on; the author believes that the area should be researched and that there will be interested parties for the results of this thesis.

1.2 Research Questions

When studying the literatures available, the author has defined the problem in the following question

- Whether effective CRM practices offer competitive advantages to e-businesses?

The main research question will be investigated within the theories of RBV (Resource Based Views) and the effective CRM practices within E-business applications. In the empirical studies, the author will analyze the question of whether the case companies practice CRM effectively and whether that had given them competitive advantages and/or the CRM practices are in line by virtue of which they've got the competitive edge within e-business frame work. To lead the way the main research question is divided into three sub-questions for which this thesis is pursuing answer:

1. What is the effective CRM practices and it's drivers in an Organization and challenges of implementation
2. How it's being implemented and helped the organization in terms of achieving the higher revenues.
3. Why effective CRM practices is that important on top of having rugged e-business applications and its value additions like strong supply chain.

1.3 Purpose

The purpose of this thesis is to conduct both a theoretical and an empirical study in order to unite the two fields of research RBV and effective CRM practices within e-business applications. The theoretical study has two main stages; RBV is analyzed from the competitive point of view and CRM application is presented with the purpose of illustrating the practices in e-business companies should use to gain the competitive advantage. These theoretical studies have been carried out by

researching relevant literatures. In the empirical study, the author tests whether the case companies utilize the best practices that the literature points out as the sources of competitive advantage. The empirical study is implemented with interviews conducted with the board of directors and employees or process owners of the case companies to understand their growth and the gap in the practices.

For the academics, this thesis will give a theoretical basis in applications of CRM practices within e-businesses and their competitive advantage issues if any. Also, characteristics of fast-growing Indian company is represented to give deeper understanding of electronic business applications in India and how rapid the consumer behavior is changing with this fast paced world and evolution of e-Businesses. For the public, largely companies in need of developing their applications of e-business models and the implications of CRM and its value propositions for their competitive strategies, this thesis will give a basic frame of reference to study and develop e-business applications with effective CRM practices.

1.4 Delimitations

The Customer Relationship Management (CRM) issues in this thesis are limited to a strategic level, in accordance to the author's field of study being Systems Management. Therefore the interviewed person in these case companies hold the Directorship positions and professionally aware of CRM functional expertise. However, to give a comprehensive picture of the CRM and the activities in operational areas are listed within the theoretical frame work and shortly described in Appendix C. The study is limited to Kolkata based fast growing companies based in the Information Technology Hub of Eastern Zone of India. The companies are expected to start trading with physical products and goods and add more service lines in order to fulfill the requirements of having CRM functions. Further the theoretical frame work is limited to RBV and CRM. The theoretical studies concerning RBV will mainly include the economic chill or the competitive advantage.

1.5 Case Companies

The case companies had been chosen by the author on the basis of few criteria which the Author found it's been met. Moreover, the author personally worked with these case companies during his consultation period 2007-2008. The set criteria included:

- Very strong growth in turnover and number of employed people.
- Early Internationalization
- Good Ethics and Good morale.

1.5.1 ClickSaltlake.info

[ClickSaltlake](#) is the name of the business is having a website which evolved to help the people finding directions and who used to get lost in Saltlake city back in late 1990's. Because, Kolkatans had no idea about the planned city named Saltlake and it's demographics during that point of time, moreover population were few to ask for help to know the exact address and location of a house in the roads. Less public transportations, least ideas about the geographical demography, existing even amongst the people residing at Saltlake city inspired a tech savvy guy named Mr. Saikat Das, who conceptualized the need of such site which had served well to the population for more than 7

years in Saltlake City area. This was a simple site evolved as practice of html scripting learning and as hobby. The map of saltlake city had been compressed and uploaded to the site block wise maps for giving the people the exact idea of the location of a house in a block. Later with times few phone numbers and few business addresses and phone numbers had been enlisted to serve the purpose of the people as and when requested.

By this time the company slowly expanded and the site became huge and Mr. Das became full-time entrepreneur after leaving a full time job as CRM functional Consultant with an US multinationals. During June 2007 the author met Mr. Das co-incidentally and the responsibilities of change in e-business applications been entrusted upon the author. After studies most of the suggested business changes been brought by Mr. Das and his technical teams, eventually which had brought the sea changes in the site architectures and opened up different business avenues. The case company had been transformed from a simple infomediary company to a complete E-Business company with having manifold of service facilities for the viewers, which in turn enhanced the targeted traffic and revenues.

1.5.2 123Greetings.com

In a society that has its foundations in the strength of interpersonal relationships, the technological revolutions of the 21st century has taken the medium of personal expressions to a whole new dimension.

Since the inception in 1997, the strong foundations in human expressions has enabled them to understand people, their emotions, their cultures, their religions and all that lies therein. This in turn has enabled them to extend their creative line of offerings to a whole new array of expressional deliverables through sharing e-greetings card for the world where sharing is caring and every season has got reasons to celebrate.

Arvind Kajaria the founder and President of the company had seen the opportunities in relationships during his studies in US. Which made them leaders not only in the world's largest celebratory events such as Christmas, New Year and Valentine's Day but also have established a brand in country, religion and culture specific celebrations. Their expertise continued to expand deep into personality behavioral studies, cultural implications, current trends analysis and societal understandings.

Human Expressions is the soul of 123Greetings. A string of creative ideas holds together this chain of specialized functionality to retain and enhance focus on human relationships. They're dedicated to delivering seamless real time solutions through our on the edge server technology that delivers content and services to users globally.

The author met Mr. Kajaria, when he was also feeling to expand the business and trying to understand the gap which is not allowing the company to reach to the expected level and beat the competition. The author had been given free hands to bring necessary changes into the business model to implement effective CRM practices to leverage on returned and loyal customers.

1.6 Disposition

The main chapters of this thesis are divided into four parts: introduction, theoretical, empirical and conclusions. The structure is illustrated in the following figure (Fig 1). The first part –introduction- begins with a chapter where the author will present the background of the thesis. Continuing, the main research question is formulated, followed by two sub questions. The purpose for this study, as well as the delimitations of the research, is presented. An illustration of the structure of this thesis will finish the chapter. The second main chapter is written to give the readers an overview of the methods that research of this kind could be using. The author will present different research strategies; the main scientific and research approaches. Credibility issues are also discussed in the methodology chapter before a summary of the methods used in this thesis, which will conclude the second main chapter. A chapter describing fast-growth companies will be included in the introduction part.

The second part of the thesis –theoretical- is comprised of a chapter where the author presents the relevant theories concerning the RBV central concepts of the theories and the effective Customer Relationship Management (CRM). To describe the theories, significant literatures and research articles have been used and referred. The most central concepts of the theories are first defined, and then followed by a deeper discussion on the area when applicable.

In the third part of this thesis –empirical- the author presents the case studies conducted during this thesis. The case companies are first presented with a collection of secondary information and then completed by the findings author had experienced during the interviews with the CEO and/or President/Founders/process owners of these companies.

This thesis will be completed with a final part –conclusions- that include two of the main chapters. The first one will analyze the theoretical studies of the thesis in addition to the analysis of the case studies. The final main chapter of this thesis will give a conclusion of the thesis and suggest further studies.

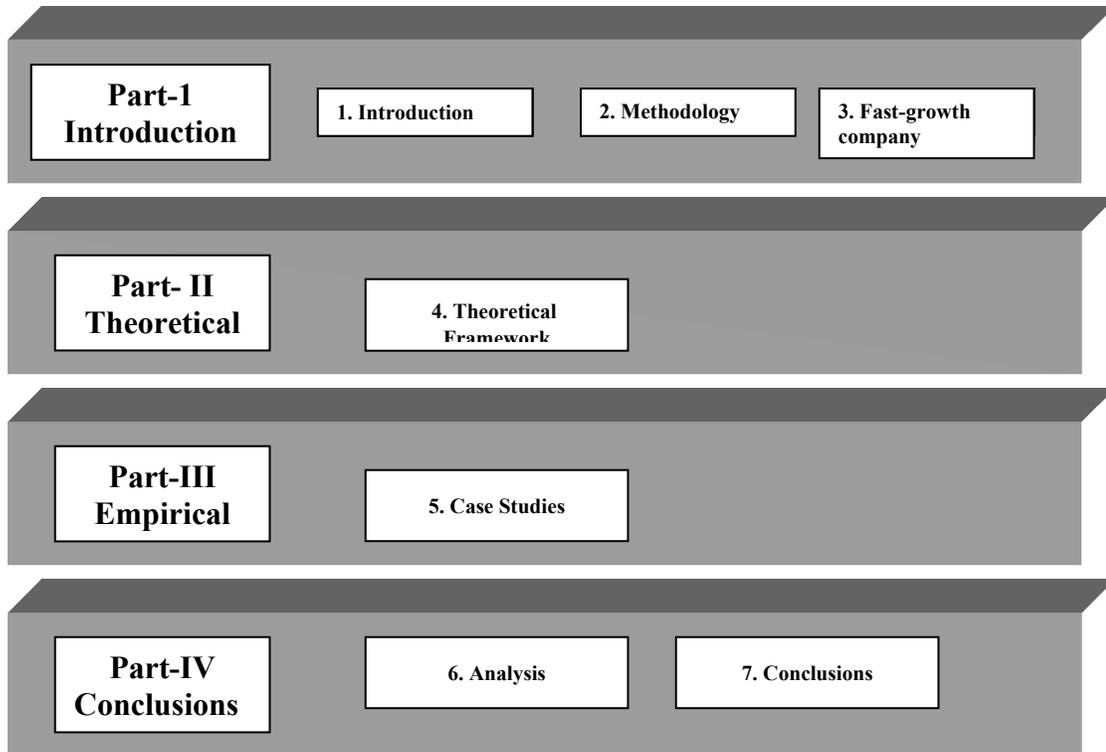


Figure 1: *The structure of the Thesis*

2. Methodology

This second main chapter of this thesis is written to give the readers an overview of the methods that research of this kind could be using. The author will present different research strategies, the main scientific and research approaches. Furthermore, the two major sources for information collection are brought up. Credibility issues are also discussed in this chapter, before a summary and an analysis of the methods used in this thesis, which will conclude this second main chapter.

2.1 Research Strategy

Before a research can begin, the researcher has to decide how the study will be conducted. The decision between different research strategies is made based on the type of questions the study is trying to answer. Research strategies can be divided into five different types: experiment, survey, archival analysis, history study and case study (Yin, 1994). All of these strategies have their own advantages, as well as disadvantages. They also represent different methods and tools for collecting and analyzing data.

An experiment is commonly assessed to be best suited when research is aimed to find an explanation for something (Lundahl & Skarvard, 1982). With an experiment, the researcher is able to use manipulation to adjust the result by changing the studied variables. An experiment is also possible to be standardized so that it could be repeated if needed. The researcher also has a strong control over the research when conducting it in a form of an experiment.

A survey strategy is somewhat the opposite of the experiment strategy. Surveys are commonly used to be conducted for example market research, political opinion research or media consumption research. The results of a survey have to be in a standardized form (Lundhal et al., 1982), and therefore a survey is representing the quantitative research approach.

With an archival analysis, the researcher is finding answers to his research problem by analyzing already archived data. This research strategy can be used, for example, to answer research questions like “who”, “what”, “where”, “how many” or “how much” (Yin, 1994). An archival analysis can be useful when research has describing the incidence or the prevalence of a phenomenon as a goal.

History study is a research strategy to study events that have already occurred. This kind of research gives the researcher understanding of the direction the development has headed historically and at which speed the development has taken place (Wiedersheim-Paul & Eriksson, 1991). With these facts it may be easier to predict the future development in the area.

With a case study, the researcher is getting a more detailed and multi-dimensional picture of the studied object. In a case study, the amount of studied objects are very limited, often only one (Lundahl et al. 1982). Typically case studies focus on comprehensive subjects in real life situations. According to Wiedersheim-Paul et al.(1991) case studies can be used for four different functions: to illustrate reality, as a tool to create hypotheses, as a method in reforms or as a tool to create new theories.

The main research strategy for this thesis is the case study that was conducted in two companies. With a case study the author was attempting to illustrate the situation in reality, by researching if the case companies utilize the practices found in the literature. The case studies in this thesis were conducted by first gathering information about the case companies to learn their environment and the industry they are operating. With this knowledge in mind the interviews were planned and the CEO/Presidents/process owners were interviewed.

A sub-strategy for this research was archival analysis. Relevant literature concerning RBV and CRM theories are studied and presented in order to understand and develop a theoretical base before conducting the case study.

2.2 Scientific Approach

The two fundamental scientific approaches within science and research are positivism and hermeneutics (Patel & Davidson, 2003). Basically, these two aspects can be described as two contrary scientific approaches. Positivist science and research must be real and available to our consciousness. It should also be logical and based upon examinable consideration. The knowledge gained from the research should be useful and contribute to the community. Hermeneutic science, on the other hand tries to interpret and understand the fundamental condition of the human existence. In opposition to positivism, hermeneutic science is conducted by the prejudices from the examiners own thoughts and understanding. Hermeneutic science is seldom trying to build up a set of absolute theories; it is rather aiming to give different interpretations of researched object. However, the researcher could point out the interpretation he thinks is the most accurate (Patel et al., 2003).

