

A multi-case study of CRM and Privacy in three organizations

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University of Agder and University of Nebraska at Omaha
Karen Stendal

Acknowledgements

The research has been conducted as a Master Thesis in collaboration with University of Agder, Norway, and University of Nebraska at Omaha's graduate programs, fall 2009.

The purpose of a thesis is to gain experience in conducting research in a satisfying manner. It also supplies the student the possibility to research in-depth a topic of interest to the student.

Throughout this research I have focused on the topic CRM and Privacy. I have conducted interviews within organizations that are collecting a substantial amount of data about their customers.

I want to thank Gallup, DnB Nor and BN Bank for their participation in this research and assisting me with insights into a very interesting topic.

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Abstract

Privacy has been described as one of the major ethical concerns in the electronic society we experience today. Companies and organizations are collecting considerable amounts of data about their customers. Because of this, the need to keep the customer's personal information protected has become an important issue. The topic of identity theft and misuse of personal information has been thoroughly covered in the literature. Many researchers state customers are growing more concerned of how the companies they conduct business with are using and storing their personal information.

CRM, Customer Relationship Management, is a concept promising businesses to create close relationships with their customers by collecting information about their customers' purchases and movements. CRM is used to collect customer information electronically where the information can be analyzed to know the customers' needs and wants. CRM as a concept has in recent years grown considerably and promises businesses this will enable them to learn more about their customers as well as build closer and stronger relationships with them. Researchers state CRM is becoming a "must have" for many businesses and the organizational changes related to CRM is being forgotten in the process.

This research conducts as a multi-case study, to compare three participating organizations to find similarities and differences among them on the topics of CRM, Privacy and Intent. The major finding through this research is presented by comparing the three organizations and creating a final graphical illustration of how the organizations place in a CRM/Privacy grid.

Through empirical analysis I have identified a relationship between the level of CRM within an organization and the level of awareness of protecting the customers' privacy. Included in the level of CRM is the intent of personal information use imbedded in the company culture. I have found companies where CRM is thoroughly implemented into the backbone of the organization culture, the awareness and knowledge towards protecting customers' privacy is higher. I found companies with a clear and well defined way of using CRM and their customer's personal information; also have a clear picture of the challenges and difficulties related to customers' privacy.

This thesis has created insight into a topic a large amount of individuals are concerned about and researchers have been focusing on over a long period of time. It has viewed this topic in a new perspective and is to be used as a starting point for future research within the area. For practitioners this thesis has created enlightenment to view CRM as something more than just a technical tool. This thesis has also made practitioners aware of the importance to involve the whole organization when seeking to protect customers' privacy.

Keywords: CRM, Customer Relationship Management, Privacy, Intent, Personal Information

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1 Introduction

CRM, Customer Relationship Management, is a concept promising businesses to create close relationships with their customers by collecting information about their customers' purchases and movements. CRM is used to collect customer information electronically where the information can be analyzed to know the customers' needs and wants. CRM in this thesis will have a broader meaning than the technology itself. It has been shown CRM is more a way of thinking, taking all parts of the organization into account. Built upon what this research is stating the working definition for this thesis will be; CRM is a way of thinking where businesses use technology, processes and human recourses to maintain relationships with their customers. It will also take into account the retaining and one-to-one relationship building between businesses and their customers. Privacy is considered as being one of the greatest ethical challenges in the information age. In this research privacy is the ability for an individual to be able to decide how and when their personal information is being used by businesses and organizations. Each individual should have complete control over what information is being collected about them and how it is used and stored.

There has been a great amount of research on CRM systems and their promise to improve businesses and their strategies. There have also been articles written about how the misuse of personal information can be detrimental to individuals. To my knowledge the intended use of personal information has not been researched nor has it been proven if this has any connection to the actual use of the same information. Organizations are complex and view CRM differently and are performing CRM at different levels. Research has not studied if this aspect has any connection to the protection of customer's privacy. I find it important to research CRM systems and privacy in a different perspective than it has been previously researched.