The scientific approach that this thesis was using could mostly be described as hermeneutic. This is best observed when it is detected that the author used his own experience and knowledge in order to analyze the research results. Furthermore, the aim of this research was not to give an absolute truth concerning the researched fields; the aim was rather to use the empirical study to interpret the environment that case companies are functioning within.

2.3 Research Approach

There are different methods used for information collection of information. However, the different methods are not necessarily limiting the use of other methods in the same research. When information is collected for research, it has to be compressed, systematized and inspected to be able to answer the question behind the research (Patel et al. 2003). Qualitative and quantitative approaches to research could be the two main (and contrary) categories when it comes to research. Furthermore, there are different perspectives and methods to gather information and the methods can be used diverse ways (Thuren 1998).

2.3.1 Qualitative study

When the collected data cannot be quantified, it is usually considered to be a qualitative study (Backman, 1998). A qualitative feature can be identified but not measured; instead the description is verbally generated. The ambition is to try to understand the entities. During qualitative research, information is usually collected from books, articles, interviews and other texts. A researcher's own notes can be used in qualitative research. The material is rarely narrow and therefore qualitative research is usually huge time consuming (Patel et al., 2003)

In the qualitative approach the back ground characteristics of the researcher and the intentions of the research are of big interests since they explain the perspective in which the research had been shaped (Patel et al.,2003).

It is often discussed whether qualitative studies are unscientific, subjective and not immeasurable. It is also discussed whether qualitative studies are the only form of science with meaningfulness. Basically, when something is unclear, subjective, ambiguous or immeasurable, qualitative studies are needed. Furthermore, all meanings and symbols must be interpreted through qualitative research, even the facts that are hidden or implied. Only qualitative research is able to obtain a deeper knowledge than fragmented knowledge that is often the result of qualitative methods (Patel et al., 2003).

The purpose of the method is primarily one of understanding. The researcher is not trying to focus on checking the validity of the collected information. The main part is to reach a deeper understanding of the complexity of the problems that are included in the study, through collecting different kind of information (Holme & Solvang, 1997).

2.3.2 Quantitative Research

Quantitative research means much more form and structure will be involved than in qualitative research. It also makes it much easier for the researcher to control the method process. The method defines the most interesting part of the problem that the researcher has chosen, and it also leads to possible answers. The planning is recognized by the distance and selectivity in proportion to the sources of information. It has to be this way if the researcher will be able to create formalized analysis, followed by comparisons and tests which will show if the achieved results and the drawn conclusions are able to be generalized (Holme et al., 1997).

Basically, quantitative research focuses on gathering facts and studying relations between them. In the quantitative research approach, scientific methods are used to get measurable results. In addition, the measured results should also be possible to use for drawing some generalized conclusions.

Statistics is the science where quantitative information is used regularly. Statistics is a science within itself, but it is also used within many empirical investigations as a tool to organize, illustrate, analyze and work with data.

The thesis research approach is mainly qualitative, because no measurable data has been collected for this study.

2.4 Data Collection

When writing a thesis, data can be collected from several sources. The collected data can be roughly separated into two different types, primary and secondary data. In short, the difference can be stated as follows: data which is collected specifically for the purpose of a certain project is primary data, and all other data is considered as the secondary data. The differences will be presented more thoroughly in the following sections.

2.4.1 Primary and Secondary Data

As previously mentioned, for the data to be primary, it is required that no previous documentation exists. Primary data is mostly used to create understanding for a specific project. If the researcher is seeking more universal or general patterns, primary data can be considered to be less useful (Esaiaasson, Gilljam, Osacrsson & Wangnerud, 2004).

Primary data is usually collected with the help of conversations, interviews or questionnaire studies. Conversations can be totally free of form; it is often easier for the respondent to express himself when no strict rules exist. In conversations it is not the researcher that takes the initiative to lead the discussion. If the conversations were conducted in a series, a bilateral confidence could be achieved between the researcher and the respondent and therefore the results can show some unexpected results (Wiedersheim-Paul et al., 19991).

An interview is usually a qualitative method to get more information that is directly connected to the purpose of the thesis. In an interview, the questions are pre-formatted and the discussion follows a pattern that the researcher has designed in advance. However, the researcher might have designed the interview so that the pattern can change during the interview based on the answers the respondent give. The possibility to make follow-up questions is one of the main benefits of an interview occurring (Wiedersheim-Paul et al., 1991).

When using questionnaires, the researcher has developed a set of questions that seem to be relevant to the specific study. The questionnaire is a very cost effective way to reach a large amount of desirable respondents. However, the downsides of questionnaires must be mentioned. A low rate of reply often occurs (Wiedersheim-Paul et al., 1991), and questionnaires have to be

well developed and sufficiently tested, because the researcher cannot be helping the interviewee during the process of answering.

Basically all the data that has not been gathered for the specific research area can be called secondary data. Secondary data is often used both as part of the study and to give important background information. Examples of secondary data can be reviews of previous projects, studies, books, scientific articles and other documentation.

The author has collected both the primary and secondary data. The primary data was gathered by conducting the interviews in the case companies. The secondary data was collected from several sources, literature being the major one.

The interview was planned to last one hour, however it lasted many more hours and ended in couple of sittings. The author planned an interview guide that included all the main subjects. The interviewees were informed about the main subjects approximately three days before the interview date. Under every subject, a couple of supporting questions were listed. The interviews, which took place at the facilities of the companies, were mainly characterized by informal discussions. The respondents had the possibility to answer the questions in their own words and express their own experiences about the subjects. During the interviews, the author made notes that were documented shortly after the interviews. It is worth to note that the author reflects the opinions of the interviewed personnel; it is possible that these are not totally consistent with the case company's official's standpoint.

2.4.2 Source Critique

The data sources can be of diversified quality. Therefore, it is imperative that the researcher is able to criticize the used data. There are three different criteria to criticize the data: topicality, inclination and correlation. The topicality of data means that the information has to be written in close association with the event. An example of high topicality is a diary that is written regularly and includes only recent events. Inclination, on the other hand, is to find out the motives of the writer of the data. Correlation criteria mean that the source of information can be dependent upon another source. For example, two interviewees could answer in the same way because they have read the information from the same source (Wiedersheim-Paul et al., 1991).

A major risk with the primary sources in this thesis is that the interviewed persons might consciously have wanted to give an unrealistic view of their companies. However, this could have happened on an unconscious level too, depending upon, for example, whether the author failed to use right tools in the interviews. A risk with the collected secondary data is that the CRM literature and studies about the implications in e-business could be outdated to some extent, as technology and business environments have been developing in faster rates or not available just because the study is on the very nascent field. There is a possibility that the secondary data utilized here could also be criticized based on the inclination factor.

2.5 Validity, reliability and objectivity

In order to gain a high level of credibility, a thesis has to fulfill requirements regarding validity, reliability and objectivity. Thuren (1998) mentions that, reliability and validity have to be considered, especially when conducting quantitative research. With a high reliability, the research is independent of whoever performing it, and with a high validity, it would have been decided which phenomena would be measured and described.

2.5.1 Validity

Validity is linked to the necessary knowledge that research has to work on two levels: the theoretical level and empirical. The researcher formulates the questions and the problems on the theoretical level, and investigates on the empirical investigation level. Here, a problem might appear. The question is whether the empirical investigation is in accordance with what the researcher has said they will investigate. In other words, it highlights the level of validity present (Esaiaasson et al., 2004). In the literature it is often possible to find the concept of validity defined in one or more of the following ways:

- Accordance between the theoretical definition and the operational indicator.
- Absence of systematic faults.
- The researchers truly investigate what they have set out to investigate.

These definitions can be used synonymously or they can be divided into two groups. The first and second definition represent the first group called concept validity. The third definition is called the result validity. Good concept validity together with a good reliability leads to good result validity. In other words, good result validity is associated with an investigation free from systematic and unsystematic faults. This leads to the third definition: the researchers investigate what they have set out to investigate (Esiasson et al., 2004).

In the research process it is possible to discuss the concept validity as soon as the theoretical definitions have been made and the operational measuring instruments have been chosen. The instruments are made to prove theories. Result validity is not possible to evaluate until the investigations on the empirical level have been made. One part of the result validity is the reliability, which will be presented next (Esiasson et al., 2004).

2.5.2 Reliability

Reliability is determined by how the measuring is performed, how accurate it is, and how the information is arranged. For high reliability, it is required that the measuring instrument, for example, in interviews, control questions could be used to guarantee a higher reliability. High reliability also means that a method must be independent of researched units depending on the grade of generalization (Weidersheim-Paul et al., 1991).

2.5.3 Objectivity

The objectivity of research can be discussed on different levels (Wiedersheim-Paul et al., 1991). On the fundamental level, objectivity includes, for example, the researcher using collected data correctly, not consciously leaving relevant data outside the research. The result of the research has to be presented from a neutral point of view. On a higher level, objectivity is perceived as a more complicated question. Actually, it is questioned if a total objectivity is possible to reach. Basically, the researcher strives towards a complete objectivity by being open and distinct with his research (Weidersheim-Paul et al., 1991). The author is conscious that the entire objectivity cannot be reached in this study. The fundamental objectivity criteria are likely to be fulfilled but the knowledge and personal interests of the author may affect the results of this research.

3. FAST-GROWTH COMPANY

This chapter of this thesis is written to give the readers an overview of the characteristics of Indian fast-growth companies mainly leveraging on e-business applications. The companies can be described with the financial information, or, on the other hand, with organizational characteristics. Secondly, this information is needed to study to what degree the case companies fulfill the organizational characteristics of fast growth companies. Thirdly, this chapter is written to enable the author to analyze whether the CRM implications can affect the organizational characteristics.

The author has found several definitions of fast-growth companies. Davidson and Delma (20001b) state that when studying fast growth companies, the size of companies to be included is a critical consideration. The growth of companies can be viewed from different angles, for example turnover, assets or number of people employed. If size and growth were measured in numbers of those employed, it would make companies in employee-intensive business areas to seem fast growing. Size and growth of turnover can be grown for example, by acquisitions, penetration of markets, integrations or by diversifications. Furthermore, company's growth rates can be stable or varied through the years. So, before considering a company fast-growing, the period measuring the growth must be defined.

Davidson et al. (2001b) refer to several articles discussing the problems of measuring the amount of growth in a neutral way. In spite of measuring problems, there are some generally accepted definitions of fast growth companies. The author has chosen two definitions that are applicable to the case companies of this thesis. The main aspects of the definitions are the following.

- Ahrens (Ahrens Rapid Growth, 2005) defines fast-growth companies as companies that over the last five years had an organic growth of annual sales with atleast 25%, annual turn over of atleast 5M USD and at least 50 employees.
- Europe's 500 (Europe's 500, 2004) defines fast-growth companies as high performing medium sized companies that have increased their employment by more than 50% over the last three years, maintaining turnover growth at an annual rate of at least 15%.

Among all the new and already existing companies, there are only a few that try to grow, because of varying reasons. Most companies will not grow at all. Young and small companies often grow organically, while older and larger companies often grow through acquisitions. Therefore, many big companies do not achieve organic growth as fast as in the beginning, although they are seen as fast-growth companies by some definitions. Furthermore, in industries where many new companies are formed, fast-growth companies are found more often (Davidsson & Delmar 2002).

Especially right now Indian economy is booming and many e-business companies are finding this part of the earth more happening place than any where else because of available talents and resources. So, the frequencies of incorporations are pretty higher being a developing nation as well as the growth.

3.2 Characteristics of fast-growth companies

The characteristic of the fast-growth companies vary internationally. In bigger countries like India where it is growing economy, the home market as well as the International market is needed to be catered simultaneously. The following characteristics mainly describe companies in the Indian developing kind of market. The author would focus more on the following fast-growth topics; strategy, resources and capabilities, markets and implications of CRM in their e-business modalities.

In the following author would describe the historical characteristics of Indian fast-growth companies found in the literatures.

3.2.1 Organization

Andersson (2001a) writes that fast-growth companies often show patterns like driven entrepreneurs, flexible organizations and few hierarchical levels. Ahrens (1992) discusses fast-growth companies and their risks in integrating downstream and upstream. He feels that close customer relationships are important for products or services -and market development. But with closer customer relationships, companies need to increase their knowledge and develop their systems, which may delay the growth. The risk is that, the companies spend their resources on creating new organizations and try to support customers, while they should be more focusing on marketing and other functions. The management fails to develop the effective Customer Relationship Management systems through which they can quantify the loyalty of their customers alongside the growth.

Ahrens(1992) points out that, the lack of time amongst the managers in the fast growth companies often leads to many decisions being unintentionally and in haste; often in other places than meeting rooms. Author has studied Indian fast growth companies that have grown internationally as well as within the domestic market from the perspective of management. Andersson (2001b) has found that, it has been often the key persons' motivations, experiences, interests and personal relations that have been very important during the growth. Andersson (2000a) also refers to many studies that show how important a role entrepreneurs and individuals have played in the rise of fast-growth companies. Jacobsson, Lindholm and Dahlstrand (2001) refer to a similar study, showing that many fast-growth technology companies have been based on idea that have been developed in a former parent company or in the founder's former places of work or acquaintances or education.

3.2.2 Strategy

Davidsson, Delmar & Wiklund (2001a) have found that fast-growth companies usually have grown organically in the beginning and more through acquisitions later on. There is also a pattern which

shows that growth through acquisitions often happens after the company founders and owners let external capital work in the companies. At the same time many fast-growth companies reach international especially in e-business, where there're no physical boundaries and restrictions. Andersson (2001a) summarizes patterns of fast growth companies, for example their ability to attract external capital and their long term strategies for market and internationalization.

Ahrens (1992) noted that, fast-growth companies are far more time-conscious than other companies. Fast deliveries, high service levels and fast service or product designs are some important factors. He also underlines that many fast-growth companies avoid tying up capital-demanding business activities. He means that, they prefer flexibility and free resources, such as subcontractors.

3.2.3. Resources and Capabilities

According to Ahrens (1992), fast-growth companies are usually very careful with their recruiting methodologies. They mostly have flexible and dynamic employees, as a result of fast growth. When problems occur, every one of the organizations must be prepared to help. This way the employees gain stronger self-confidence. Johansson (2002) states also that flexibility is the key to competitive advantage. Unexpected demand fluctuations may be responded faster than their competitors. This can mean, for example, faster services/product-design and faster changes of volumes. Good timing saves time and costs for the companies. A fast response takes fewer resources, due to more efficient projects and better utilization of time management etc.

Andersson (2001a) pointed out how important it is for the fast-growth companies to attract well-educated people. To make this easier, the companies need a vision of growth that they can communicate to their current and future employees. He also explains that these companies often need to keep more employees than the current situation demands. Ahrens (1992) means that many fast-growth companies prefer to offer the employees different kinds of employee benefits. Johansson (2002) also pointed out that fresh fast growth companies use employee benefit systems to attract, for example, entrepreneurs. One motivation for entrepreneurs could be higher returns on new ideas.

3.2.4 Markets

The research of Ahrens (1992) shows that fast-growth companies are often strongly product/services and/or market driven. They focus on a single customer need or sometimes on just single product/services. The strategy has often helped the companies to reach to the market in India and may be globally. A focus on small niches, however, usually limits the Indian market, and forced these fast-growth companies to search for ways to achieve internationalization.

Davidsson et al. (2001a) shows that the growth in the fast-growth companies is often organic in the nature at the beginning but increasingly based on acquisitions later on, often in connection with their internationalization. According to them, many fast-growth companies have achieved

successes in this way. At the same time, they warn that many other companies might have tried to grow through acquisitions and failed.

Further Davidsson et al. (2001a) also states that, it is easier to grow quickly in attractive industries than in stable or regressive sectors. Ahrens (1992) agrees that, there are many fast-growth companies in the attractive industries, but he pointed out that this may not last long. Mainly because of lack of adaptation of flexibility and/or changes internally within the system. Attractive industries reach to their maturity level faster and many companies lose their market to the competition. Comparison should be with the successful fast-growth companies like IKEA or amazon and e-Bay, and he argued that it is not the industry factors that decide the growth prospects. Instead he refers to few specific factors within the companies, like the ability to react quickly to the environmental changes and understanding the consumer behaviors.

Ahrens (1992) noted that a problem which appears in many fast-growth companies is that some of their suppliers/vendors- for varied reasons-do not want to grow at the same pace as the company does. It is therefore important for companies to search for bigger vendors with higher potentials. He also mentioned that, it can be sometimes be an advantage to have smaller vendors, which may increase the kind of flexibility that allows for quick reactions to the ever changing customer needs.

3.2.5 Distribution channels

Fast growth companies are needed to create the markets and especially in e-businesses which itself is used as sales channels for others bigger businesses. Investments in attracting traffic or enhancing footfalls are needed. With fast-growth, it can be difficult to know how to optimize and re-direct the traffic to the intended channels. These companies often face unexpected traffic drop outs and demand fluctuations attached with different external factors or even the opposite, sudden traffic surges. The capacity of handling such situations and predicting the exigencies are important especially when these fast-growing companies are going international. Therefore, many of Indian fast-growing companies prefer to have their own subsidiaries when moving to foreign markets.

3.3 Summary of fast-growth companies

In this chapter the author has summarized and presented experiences and important conclusions about characteristics of Indian fast-growth companies. The findings are based on several journal studies in the field of fast growth companies.

The author experiences that discussions regarding definitions of fast-growth companies have often appeared in the literature. Most definitions are based on financials, but this chapter shows clearly that organizational characteristics also have to be considered. The characteristics discussed in this chapter can be summarized in the following areas; organization, resources and capabilities, markets, distribution channels and strategy.

4. THEORITICAL FRAMEWORK

In this chapter the author will present the relevant theories concerning the resource based view and Customer Relationship Management (CRM). The most central definitions are presented with a purpose of deepening the reader understanding of the theories. Furthermore the author describes how the theories suggest that companies may gain competitive advantage. The theories are based on literature studies, as well as the latest research reports and scientific articles. This chapter gives a fundamental presentation of the needed theories and the readers are advised to look to the referred literature for further knowledge.

4.1 Resource based view

Literature review: The RBV: e-business capabilities and conceptualizations. The RBV has been used to answer one of the more researched questions within the management strategy field, which related to understand the sources of sustained competitive advantages (Porter, 1985; Rumelt et al., 1991). At the same time, this theory has become one of the standard theories to explain why firms in the same industry vary in performance over time (Hoopes et al. 2003). This suggests that the effects of individual, firm-specific resources on performance can be significant (Mahoney and Pandian, 1992).

In this regard, the RBV is based on two underlying assertions: resource heterogeneity and resource immobility. Resources and capabilities possessed by competing firms are heterogeneously distributed and may be source of competitive advantage when they are valuable, rare, difficult to imitate, and non-substitutable by other resources (Barney,1991; Schulze, 1992; Wernerfelt, 1984). At the same time, resources and capabilities are source of sustained competitive advantage, that is, differences may be long lasting (resource immobility) when protected by barriers to imitation (Mahoney and Pandian,1992) or isolating mechanisms (Rumelt 1984) such as time-compression diseconomies, historical uniqueness, embedded ness and casual ambiguity (Barney, 1991; Dierickx and Cool, 1989; Peteraf, 1993).

The RBV generally tend to define resources broadly and include assets, infrastructure, skills, etc. While resources serve as the basic units of analysis, firms create competitive advantage by assembling resources that work together to create organizational capabilities. Grant (1991) suggests that the capabilities of a firm are what it can do as a result of teams of resources working together. Teece et al. (1997) argued that capabilities cannot easily be bought; they must be built. Thus, building capabilities is not only a matter of combining resources; capabilities are rooted in processes and business routines. Also capabilities involve complex patterns of coordination between people and between people and other resources (Grant, 1991), and between an

organization and other organizations. In this respect, Day (1994) describes capabilities as complex bundles of skills and accumulated knowledge, exercised through organizational processes, which enable firms to coordinate activities and make use of their assets. Day argues that capabilities and organizational processes are closely entwined, because it is the capability that enables the activities in a business process to be carried out. More recently, Makadok (2001) considers capability as a special type of resource. More specifically, he defines capability as an organizationally embedded nontransferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm.

For the purposes of the present study, the above capability definitions allow us to identify three important characteristics:

a) Capabilities are rooted in processes and business routines, because it is the capability that enables the activities in a business process to be carried out.

b) Capabilities are firm-specific, while an ordinary resource is not. Because of this embedded ness, ownership of a capability can not easily be transferred from one organization to another.

c) The primary purpose of a capability is to enhance the productivity of the other resources that the firm possesses.

Extending the traditional notion of organizational capabilities to e-business, a firm's e-business capability is defined here as its ability to mobilize and deploy Internet-based resources, in combination or co-present with other valued resources. E-business capabilities are firm-specific (or inter firm-specific) and rooted in processes and business routines. We differentiate between external and internal e-business capabilities. The former refers to the ability to mobilize Internet-based resources and other corporate resources with external business agents (e.g. supplier and customers), while the latter represents the ability to mobilize Internet-based resources and other corporate resources within a firm's boundaries.

4.2 E-business resources and capabilities

The RBV provides a solid foundation to differentiate between IT and IS and study their separate influences on performance (Santhanam and Hartono, 2003). Essentially, IT is a generic term for computers, hardware, software, telecommunications, Internet, electronics and related technologies. Whereas, IS is a wider concept, which refers to how information flows are established in an organization to fulfill its information needs (Gunasekaran et al., 2001). In this respect, the RBV offers a useful distinction between IT and IS and which relevant while we are discussing about CRM capability. The former is asset-based, while the latter comprises of a mixture of assets and capabilities formed around the productive use of IT. Thus, the concept of resource seems to be closer to IT, while IS seems to be closer to capability.

IT resources as defined above are not difficult to imitate. In general, physical technology is by itself typically imitable. If one firm can purchase these physical technologies and thereby implement

some strategies, then other firms should also be able to purchase these technologies, and thus such tools should not be a source of competitive advantage (Barney, 1991). However, firms may obtain competitive advantages from exploiting their physical technology in a better (and/or different) way than other firms, even though competing firms do not vary in terms of the physical technology they possess. IT resources are necessary, but not a sufficient condition, for competitive advantages (Clemons and Row, 1991). IT resources rarely contribute directly to competitive advantage. Instead, they form part of a complex chain of assets (IS capabilities) that may lead to better performance. Thus, some researchers have described this in terms of IT capabilities and argue that IT capabilities can create uniqueness and provide organizations a competitive advantage (Bhardwaj, 2000, Bhatt and Grover, 2005; Mata et al., 1995; Ross et al., 1996; Santhanam and Hartono, 2003). For instance, Ross et al. (1996) provided illustrative case examples to underscore the idea that IT capabilities can provide competitive advantages and enhance firms' performance. Within e-business literature, although there is very limited research here, recent studies have found a significant positive relationship between e-business capabilities and firm performance (Zhu, 2004; Zhu and Kraemer, 2005). However, very limited work has been undertaken to identify e-business resources and capabilities and study their separate influences on performance. Similarly, the relationship between e-business resources and capabilities has not been studied. As discussed earlier, the concept of resource seems to be closer to IT while IS seems to be closer to capability. Thus, this study seeks to demonstrate that Internet resources (considered as physical IT) are not responsible for e-business value. Instead, e-business capabilities are critical to firm value. That is, the combination of Internet resources and other valued corporate resources, and their integration within the organizational processes, that may lead to better firm performance.

4.3 E-business value from a process approach.

The primary purpose of this paper is determining how e-business creates value through the RBV. Thus, this research will test the RBV logic in the e-business context. Although much research using the RBV has focused on aggregated dependent variables, namely, firm performance, this may not be the best way to test the RBV (Ray et al., 2004). For example, because firms can have competitive advantages in some business activities and competitive disadvantages in others, examining the relationship between resources and capabilities associated with different processes within a firm and the overall performance can lead to misleading conclusions. Ray et al. (2004) proposed the effectiveness of business processes as a way to test the RBV logic. Another issue is that some IT investments may provide benefits after a certain period but increase operating costs in the short term (Kauffman and Kriebel, 1988).

Thus, using firm performance at the macro level is meaningless and can again lead to misleading conclusions. Researchers suggest a process-oriented approach to overcome these confounding problems. Kauffman and Weill (1989) hold that the locus of impact, that is, the business process, should be the primary level of value analysis assessment. Within the literature on e-business, recent research also suggests a perspective based on processes to overcome these problems (Subramaniam and Shaw, 2002).

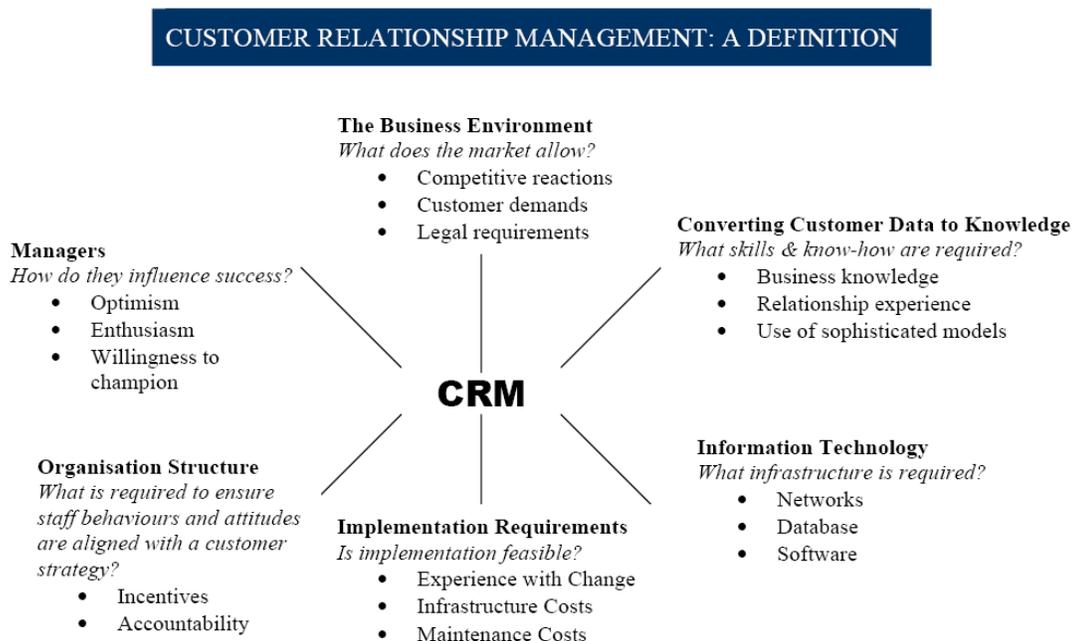
These arguments lead us to adopt in this study a process approach to explain e-business value under the RBV, but what e-business processes create business value? This research uses the

effectiveness of CRM for measuring e-business value. The business value of this process is discussed below.