My personal motivation for this research lies in the amount of information different businesses are collecting about us as customers. I am concerned about how poor protection of personal information can affect a person's life in a detrimental manner. It is interesting to me to see how personal information is used in different organizations and at times being used for other than the intended purpose. I believe intent is an important factor in how organizations use the personal information and from my initial research there is very little known about this topic.

Looking at this research academically there have been many articles written about the importance of getting consent when collecting data about individuals, the overall fear of identity theft and the importance of trust when it comes to personal information about customers. To my knowledge there has not been a great amount of research on the initial intended use of personal information collected electronically within a business and how it is actually being used. How the level of CRM within organizations affects the protection of customers' privacy is also a topic not previously researched. I seek to identify any relationship among the three main concepts throughout this thesis.

1.1 Research Question

Businesses throughout the world are collecting information about their customers every day, both information about business and private customers. Information technology has made it easier for businesses to gather a large amount of data, store it in data warehouses and analyze data in a new manner. This is a topic that has been well researched and papers have been published. How the concepts of CRM, Privacy and Intent are connected has not been previously researched and this thesis will focus on these relationships. This thesis' main goal is to identify and present any relationship between the main concepts and create an insight to the area.

The main research question for this thesis is:

“How does intention to use personal information and level of CRM within an organization affect the protection of customer’s privacy?”

CRM is implemented within many organizations, but can be used differently and at different levels. I believe where CRM is implemented throughout an organization, not only as a technology but also as a way of thinking, there might be higher awareness of customer’s privacy. Where intention in the literature is being described as an individual act, how information is intended to be used is imbedded in the organizational culture. I also believe this aspect will affect the privacy concerns for customers.

Sub questions I also want to answer through this research:

1. What is Customer Relationship Management?
2. What kind of information is collected by businesses about their customers?
3. Why is this information collected?
4. What is the intended use of the personal information?
5. What is the personal information used for?

1.2 Thesis structure

The structure of this thesis is centered towards a traditional approach. Chapter 1 is an introduction to the topic and thesis. Chapter 2 presents the theoretical background and main concepts used in this thesis. Chapter 3 presents and discusses research approach, including method, design and analysis method. Chapter 4 presents the three organizations participating in this research. Chapter 5 includes the findings from my interviews. Chapter 5 also presents a table where I compare the different responses towards each main concept and quotes from the participants to illustrate the differences among the participants and their organizations.

Chapter 6 presents an analysis and discussion of the findings and previous literature. Chapter 7 summarizes this research and indicates possible implications for practitioners and future research.



Figure 1 Thesis Structure

2 Theoretical Background

In this chapter I will present and define the main concepts which this research builds upon, report from prior empirical research in CRM, Privacy and Intent and I will use these insights to develop a conceptual model.

2.1 CRM – Customer Relationship Management

Customer Relationship Management, CRM, has been in existence before it was known as CRM. In the early days, every small town or village had a local businessman who knew everything about his customers, and could predict what they wanted and when they would want it (Goodhue, Wixom, Watson, & Swift, 2002). This close customer relationship is the concept businesses are striving to achieve by implementing and executing CRM, building personal relationships with their customers to strengthen customer loyalty and gain competitive advantages (Goodhue et al., 2002). Businesses believe it is fundamental in the competitive environment to use IT to support and foster one-to-one relationships with their customers. Because of this, CRM is becoming more important in the software development domain (Brohman, Watson, Piccoli, & Parasuraman, 2003). CRM systems promise businesses to bolster revenues and retention, while at the same time are reducing marketing costs. CRM promises to achieve this is by allowing businesses to respond efficiently and at times instantly to their customers shifting desires (Goodhue et al., 2002; Rigby & Ledingham, 2004).

Definition

Defining CRM is not an easy task. It can be viewed as a philosophy where the approach to identifying, attracting, differentiating and retaining customers defines it (Watson, Piccoli, Brohman, & Parasuraman, 2005).