E-CRM. Staying and building online customer relationship and providing them the customized product/services can potentially provide distinct value propositions to the firm. These in-turn increase the customer loyalty and profitability, as well as help in establishing strategic networks with customers that allow effective and efficient Customer Relationship Management (CRM), being the part of the Information Systems (IS) values, not under IT investments.

4.4 Model and hypotheses

This section, according to the existing information systems and e-business literature, states the study's hypotheses. In this sense, three relationships will be explored: Internet resources and e-business value, Internet resources and e-business capabilities, and e-business capabilities and e-business value (see figure 2) below.



4.5 Internet resources and e-business value

Barney (1991) argued that firms could obtain competitive advantages on the basis of corporate resources that are firm specific, valuable, rare, imperfectly imitable, and not strategically substitutable by other resources. IT resources are easy to duplicate, and, hence, IT resources per se do not provide competitive advantages (Santhanam and Hartono, 2003). Although IT infrastructure is argued to be valuable, it is not a source of competitive advantage (Bhatt and Grover, 2005). Thus, IT infrastructure will rarely lead to superior performance. Similarly, Internet resources –as defined above- are not difficult to imitate. In general, Internet technology is by itself imitable. If one firm can purchase certain Internet technologies and thereby implement some strategies, then other firms should also be able to purchase these technologies, and thus such tools should not be a source of competitive. Furthermore, as the diffusion of Internet continues, the ability of proprietary IT to be a source of competitive advantage continues to erode. These arguments suggest that Internet resources may not be responsible for value creation in e-business.

Thus, the following hypothesis is proposed:

Hypothesis 1: There is no relationship between Internet resources and e-business value Internet resources and e-business capabilities.

Although IS research has previously analyzed the influence of IS resources and capabilities on firm performance, the research is fragmented and key gaps exist in the literature. Thus, despite research has been undertaken to identify several resources and capabilities, and to analyze their direct effects on firm performance, the relationship between IT resources and IS capabilities have not been systematically studied. Only recent studies such as Ravichandran and Lertwongsatien's (2005) offer a clear distinction between resources and capabilities. In this sense, Ravichandran and Lertwongsatien argue that examining the relationship between IS resources and IS capabilities can provide a better understanding of how resources could be deployed to develop capabilities.

Within the area of e-business, recent studies have identified distinct e-business capabilities and studied their effect on performance (e.g. Zhu, 2004; Zhu and Kraemer,2005). However, very limited work has been undertaken to identify e-business resources and capabilities and study their separate influences on performance. Similarly, the relationship between e-business resources and capabilities has not been studied.

Resources are the raw material in the development of capabilities. This relationship is implicit to definition of capabilities as an organization's ability to assemble, integrate, and deploy valued resources, usually, in combination or co-presence (Amit and Shoemaker, 1993). Hence, the second and third hypotheses posit a positive relationship between Internet resources and e-business capabilities

Hypothesis 2: There is a positive relationship between Internet resources and external e-business capabilities with customers.

Hypothesis 3: There is a positive relationship between Internet resources and internal e-business capabilities

E-business capabilities and e-business value

Engaging in IT investment is not necessary and sufficient condition for improving firm performance, since IT investments might be misused (Tallon et al., 2000). In this sense, IT assets cannot improve organizational performance if they are not used appropriately. However, when used appropriately is expected to create intermediary effects, such as IT being embedded in products and services, streamlined business processes, and improved decisions, which can be expected to have influence on firm performance (Ravichandran and Lertwongsatien, 2005).

Grant (1991) and Makadok (1991) emphasized that while resources by themselves can serve as basic units of analyses, firms create competitive advantage by assembling these resources to create organizational capabilities. Makadok states that these firm-specific capabilities, embedded in organizational processes, provide economic returns because that firm is more effective than its rivals in deploying resources. IS researchers have adopted this capability logic of resources by arguing that competitors may easily duplicate investments in IT resources by purchasing the same hardware and software and, hence, IT resources per se do not provide competitive advantages. Rather, it is the manner in which firms leverage their IT investments to create unique capabilities what impact firm performance (Clemons and Row, 1991; Mata et al, 1995). Thus, it is expected that external and internal e-business capabilities have the potential to create business value. The following hypotheses are formulated:

Hypothesis 4: There is a positive relationship between external e-business capabilities with customers and e-business value

Hypothesis 5: There is a positive relationship between internal e-business capabilities and e-business value

Discussion

This research seeks to explain how e-business creates value and is intended to offer results more widely applicable than Internet leaders or IT industry companies. In this sense, this study attempts to offer an explanation to why there are cases where many firms engage in e-business without deriving any benefits. To respond to these challenges, a conceptual model for assessing e-business value creation, grounded on the resource based view (RBV) of the firms, are developed and tested on two emerging companies between large samples of Indian firms from the same sector and their business model might be the same but the target audiences (Customers) are different with different needs.

The results showed, as hypothesized, that Internet resources are not positively related to e-business value. This finding is not surprising, since competitors may easily duplicate investments in IT resources by purchasing the same hardware and software, and hence IT resources per se do not provide better performance (Santhanam and Hartono, 2003). This can be explained through the RBV, because IT is not considered a resource difficult to imitate, IT is by itself typically imitable. This result supports the findings of recent research (Batt and Grover, 2005) that did not find evidence of a positive link between IT quality and firm performance. Similarly, Powell and Dent-Micallef (1997) showed that IT by itself cannot be a source of competitive advantage. Thus, our results confirm that Internet technology by itself will rarely create e-business value.

Furthermore, results demonstrate that there is a positive relationship between Internet resources and e-business capabilities. This finding confirms Ravichandran and Lertwongsatien's (2005) who offered a clear distinction between resources and capabilities, and found a positive relationship between IS resources and capabilities. Within the area of e-business, recent studies have identified distinct e-business capabilities and studied their effect on performance (e.g. Zhu, 2004; Zhu and Kraemer, 2005). However, the relationship between e-business resources and capabilities has not been studied. Resources are the raw material in the development of capabilities. Thus, examining the relationship between IS resources and IS capabilities can provide a better understanding of how resources could be used for building capabilities (Ravichandran and Lertwongsatien, 2005). Thus, our findings suggest that although Internet resources are not positively related to e-business value, they play a critical role for creating e-business capabilities.

Finally, empirical results demonstrate that there is a positive relationship between e-business capabilities and e-business value. Our findings confirm existing empirical literature, Bharadwaj (2000) and Santhanam and Hartono (2003) found that firms with superior IT capability indeed exhibit superior firm performance. Ravichandran and Lertwongsatien (2005) showed that an organization's ability to use IT to support its core competences depends on IS capabilities. Thus, even though competing firms do not vary in terms of the IT they possess, IS capabilities are rooted in processes and business routines and provide competitive advantages. In this sense, our results support the proposition that external and internal e-business capabilities are key drivers of e-business value.

4.6 A Final Wrap

CRM being the part of e-business capabilities, hence our study reveals that CRM programs are becoming commonplace in fast growing companies in India. Within the next two years three quarters of the companies in e-business will have in place advanced CRM programs. The results presented are very much 'warts-and-all' showing both the positive and negative aspects of organizational attempts to manage customer relationships. Without under-emphasising the complexity of the problem we can summarize our results succinctly as follows:

- While many CRM strategies are based on the theory of increasing customer retention through improved satisfaction, it is a myth that all customers have the time, motivation and energy to form information-intensive 'personal' relationships.
- Segmenting markets around fundamental customer needs, can in itself, be an effective starting point for performance improvement
- This is not easy as most organizations work with customers that are at different relationship stages and these stages are dynamically changing, and
- To deal with this problems, the best organizations employ a balanced approach where they trade-off the benefits and costs associated with customer intimacy, operational excellence, data analytics and loyalty programs.

□ To ensure CRM program success, organizations need to develop a high level customer-relating capability. The three constituent parts of a customer relating capabilities are:

- A flexible IT infrastructure that provides a full picture of the customer histories, purchasing activity and problems.
- The skill to convert market data into knowledge of the customer (management of information collection, organization and use)
- Supporting organizational structures (the degree to which the behaviors and values of staff are aligned with the new customer orientation)

□ ALONE, each of these capabilities are insufficient for success.

Therefore, managers should be wary of concentrating on one or two aspects independently in an effort to gain control over what can be a large-scale project.

□ The main constraints limiting CRM programs are organizational first, financial second and technological third

□ Organizational constraints are not just political and cultural issues, but also the way CRM programs can disturb the delicately balanced chain of customer knowledge related activities. The implications of this are that managers need to introduce CRM concepts and programs early and sell them often to ensure participation by the necessary stakeholders.

□ Financial constraints loom large and a systematic analysis of how you do things now and the organizational transformation required to support relationship programs is required.

□ Technological constraints are not about what software solutions are available but revolve around the ability to get systems to talk to one another and integrating disparate and legacy systems in an organizationally friendly manner

□ Firms operate CRM programs with varying degrees of success with many experiencing outstanding success stories and failures.

Some examples of these include:

“Direct customer feedback has proven to be an excellent program that was not originally requested” (CFO – Financial Services)

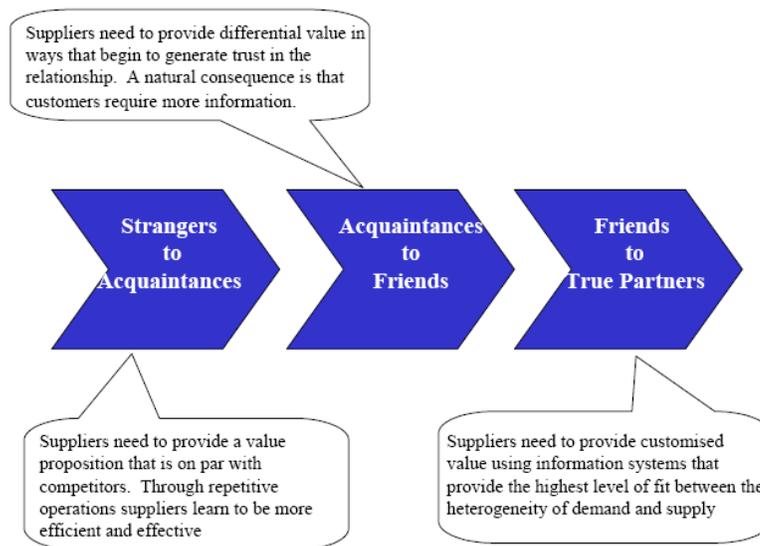
“The implementation of a new frequent flyer proposition to market that is fully supported by our CRM system has strengthened our internal processes and improved our competitive position considerably” (Airline Sales Director)

“Success has been the use of a new data warehouse for developing customer retention strategies; failure has been the continual failure to use the CRM system by Account Managers” (CIO – Financial Services)

“We have experienced too many failures to list. Availability of skilled resources in Australia is a major problem” (CRM Director – Telecommunications)

“Failure is due to the use of the technology, not the technology per se”(CEO –Financial Services)

The final insight we get that CRM is about managing different types of customer relationships. In this study we looked at four different types of relationship: strangers, acquaintances, friends and true partners. As these relationships types evolve over time they create very different demands on CRM programs and subsequent company value and profitability (see Fig 3) below.



- **Strangers to acquaintances** – strangers are customers that have not yet entered the market or are customers of competing suppliers and hence do not require personalization. As soon as there is a business transaction, a customer moves to a new level of awareness. At this point the supplier and customer become acquaintances. In many cases, these customers are still yet to be convinced that entering into a ‘relationship’ will be beneficial. In this case, suppliers need only provide a value proposition to a customer that is on par with competitors, or parity value. By listening to their customers and delivering on the basics, companies will gain experience and learn to improve production efficiencies. As the supplier becomes better at providing the routine benefits that customers expect to get when they make a purchase to begin the gain of a positional advantage over those with less experience and volume.
- **Acquaintances to friends** – by directing resources towards ensuring that all communication between the supplier and the customers is relevant. Once we show customers that we remember them and that their business matters to us. As the customer

relationship evolves from acquaintance to friend, suppliers are increasingly required to move from delivering value on par with the competition to creating differential value. This requires development of trust in the relationship through provision of diversified products and services. A natural consequence is that customers require more information, thereby placing greater demands on the company's technology and the staff responsible for modeling customer data.

- **Friends to true partners** – ultimately trust breeds' greater commitment that results in a shift from short-term exchanges to long-term relationships. Customized information and products are required for true partners. This implies that appropriate organizational structures are in place to ensure that the supplier treat the best customers well. This implies that staff behaviors and values are tightly aligned with customer needs. From a resource allocation perspective, organizations need to ensure that the delivery of parity value, differential value, and customized value is tightly aligned with customer motivation to remain as strangers, acquaintances, friends or true partners. Carte blanche approaches that seek to establish relationships with all the customers are unlikely to be profitable. In this study, the firms that were most comfortable with customer relationship (CRM) programs were the firms that knew what they wanted to get from their data systems and had a realistic appreciation for the organizational constraints that exists.

In other words, the firm had a clear, unconstrained strategy aimed at identifying customer segments and extracting the most value from their economic interactions with different types of customers. It is in this area, as many organizations would agree, that considerable room for improvement exists. (Coltman 2007, et.al)

4.7 Summary of Theoretical Framework

Literature has been presented in order to view the competitive advantage from resource based view and CRM. To describe the company/supplier's internal structure of activities and IS values through which a firm develops a competitive advantage, the value chain of Porter (1985) fig 4. was presented. RBV has been described with the main questions that a firm should make when describing its resources and capabilities when trying to gain competitive advantage: the question about value, the question about rareness, the questions about imitability and finally the question about organization.

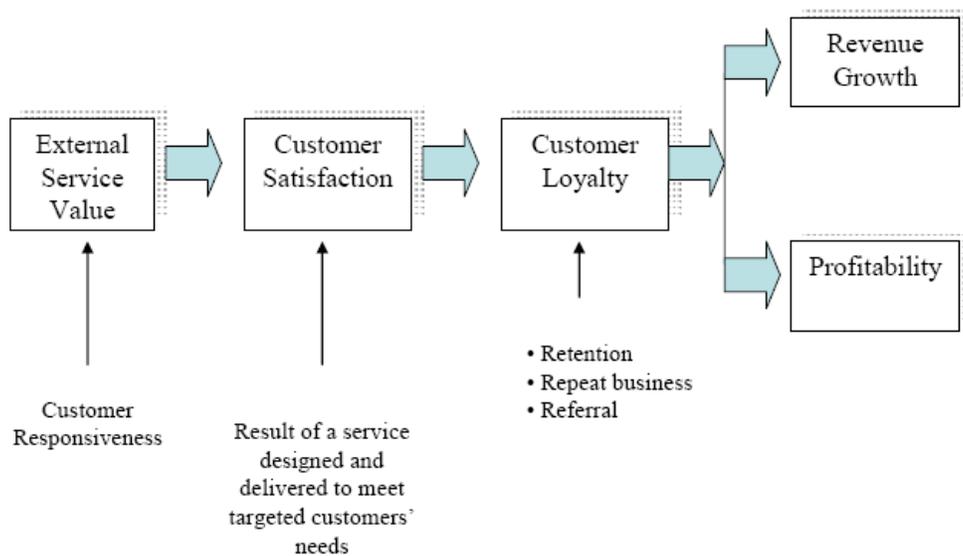


Fig4: Service Profit Chain (Heskett et al., 1994 Harvard Business Review)

CRM is described to present the company's external environment with suppliers and/or customers. Literature was used to find characteristics of modern CRM. The following fig 5 is composed to illustrate the service profit chain by Harvard business review.

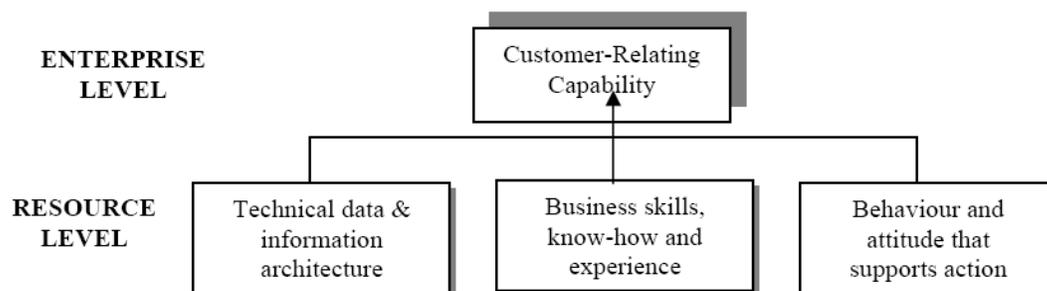


Fig5: Dimensions of Customer Relating Capabilities

The fig 5 is composed to illustrate the author's view of the subjects of the thesis. The focus has been in the concept of competitive advantage of a fast growing Indian firm, as viewed in the figure. To gain competitive advantage, the company needs resources and the main resources discovered during this thesis is the customer relating capabilities. This is however, is the practices to be the

source of competitive advantage according to RBV literature. The author has recognized these practices.

Sometimes the valuable resource is an adroit combination of capabilities, none of which is superior alone, but when combined, makes a better package. Then competitive superiority is due to a weighted average effect—the business does rank first on any asset or capability but is better on average than any of the rivals.

4.8 Conclusions, limitations and future research

Recently, much controversy about the value of IT has been created by assertions of Carr (2003). He argues that IT is ubiquitous, increasingly inexpensive, and accessible to all firms. As such, IT cannot be a source of competitive advantage any more because it is scarcity (not ubiquity) what creates the ability to generate superior performance.

Moreover, skepticism about the value of IT and e-business has been raised, due to the gap between IT investment –particularly on Internet-related technologies- and the widespread perception about the lack of value from e-business. Thus, today information systems (IS) researchers face pressure to answer the question of whether and how e-business creates value. Much of the existing e-business literature still relies, to a great extent, on case studies, anecdotes, and conceptual frameworks, with few empirical data to characterize the Internet-based initiative or gauge the scale of their impact on firm performance – especially in large, traditional companies.

Case studies on firms such as eBay and Amazon show e-business can create business value, but are the lessons learned from these “Internet giants” more widely applicable? Other issue in e-business literature is the lack of theory to guide empirical research. There is therefore a need for an empirically relevant but also theoretically rigorous framework for examining how e-business creates value. To respond to these challenges, a conceptual model for assessing e-business value creation, grounded on the resource-based view (RBV) of the firm, is developed and tested on a two sample of Indian firms from the same sector. Broadly, this research offers several contributions:

- (1) it shows that Internet technology by itself will rarely create e-business value;
- (2) it confirms that although Internet resources are not positively associated with e-business value, they play a critical role for creating e-business capabilities;
- (3) it demonstrates that internal and external customer relating capabilities are key drivers of e-business value.

The study provides several important implications for managers. First, it shows that physical Internet technology (Internet resources) by itself will rarely create any e-business value. This explains why there are cases where many firms engage in e-business without deriving any benefits and why IT spending rarely correlates to superior financial results.

Second, it was found that e-business capabilities are key drivers of e-business value. Thus, firms create e-business value by assembling Internet resources and other valued resources that work

together to create e-business capabilities. In this sense, firms should invest in Internet technologies in order to create external and internal e-business capabilities. The former refers to the ability to mobilize Internet-based resources and other corporate resources with external business agents (e.g. supplier and customers), while the latter represents the ability to mobilize Internet-based resources and other corporate resources within a firm's boundaries. Overall, this study's findings confirm that executives and management need to be aware of the necessity of creating customer relating capabilities (external and internal) with CRM practices. They need to recognize that their competitors are building e-business capabilities and, if the firm does not respond, it will result in a competitive disadvantage.

While the study's contributions are significant, it has some aspects which can be addressed in future research. First, the sample used is from India, where online spending is not yet picked up so far. In this sense, findings may be extrapolated to other countries, since economic and technological development in India is similar to other countries, where as customer behavior might not be the same. However, in future research, a sampling frame that combines firms from different countries could be used in order to provide a more international perspective to the subject.

Second, the e-business value measure is subjective in the sense that it was based on questionnaire responses provided by the managers. Thus, it could be interesting to include also objective performance data for measuring CRM value in e-business.

Third, the future studies could consider research designs that allow data collection from multiple respondents within an organization.

Fourth, this research takes a static cross-sectional picture of capabilities, which makes it difficult to address the issue of how capabilities are created over years. A longitudinal study could enrich the findings.

Fifth, in this study, two types of e-business capabilities are distinguished. Like in many survey studies in the IS literature, measurement instruments are not universally agreed. Instead, e-business research is still going through a process, for developing measurement instruments, based on testing and refinement (Straub et al, 2002). In future, research should further validate and extend this typology.

5. THEORITICAL FRAMEWORK

In this chapter of empirical study the author is presenting the case studies of the two fast growth E-business companies. Each case company is first presented by using the secondary information. The presentations are followed by the results of the interviews the author has conducted at the companies. The results are backed up by first describing the CRM practices of the organizations and the observed effects on CRM caused by the fast growth. The detailed information about the researched characteristics will complete the case studies.

5.1 123Greetings.com

Since the inception in 1997, and after a small business shift from 123India.com which was a leading portal business in India, 123Greetings and 123Crickets made a huge hits in the domestic market as well as International Market. 123Crickets is still under the portal business and giving the largest hits of web traffic to their portal during any cricket matches. Arvind Kajaria founder chairman of this company got inspired by the American greetings sharing culture and moved slowly in this business once Sharad Kajaria his youngest brother passed out of a US university and joined his hands as COO of the company. They've seen the dotcom bubble bursts, but their model was to build the free and huge traffic base to their site and earn advertisement revenues. Hence, their business model didn't vanish as like other dotcom businesses. In the year 2003, they've acquired a small marketing company in New York City for the promotional purposes and established a US office. That take over had given them an organic growth and this company built upon the strong foundations in human expressions which has enabled them to understand people, their emotions, their cultures, their religions and all that lies therein. This in turn has enabled them to extend their creative line of offerings to a whole new array of expressional deliverables through sharing e-greetings card for the world where sharing is caring and every season has got reasons to celebrate.

Arvind Kajaria the founder and President of the company had seen the opportunities in relationships. Which made them leaders not only in the world's largest celebratory events such as Christmas, New Year and Valentine's Day but also have established a brand in country, religion and culture specific celebrations. Their expertise continued to expand deep into personality behavioral studies, cultural implications, current trends analysis and societal understandings.

Human Expressions is the soul of 123Greetings. A string of creative ideas holds together this chain of specialized functionality to retain and enhance focus on human relationships. They're dedicated to delivering seamless real time solutions through our on the edge server technology that delivers content and services to users globally.

The author met Mr. Kajaria, when he was also feeling to expand the business and trying to understand the gap which was not allowing the company to reach to beat the competition. The author had been given free hands in the year June 2007 to bring necessary changes into the business model to implement effective CRM practices to leverage on returned and loyal customers.

5.1.1 Overview of the problems & Interview

Both Kajaraia brothers were experiencing high turnaround in their visitors to their competition, moreover the manpower costs were going high for the technically superior teams located centrally at Kolkata, HQ. Their profitability was going thinner, because of higher customer attrition and less attractive sticky proposition to their business, making it a kind of seasonal business. To counter this problem, they were thinking to launch another business diversification, which would also offer different products in cheaper price suitable for the wishes and establish the supply chain which would entail China as the sourcing country and the initial distribution hub would become US. This would also be a web site based e-business which suits the synergy of the entire Organization.

The author been introduced to the Kajaria brothers to set-up their CRM focus and enhance the business through sponsored link section to establish the global supply chain management(SCM). Palash Dasgupta , a project management guy was the in-charge of the entire sponsored link and system implementation team. His previous experience comes from system implementation for a pharmacy company and building their ERP systems. The group comprised with 5 systems programming people with 10 tele-calling people when the author took up the assignment. After several sets of communications, it had been found that Mr. Dasgupta is more comfortable in the Information systems side than the management as decision maker. He was been only handling few pocket customers who were brought buy the Kajaria brothers and resolving their operational/advertisement problems.

Problems in the first sight:

1. No proper training had been given for the Sales Team to acquire new customers.
2. No proper system and process been followed for the field level sales data entry
3. No proper sales CRM available for the clear data flow and data repository system
4. IS is available but the Information Systems resources not been nurtured well.

5.1.2 Supply Chain Practices in 123Greetings

The following sections are based on effective CRM practices that the author has recognized in the theoretical framework. The used questions for every section can be found in Appendix A.

Strategic Supplier Partnership

123 Greetings has a customer base of millions users. In the new business they needed to develop the suppliers to establish the supply chain in China. The quality and logistics issues are not in the scope of this dissertation. We would see this strategic supplier partnership from the point of CRM. In some of the products, the suppliers are needed to take part of the product design process and also they need to update the database as per the product availability and the current pricing. China

manufacturing hub is importing silicon from South Korea, so the electronic pricing changes everyday for the lot size. Also in the retailing business area, the company has to get the licensed trademarks that they represent at US and these products are readily available at the stock and ready to dispatch within 3-4 business days any where in US. So the inventory and strategic warehouse locations would be also very important. Moreover, the retail pricing has to be fixed, because of the fluctuating price at the sourcing point. Also, as per the business strategy 123 Greetings be replacing the products portfolio as per the season and greetings types. Most of the suppliers do not have the capacity or quality to stand up to the demand from the company. Adding more suppliers could bring down the trust level and volume commitment by which the quality or delivery might suffer. Moreover, as this is the global supply chain the forecasting has to be very accurate for the products prior launching any new product, or else the customer might have to wait to get a product in hands for long. US being customer driven market, there the company also need to take care of return policies and online second hand stock clearance options.