Goodhue et al. (2002) state CRM, at its core, is a simple, intuitively appealing concept seeking to attract new customers, know them well, give them outstanding service and anticipate their wants and needs. CRM lets businesses guess what customers want to buy based on their prior purchasing history (Watson, 2004).

CRM is also defined as a strategic posture that calls for interactive processes designed to turn customer data into customer relationships through active use of it, and learning from the information collected (Brohman et al., 2003).

Another way of defining CRM is as an information flow which is required to make information-driven marketing work, such as data access, relationship building and trust development (Fletcher, 2003).

In reality, CRM is more than a process. It incorporates an organizational focus on the behavior of, and communication with, the customer (Kale, 2003). Kale (2003) goes on by

stating CRM includes the harnessing of technology for mining data related to customer preferences and behaviors. CRM is above all a commitment to simultaneously boost customer satisfaction and shareholder value by providing consistent, seamless, high-quality experiences for valued customers.

What these articles agree on is that with CRM, businesses are able to collect information about their customers, personal information, and information on what they buy and how they behave. Based on this information they seek to foresee customer's future wants, and in this way increase revenue (Brohman et al., 2003; Fletcher, 2003; Kale, 2003; Miller & Greenberg, 2006; Rigby & Ledingham, 2004; Watson, 2004; Watson et al., 2005).

CRM within the Organization

CRM often refocuses a company from making efforts to obtain new customers to retaining existing ones. There are sound financial reasons for CRM, backed by extensive research, to increase customer retention and thus customer loyalty. Higher cash flow, increased profitability and reduced operating costs are also being pointed at for reasons organizations implement and use CRM (Pries & Stone, 2004).

CRM has emerged as a strategic bridge between information technology and marketing strategy. It is a customer-centric marketing strategy where an organization seeks to increase customer satisfaction and loyalty, by offering customer-specific services (Gunasekaran, 2008). CRM allows companies to collect and analyze data on customer patterns, interpret customer behavior, develop models, respond with timely and effective customized communications and deliver product and service value to individual customers (Gunasekaran, 2008). CRM extends the reach of relationship marketing by utilizing information technology to handle labor-intensive aspects, thereby making it feasible across a wide range of very different customers (Goodhue et al., 2002). CRM has generally been assumed to create a competitive edge for an organization, as well as to have a positive impact on organizational performance (Sin, Tse, & Yim, 2005). The goal of CRM technology is to link front office and back office functions with the company's customers (Gunasekaran, 2008).

Goodhue et al. (2002) describe a picture of CRM to have two sides, an analytical side and an operational side (Figure 2). The analytical side is where traditionally data warehouse maintains historical data to support generic applications. These applications include reporting, queries, online analytical processing and data mining. In addition, specific applications such as campaign management, churn analysis, propensity scoring and customer profitability analysis is found on the analytical side. On the operational side, data must be captured, integrated and stored from all in-bound touch points. These touch points include internet, call centers, stores and ATM's. This data may be augmented with external demographic data. Current data can be maintained in an operational data store to support operational applications. This data ages, and it is passed from the operational data store to the data warehouse (Goodhue et al., 2002).

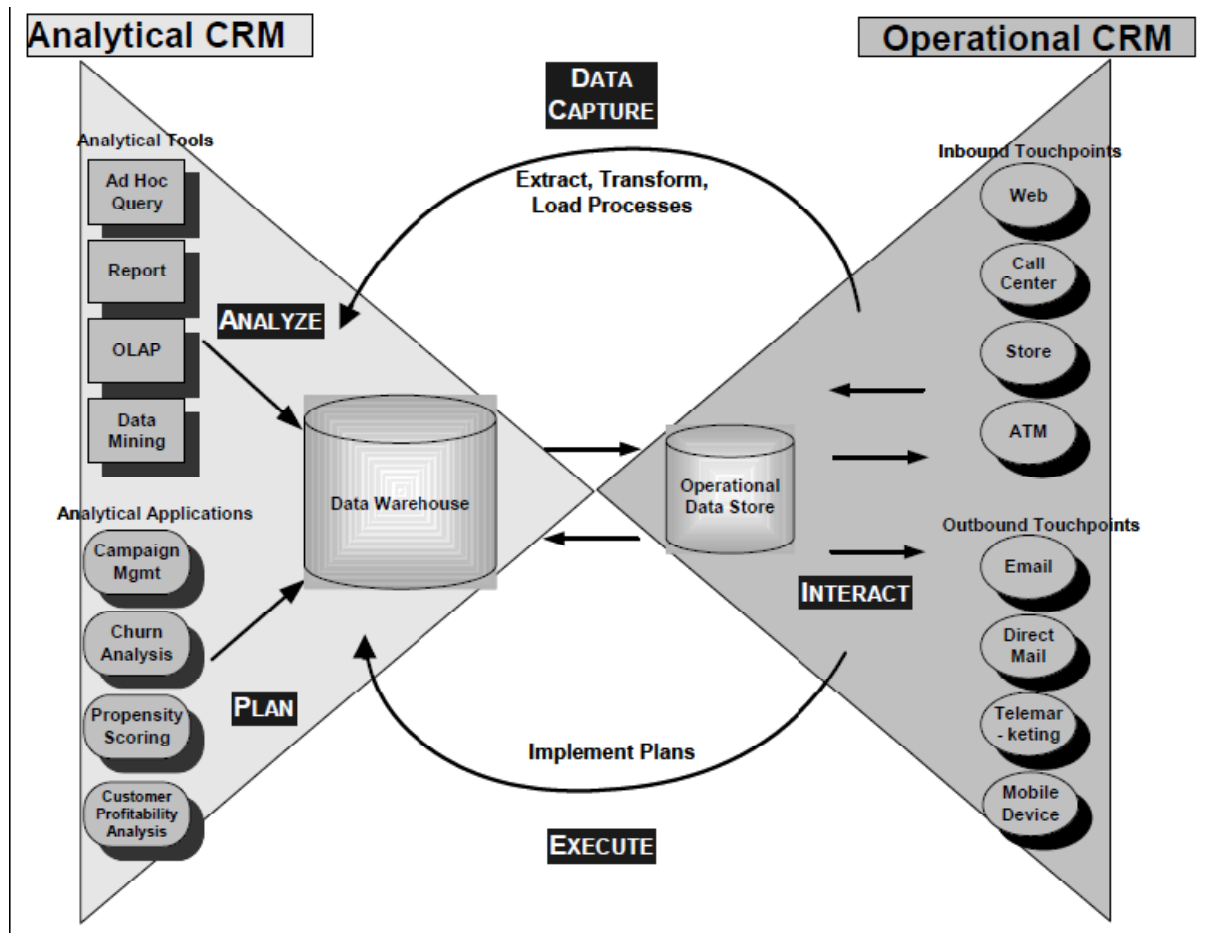


Figure 2 CRM Technical Architecture (Goodhue et al., 2002)

Goodhue et al. (2002) also state there are two other important components of a successful CRM effort that are only implicit in the figure. These are data infrastructure necessary to make data sharing possible and organizational transformation necessary for an organization to take full advantage of the CRM capabilities.

Making CRM work for the organization is supported by more than having customer knowledge and a customer-centric strategy. CRM will not go anywhere unless the organization is set up to reflect and support CRM strategy. CRM technology alone is not enough, a CRM thinking organization with the right focus has to be achieved (Rigby, Reichheld, & Dawson, 2003).

We can also distinguish between three major CRM activities involved; operational, analytical and collaborative (Turban, Leidner, McLean, & Wetherbe, 2006). Operational CRM is related to typical business functions involving customer services. Analytical CRM involves activities that capture, store, extract, process, interpret and report customer data to corporate user, who then analyze them as needed. Collaborative CRM deals with all necessary communication, coordination and collaboration between vendors and customers (Turban et al., 2006).