Customer Relationship

There are three types of customers 123Greetings is having.

- Every Visitor or footprint is a customer to them to their site for the free services and might be a potential buyer.
- The Advertisements buyers
- The product buyers.

In the new product selling business the customers are having freedom to customize their products e.g. writing their name or fiancées name.

In the advertisements services the customers also get the opportunities to design and customize their adwords and phrases to make it catch the eyes of the visitors.

The visitors choosing free greetings cards are having options to customize and add music to the greetings cards already.

So, the company is already having the mechanism to get ideas from their clients. International markets are strongly characterized by personal relationships and end customers, moreover domestic market potential is also cannot be ignored at this point. There're many teams for art and music developments to cater all kinds of needs internationally. Some of the products and services are to be categorized in the main profiling area which are mainly unisex, by which these products could be sold higher in numbers and could be offered in bulk rates through the websites by the push selling mechanism. The company also needs to offer different services to support business customers. Also different offers have to run throughout the entire site to promote different value deals. The company never measured the customer satisfaction on the ground and on the group level after doing the customer segmentation on based on their choice, age, culture, sex etc, however they might have measured the market potentials only.

Information Systems

Currently there's no common ERP system available for the entire organization. There's a common backbone or pool available for the internal organization, but this system never had been interacting with the external transactions. In the advertisement area, client has got a very limited access to change Advertisements and manage his advertisement campaigns and refill the payments. Except that, the consumer's entire database is kept and never been analyzed on the perspective of CRM except news letters for promotional activities.

Steps Taken:

- However, the author undertaken the consolidation project with the Organization and the training requirements been addressed and building a separate team for CRM practices.
- Been instrumental to build up an entire sales team for Sponsored Link Advertisement and new accounts acquisition.
- There had been also a separate business practices built upon customer retention and relationship referrals by the CRM team.
- Implemented a survey conducted by the CRM team with a promotional plan to measure the satisfaction index with the company.

Kajaria brothers were delighted over an integrated approach and planning of consolidated database usage and its utilities got sanctioned. Only they have restricted themselves not buying the IS from external sources, rather their choice was to develop and maintain the entire system in-house. So, as per the hour calculation, the job came out for more than 6 months to complete for the available manpower, which is bit a lengthy process for implementation though. Integrated planning made for logistics that takes care of the sourcing and purchasing items as per the demands and maintaining supplier relationships. Even this system will be integrated such a way that will work all the routines become harmonious throughout the entire group.

After the first phase is over, the CRM software would sit on the top of the ERP and then customers would be able to track their shipments from the source as well as the orders directly would route to the suppliers with the desired quantity and specifications.

The company is cost sensitive in IT Infrastructure development and are not involved in the strategic planning and unable to deploy the customer relating capability unless the entire IT investments are made. Investment in IT, despite of being an e-business company might be one bottle neck for this company to give a customer centric face in longer terms, but still enjoying dominance over competition due to inherent resources. Author had shown the tangible value proposition the Organization might get by the proper CRM practices in terms of slow but steady customer retention efforts and referral programs.

Co-operation with the Competitors

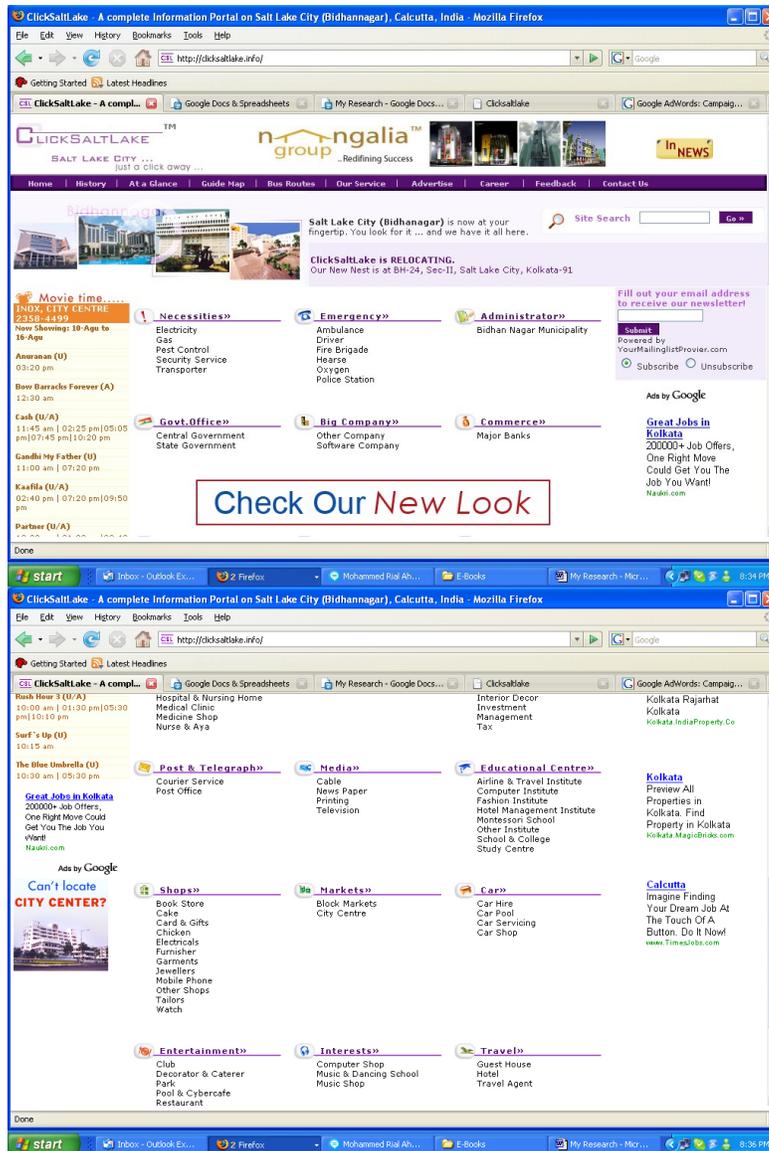
The author initiated developing the strategic co-operation with the company's competitors by link exchange programs. Though, in other areas the co-operation is difficult to execute because of the company's diversified needs. In the product development, the concept is very new that the author has to explore more to understand the methodologies of co-operation from the competition.

5.2 ClickSaltlake.info

[ClickSaltlake](#) is the name of the business is having a website which evolved to help the people finding directions who used to get lost in Saltlake city back in late 1990's. Because, Kolkatans had no idea about the planned city named Saltlake and it's demographic during that point of time, moreover population were few to ask for help to know the exact address and location of a house in 1990's. Less public transportations, least ideas about the geographical demography exist even amongst the people residing at Saltlake city inspired the a tech savvy guy named Saikat Das, who conceptualized the need of such site which had served well to the population for more than 7 years in Saltlake Area. This was a simple site written in HTML and the map of saltlake city had been compressed and uploaded to the site block wise maps for giving the people the exact idea of the location of a house in a block. Later with times few phone numbers and few business addresses and phone numbers had been enlisted to serve the purpose of the people.

During June 2007 the author met Mr. Das co-incidentally and the e-business applications been planned by the author after studies and all the suggested changes been brought by Mr. Das and his technical teams, eventually which had brought the sea changes in the site architectures and opened up different business avenues by practicing effective CRM. The case company had transformed from a simple infomediary company to a complete E-Business company with having manifold of service facilities for the viewers, which in turn enhanced the targeted traffic and revenues.

The Business Model Conversion:



Nature of Business: Local Guide and listings of some businesses.

Traffic Rank : 2,716,974 dtd. 30th Mar, 2007 with ref to www.Alexa.com

Clicksaltlake.info traffic rank in other countries:

India – 37,600
United States: 1,089,621

Why Business Transformation was needed:

“Change is the only constant thing on this Earth”. Mr.Das believed the same because the visitors of this site is not only the people residing in Saltlake City, due to higher volume of traffic and page ranks, this site started getting popular to those people who’re trying to come to Saltlake City and to reside here for jobs and other requirements from outside, also the expatriates originally from here traveling all over the world or Bengali communities having interests about Saltlake City.

The business model were to be redefined and the revenue model was to be drawn, so that the site starts earning more and get into it’s puberty from the level of its childhood.

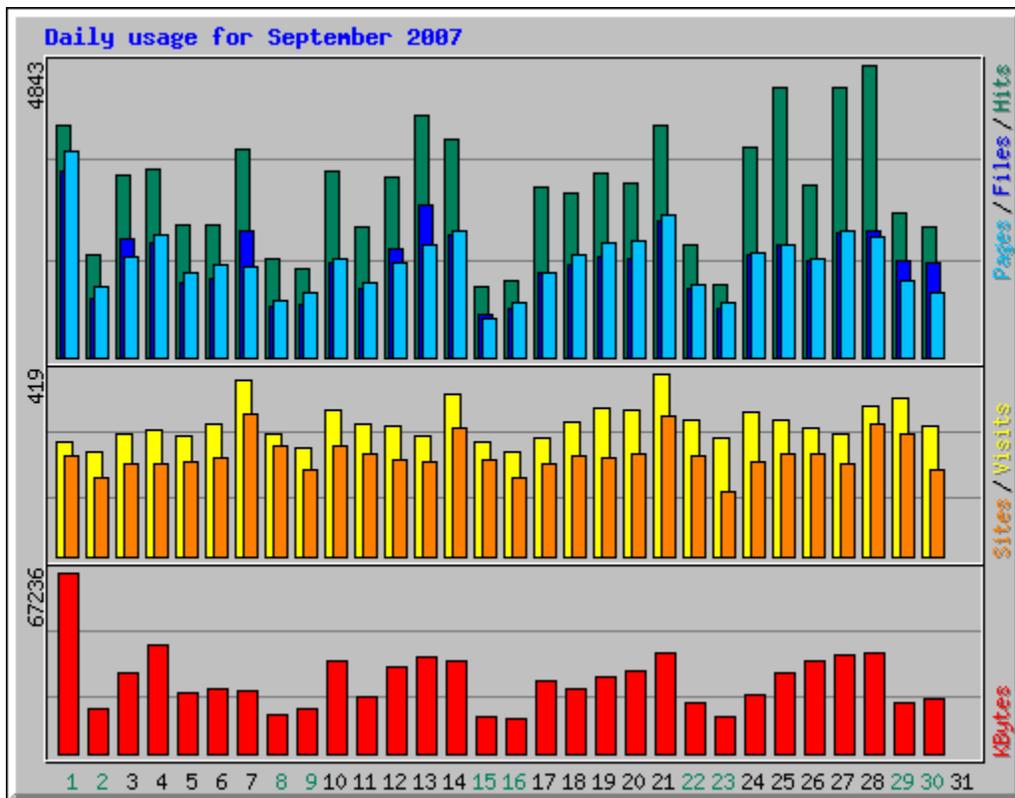
He had entrusted the author with that job and remained supportive with all his resources to bring all the necessary changes to the site. The excerpt of this thesis would be dealing and explaining all those areas of development had been implemented so far and the model of business to make it more customer centric with the implementation of effective Relationship Management.

The areas had been improved and implemented

- The restructuring
- Internet Marketing
- Search Engine Optimization
- Adsense implementation

The results and improvement shown

The implementation plan of business got approved and started implementation from September 2007 and the traffic nature is given below before the implementation.



Monthly Statistics for September 2007

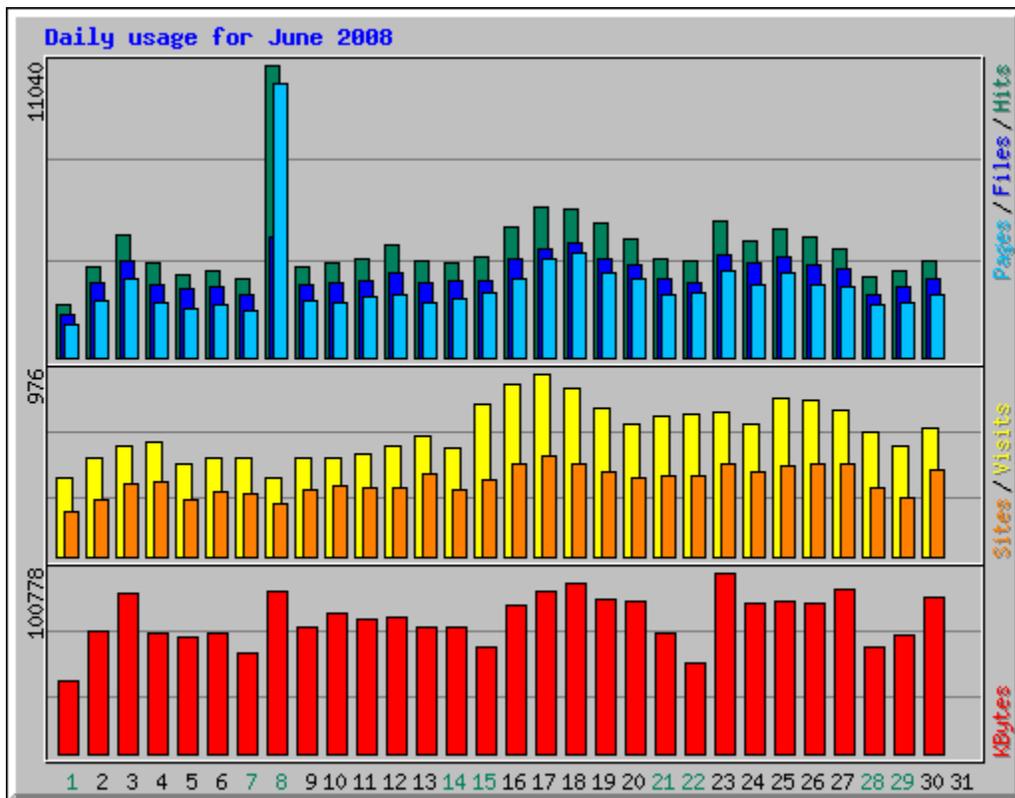
Total Hits 83834

Total Files 47654

Total Pages 47679

Total Visits 9112
 Total KBytes 816572
 Total Unique Sites 4017
 Total Unique URLs 392
 Total Unique Referrers 546
 Total Unique User Agents 112

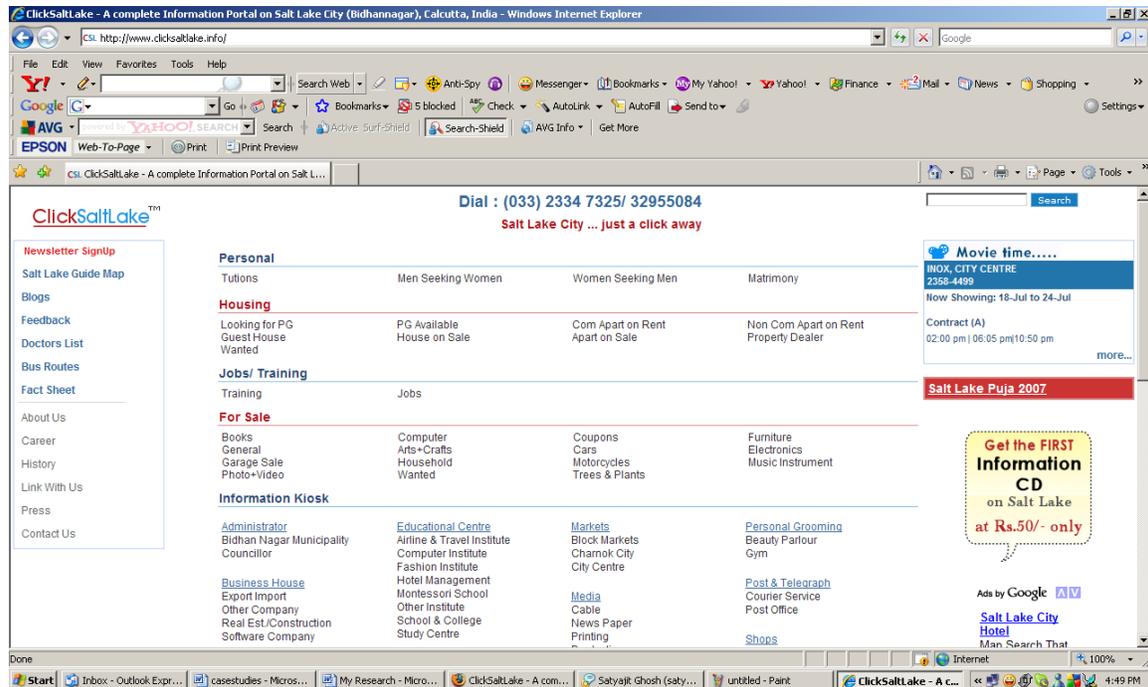
The figure below had given the recent characteristics of the traffic which is showing more traffic to the site and a significant growth in the site with more focused visitors.



Monthly Statistics for June 2008
 Total Hits 125767
 Total Files 94336
 Total Pages 82441
 Total Visits 19895
 Total KBytes 2252915

Total Unique Sites 6789
 Total Unique URLs 322
 Total Unique Referrers 555
 Total Unique User Agents 143

The new look of the site given below, developed on Linux, Apache Server, My SQL, and Php (LAMP), which is free and cheaply available.



So again it's been proven that IT resources is not that vital, whereas IS and customer relating capabilities be the source of competitive advantages. The author had taken time to study different customer feedbacks and uses the resources and knowledge base which was already there within the system. Being the functional consultant of CRM Mr. Das already implemented the CRM practices around his business, only the timely change had given them newer dimensions. Now they're diversifying their business in selling consumers products online and building around a similar portal about entire Kolkata.

Hence, CRM practice is not about CRM software, its IT resources and capabilities in customer relating the businesses give the competitive advantage. Certainly CRM software can expedite the implementation faster. Customization has to follow the suitable e-business models accordingly, which is known as CRM practices as discussed in this thesis known as IS.

5.3 Characteristics of CRM

A good CRM program can improve customer service by facilitating communication in several ways:

- Provide product information, product use information, and technical assistance on web sites that are accessible 24 hours a day, 7 days a week.
- Identify how each individual customer defines quality, and then design a service strategy for each customer based on these individual requirements and expectations.
- Provide a fast mechanism for managing and scheduling follow-up sales calls to assess post-purchase cognitive dissonance, repurchase probabilities, repurchase times, and repurchase frequencies.
- Provide a mechanism to track all points of contact between a customer and the company, and do it in an integrated way so that all sources and types of contact are included, and all users of the system see the same view of the customer (reduces confusion).
- Help to identify potential problems quickly, before they occur.
- Provide a user-friendly mechanism for registering customer complaints (complaints that are not registered with the company cannot be resolved, and are a major source of customer dissatisfaction).
- Provide a fast mechanism for handling problems and complaints (complaints that are resolved quickly can increase customer satisfaction).
- Provide a fast mechanism for correcting service deficiencies (correct the problem before other customers experience the same dissatisfaction).
- Use internet cookies to track customer interests and personalize product offerings accordingly.
- Use the Internet to engage in collaborative customization or real-time customization.
- Provide a fast mechanism for managing and scheduling maintenance, repair, and on-going support (improve efficiency and effectiveness).
- The CRM can be integrated into other cross-functional systems and thereby provide accounting and production information to customers when they want it.

Architecture of CRM

There are three parts of application architecture of CRM:

- Operational - automates to the basic business processes (marketing, sales, service)
- Analytical - supports to analyze customer behavior, implements business intelligence alike technology
- Collaborative - ensures the contact with customers (phone, email, fax, web, sms, post, in person)

Operational CRM

Operational CRM means supporting the "front office" business processes, which include customer contact (sales, marketing and service). Tasks resulting from these processes are forwarded to employees responsible for them, as well as the information necessary for carrying out the tasks and interfaces to back-end applications are being provided and activities with customers are being documented for further reference.

Operational CRM provides the following benefits:

- Delivers personalized and efficient marketing, sales, and service through multi-channel collaboration
- Enables a 360-degree view of your customer while you are interacting with them
- Sales people and service engineers can access complete history of all customer interaction with your company, regardless of the touch point

Analytical CRM

In analytical CRM, data gathered within operational CRM and/or other sources are analyzed to segment customers or to identify potential to enhance client relationship. Customer analysis typically can lead to targeted campaigns to increase share of customer's wallet. Examples of Campaigns directed towards customers are:

- Acquisition: Cross-sell, up-sell
- Retention: Retaining customers who leave due to maturity or attrition
- Information: Providing timely and regular information to customers
- Modification: Altering details of the transactional nature of the customers' relationship

Analysis typically covers but is not limited to:

- Decision support: Dashboards, reporting, metrics, performance etc.
- Predictive modeling of customer attributes
- Strategy and research

Analysis of Customer data may relate to one or more of the following analyses:

- Campaign management and analysis
- Contact channel optimization
- Contact Optimization
- Customer Acquisition / Reactivation / Retention
- Customer Segmentation
- Customer Satisfaction Measurement / Increase
- Sales Coverage Optimization
- Fraud Detection and analysis

- Financial Forecasts
- Pricing Optimization
- Product Development
- Program Evaluation
- Risk Assessment and Management

Collaborative CRM

Collaborative CRM facilitates interactions with customers through all channels (personal, letter, fax, phone, web, e-mail) and supports co-ordination of employee teams and channels. It is a solution that brings people, processes and data together so companies can better serve and retain their customers. The data/activities can be structured, unstructured, conversational, and/or transactional in nature.

Collaborative CRM provides the following benefits:

- Enables efficient productive customer interactions across all communications channels
- Enables web collaboration to reduce customer service costs
- Integrates call centers enabling multi-channel personal customer interaction
- Integrates view of the customer while interaction at the transaction level

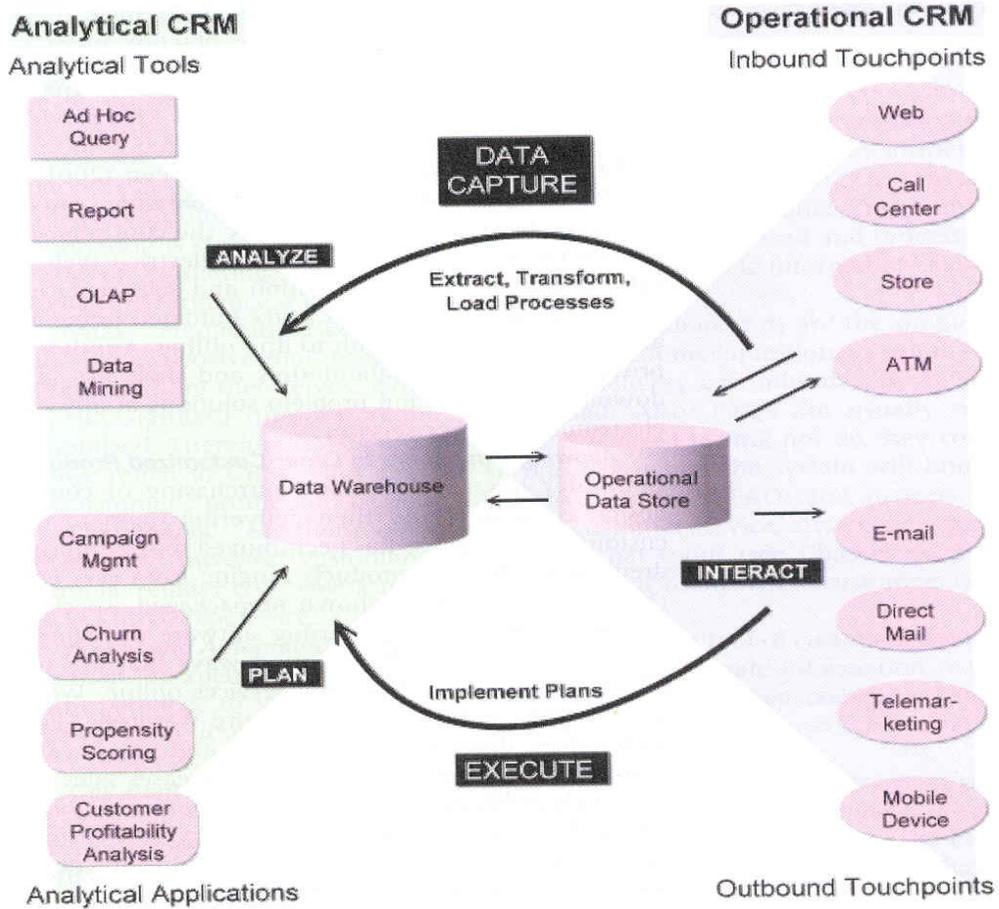


Figure: Application architecture of CRM

6. Analysis

This chapter includes analyses of the theoretical and empirical studies presented in the previous chapters. Firstly, an analysis of the organizational structure is written from a CRM point of view. Secondly, the Customer relating capability and successful practices in CRM are analyzed, first shortly from the resource-based view and then compared to results from the empirical studies.

6.1 Organizations

In the following section the author would analyze the case companies from two different aspects. Firstly, characteristics of the case companies are researched on the basis of the descriptions of the fast-growth companies in Chapter 3 and the accomplished interviews and hands on project work. Secondly, the structures of these organizations are described from the CRM perspective.

6.1.1 123Greetings.com

The author has found that the organization fulfils several described characteristics of the fast growth companies (Ahrens, 1992; Andersson, 2001a; Andersson 2001b; Davidsson et al., 2001a; Johansson, 2002). The company history has visible roots of entrepreneurship. In the early days, the company concentrated mainly on profiling business area. The company also aggressively went for the internationalization and brought huge investments in the other technological developments (IT). The company seems to avoid fixed costs investments any further in many areas, as they are using their scattered databases to be reconciled and the unification process been initiated by the author. Employee benefits and retention are also a part of the strategies to engage and motivate personnel to come in future. Furthermore, the fast decision making is usual in the organization.

CRM practices implementation on the logistics seems to have limited possibilities to act in the strategic level of decision making. This can be exemplified by the information flows between the management board and the operational CRM department established by the author. As described in the literature (e.g. Olavarrieta et al., 1997), to manage customer needs more successfully, the CRM practice managers need to participate more in strategic decision making. However, the main role of the CRM department in the company is to develop the group wide CRM practice and integrating all the processes under the unified database. For example the Advertiser's feedback and promotional offers are needed to be tracked to learn more and implement the desired changes faster than at the present pace.

6.1.2 ClickSaltlake.info

Also ClickSaltlake (CSL) has several characteristics for the fast growth companies (Ahrens, 1992; Andersson, 2001a; Andersson 2001b; Davidsson et al., 2001a; Johansson, 2002). The founder of the company brought earlier experience from his previous employment about the functional activities of the CRM practices and implementations to build up this new business. He also attracted foreign collaborators from UK just after a short growth phase, in accordance to the characteristics found in the literature. However, the growth rate of the company includes no acquisition so far, the company has grown only organically and diversified into separate software solution development business. CSL also invested in the technology because of demanding international market. In the beginning, the company focused on only one category of customer need, also in purpose to build up the knowledge inside the company. Later as the business model changed, the company started focusing in different verticals and catering different services needs. The personnel policy includes two clear characteristics for the fast-growth companies: employee benefits and over dimensioned personnel. However, CSL has some characteristics that are opposite to the theories of fast-growth companies, for example no external investments.

So far the logistic operations are yet to be set for the new service business in consumer goods, they've had plans and clearly that's the support function. As the company has no own production, planning seems to include the materials flow from the suppliers. It seems to the author that the CRM practices of the organization are properly established to handle any customer queries to escalate issues properly to the different large scale suppliers. Internally, the company seems to have plain logistical processes and streamlined customer relationship approach. The outbound material flow in the future business would be mostly direct deliveries with the order notes generated real time from the system with either online payment or confirmation by the buyer over the phones in the local area to minimize the risks of return.

6.2 Customer Relationships

Li et al. (2004) state that all the practices for managing customer relationships could be source of competitive advantage (see also Batt et al., 2004; Flint, 2004; Fynes et al., 2005; Rungtananatham et al., 2003). They exemplify with practices like building long-term relationships and improving customer relationships and improving customer satisfaction. Flint (2004) states that customer learning can ease predicting customer needs and it would then create competitive advantage. He also states that customer relationships must be based on customers' point of view. RBV literature describes ways to achieve value, which are always connected to being customer oriented. The author states that customer relationships can create value, be rare, not imitable and possible to organize in an effective way (Barney, 199; Lambert et al., 1993; Olavarrieta et al., 1997; Peteraf, 1993; Rumelt, 1984). The conclusion is that customer relationships may be source of sustainable competitive advantage. However, like Olavarrieta et al. (1997) points out, finding suitable partners may be difficult to find. Batt et al. (2004) adds that in order to co-operations, the partners need to have common goals.

In CSL, the customers do not take part in product design, but their feedback and suggestions helped the author to modify the business needs and select the dimensions. Their business areas have different level of customer relations; however CSL offers its customers possibilities of new

product launch and survey the market responses first prior adding any products/service line to any categories. The author feels that CSL fulfils the requirements for customer relationships in order to have a source of competitive advantage.

In 123Greetings, the customers are not yet involved in product/service designing except customizations. Their business areas would also have different level of customer relations; specially the profiling area and different group activities through community building over internet. Company is striving to customer learning by offering several services to support the customers business, for example customer relationship structure for advertisement business. Overall, the company also seems to use their customer relations in a way that the literature suggests. Moreover, as per the authors directive the special CRM implementation team is working to consolidate the database, by which the company would leverage upon more specific customer relationship management. Therefore, the source of competitive advantage is lying in the customer relationship management.

6.3 Information Systems

Information systems can allow companies to effectively implement CRM and to communicate critical and proprietary information between each other (Li et al., 2004). According to the literature, if ERP systems are implemented optimally, they can enable a company to catch the valuable information sets. Consequently this would lead to enhanced performance and more efficient and effective CRM practices. Martin et al.(2003) state that internal integration is a requirement for companies before being able to share information with external partners. In accordance with RBV literature (Barney, 1995; Lambert et al., 1993; Olavarrieta et al., 19997; Peteraf, 1993; Rumelt, 1984), information systems may add value, be rare, not imitable and optimally integrated in the organization. However, the author argues that all these key questions are not automatically valid simultaneously, and therefore do not always match the criteria for sustainable competitive advantage.

123Greetings is implementing group-wide ERP systems in-house as per the road map shown by the author, as replacement for all the disparate systems available with them. They would perform the tasks mainly under the guidance of the CRM practice team. The company is also offering many services available with them in internet. All in all, the company seems to have the strategy to utilize information systems as the difficulties in it. Both the companies CSL and 123Greetings seem to have designed the measurement systems for CRM as the literature defines. Though, implementation time is very longer for 123Greetings only one factor is not in line with the suggestions in the literature.

6.4 Summary Of Analysis

The following figure will summarize the results of the analysis.

	Clicksaltlake.info	123Greetings.com
Strategic Supplier Partnership	♪	
Customer Relationship	♪	♪
Information Systems	♪	♪
Co-operation with Competition		♪
Performance Measuring	♪	♪
Customer Relating Capability	♪	♪

Like CSL owner Mr. Das already declared that, the results of this study seem to indicate that their CRM strategy may be a source of competitive advantage. For 123Greetings the Customer relationship is present, but this study have compelled them to implement the CRM system faster to gain more competitive advantage by virtue of customer relating capabilities.

6. THEORITICAL FRAMEWORK

This is the final chapter includes conclusions based on the analyses in previous chapters. Firstly, the Customer Relationship experiences of fast-growth in the case companies are presented. Secondly, the case companies are individually presented in terms of their success with CRM practices. The author then presented his ideas and implemented road maps on the companies' future utilization of these practices. The author also returns to the research questions to prove that the questions have answered and hypotheses are answered. Additionally, recommendations for future, further work are also given with limitation of the scope of this thesis.

A main issue in this thesis has been recognizing the ways CRM can be practiced for gaining competitive advantages for the e-businesses. The concept of competitive advantage is viewed from the resource based view. CRM's has a main principle to help companies create the customer value and imparts customer relating capability. According to the literature, fast growth companies are often customer focused. Based on this study, the fast-growth case companies are customer oriented.

The study has shown that fast-growth combined with strong sales orientation might even create several problems in the Customer Relationship functions. For example, here the customer interaction is interactive and the solutions are to be given on real time basis for e-business. Growing faster because of spiral effects and organic growth of business, lack of time for consolidation of CRM functions are always not possible by the companies' e.g.123Greetings. New business service lines are also topical in the future. There might be also a problem with the forthcoming suppliers, who might not be eager to upkeep the pace with these fast-growth companies as their customer needs. This problem of not having the common goals, however, can also happen in companies' customer bases. The need to focus on core competences has also created a desire to seek more complete business dynamics.

One of the case companies has defined their CRM as strategic and other one defined it more of a functional in the past and now moving slowly towards strategic side. However, all the companies have described their business model and sales orientation as more of strategic than customer Centric. An individual conclusion for each case company is presented in the following sections. The conclusions include the authors' view on the CRM successes in the case companies and short prospects for the future.

7.2 Conclusions of 123Greetings

As the results in this thesis have indicated, 123Greetings have just started the database consolidation and already have gone far in implementing their CRM practices. This can be exemplified throughout their whole line of existing as well as new lines of business from supplier, mainly situated at China Mainland. Several customer learning processes seem to be a strategy for achieving tighter customer relations. Obviously it seems that, CRM practices whatever they've currently would have been a possible source of competitive advantage.

The author senses that, the future of effective CRM practices in 123Greetings will be very promising. Firstly, they have captured huge historical data, it's just a matter of time to consolidate the databases and analyzing the data from CRM perspective to know more about the customer's behavior, it will also consolidate the work processes and optimize both internal and external information flow. Secondly, the author experienced the advertisement revenue generation growth and customer relationship maintenance in the current scenario has great potential to grow. The proper performance measurement mechanism and systems can help the company and solve most of the bottlenecks in their business.

7.3 Conclusions of Clicksaltlake.info

When looking at CSL, it seems very clear that the company's most utilized the CRM practices for their organic growth and customer loyalty is higher. Ideas for launching new business line and adding products are usually presented by the end customers in their group activities. As described in the case study, some of the customers can also be considered as competitors. Hence, co-operation with competitors are usually initiated by the end –customers. Also CSL is having such a open platform computing practices, where even users can design and develop many tools to plug-in and add services which in turn enrich CSL's other customers. The company has a strategy to use internal CRM systems embedded from the business change initiative. Therefore a source of competitive advantage may be found in CSL's CRM practices.

The author believes that, the company has more rooms to improve for further developing their inbound and outbound traffic to offer high value products/services instead of supplying mere regional information to a specific kind of customers. Information systems also seem to have possibilities for enhanced use in future CRM practices, as they're currently only used internally. If they open the platform for their suppliers as well as the customers, it would yield much better results.

7.5 Research Questions

In this section the author will return to the research questions again. In the theoretical framework, the author has found the answer to the first- sub-question:

What makes the CRM a competitive advantage for a company according to the literature?

Based on the literature survey, the author has found the customer relating capabilities enable a company to be the source of competitive advantage. These could be achieved by the proper CRM practices to be the source of competitive advantage. These practices presented in the theoretical framework and motivated by referring earlier studies in the field pointed as IS.

Can the recommended CRM practices be found in the case companies? If not, what seem to be the reasons?

As mentioned, the analysis chapter has formed the answers to these questions. The analysis has been composed mainly with the empirical studies achieved through interviews with the case companies. In the analysis, the author proves that all the recognized CRM practices are found in the case companies, but only to a certain extent because of ever changing business scenario. The reasons for not utilizing these CRM practices have been also presented.

Finally, the main research question can be answered.

Can one of the sources of competitive advantage in fast-growth companies be found in CRM practices?

It seems to the author that companies can find a source of competitive advantage in CRM practices. Therefore, the fast growth of a company could be at least partly explained by the utilization of supply chain practices. While practices discussed in this thesis are on a strategic level, there seem to be many obstacles present in the CRM concepts which must be removed before the firms can fully utilize the strategies.

7.6 Suggestions for further study

The author thinks that it would be interesting to see the results from a quantitative research style, where a wider sample of companies would be involved. This could be executed for example by a posted questionnaire that could include the concept of CRM practices recognized in this thesis.

Another suggestion for further studies is to focus on one of the Customer relating capabilities and include a wider sample of companies in the study. This could provide the possibility of deeper analyses.

It could also be inspiring to study one of the case companies more deeply from the resource based view. If the perspective would be broadened from just customer relating capabilities and its subsets, the probable source of competitive advantage could be identified.

Appendix B The Interview Guide

1. The role of CRM and especially the CRM practice managers if any, available in the company.

The author wants to know if CRM practice is a part of company's long term strategy.

- The CRM Practice Manager has got any responsibilities in the strategic decision making?
- Does a CRM practice department exist? How many employees? How old is the department?
- The experience level of the CRM Practice Manager, if any? In this company and in the same domain etc?

2. Strategic supplier partnership.

The authors asks questions to find out how well developed the relations with the partners in both up-stream and down-stream.

- Are the suppliers taking part in the product/service design process?
- Is the company striving to decrease the amount of suppliers?
- Do the suppliers of the company co-operate with each other?
- Are there strategic supplier partnerships further upstream than only the first tier?
- Is the company also buying any service and support of the upstream partners?

3. Customer Relationships.

The author will ask questions to find out how well developed the relations with partners in both up-stream and down-stream.

- Are customers taking part in the product/service designing?
- Are there strategic customer relationships further downstream than only first tier?
- Is the company offering also service and support downstream partners?
- Is company measuring customer satisfaction?

4. Information Systems.

Here the author will study how information systems are used in CRM practices.

- Is the organization is using Enterprise Resource Planning systems?
- Is the Organization using customer data segmentation using advanced customer demographics for planning its retention strategies?
- Are suppliers and or/ customers integrated to company's information systems?

- Do the company's suppliers/customers share relevant information helping planning?
- How do the CRM practice managers describe the quality of shared information?

5. CRM Functions

These questions would reveal if the company is utilizing external partners to CRM functions.

- What' the motivational factors the company using for its providers?
- Is there any role of customer relating capabilities to find customers involved in strategic planning?
- Has the company control over the survey program or customer tracking programs internally?
- Does the company own any CRM software?

6. Co-operation with competitors.

This section of questions will study if the company have strategic co-operation with its competitors?

- Does the company co-operate with the competitors in the sourcing functions?
- Does the company co-operate with the competitors in traffic generation?
- Does the company co-operate with competitors in product/service development and/or business development?

7. Performance Measuring.

These questions are written to find out if the company uses performance measuring tools internally/externally to measure customer satisfaction index?

- Does the company benchmark other company's performances?
- Is the company using key performance indicators to measure the satisfaction levels and customer referrals in terms of revenue growth?

8. Fast-growth companies.

The author wants to find out the company specific experience of fast-growth CRM functions?

- What are the effects of the fast growth on company's CRM functions?
- Does CRM support have any indications in the growth of the company?
- How're the possible problems addressed and solved e.g. internally, with the help from literature, consultants etc?
- What are the main potential development issues in CRM in the future?

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