Sin et al. (2005) have developed a model based on previous literature, that takes into account four broad behavioral components to CRM; key customer focus, CRM organization, knowledge management and technology-based CRM. For businesses to maximize their long-term performance in the aspects of customer satisfaction, return on sales, and return on investments, they must build, maintain and enhance long-term and mutually beneficial relationships with their target customers (Sin et al., 2005).

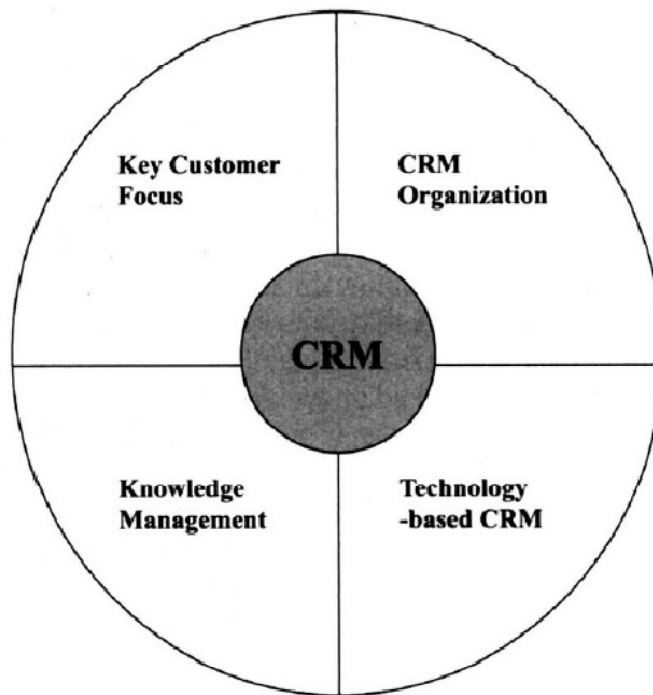


Figure 3 Components of CRM (Sin et al., 2005)

Turban et al. (2006) state that CRM involves much more than just sales and marketing, because a firm must be able to change how its products are configured or its service is delivered, based on the needs of individual customers. Involvement of almost all departments and especially engineering, accounting and operations is critical in CRM (Turban et al., 2006).

Brohman et al. (2003) state an organization has to learn how to best translate and mine the customer's data they have collected, to gain and maintain customer loyalty. Furthermore they state most organizations are still struggling to analyze the data they have and determine how to leverage it to increase profit, improve customer service and build long lasting relationships with customers. In order to move in the right direction, firms need to start thinking more carefully about their CRM information processing strategy. Brohman et al. (2003) suggest four major CRM information processing strategies to accomplish the outcome which each organization desires to achieve.

Table 1 Information Processing Strategy (Brohman et al., 2003)

Information Processing Strategy	CRM Orientation	Desired Outcome	Primary Type of Uncertainty
Transaction	Non-CRM; transaction-based only	Efficiently handle transaction-based customer inquiries	Firm-specific current behavior
Data	Profit	Increase profit per customer	Firm-specific past behavior and preferences
Inference	Customer understanding	Capitalize on cross-sell and up-sell opportunities	Multiple-firm past behavior and current preferences
Advice	Customer relationship	Develop long-term customer relationships	Future needs

CRM in this thesis will have a broader meaning than the technology itself. It has been shown CRM is more a way of thinking, taking all parts of the organization into account. Built upon what this research is stating the working definition for this thesis will be; CRM is a way of thinking where businesses use technology, processes and human recourses to maintain relationships with their customers. It will also take into account the retaining and one-to-one relationship building between businesses and their customers.

2.2 Privacy

Privacy has been called one of the most important ethical issues of the information age (Smith, Milberg, & Burke, 1996). Privacy is also a relational and relative concept that has been defined in a variety of ways. Often there is a thin line between the need to disclose information for the benefit of some individuals and the need to safeguard the privacy of some individuals by not disclosing this information (Introna & Pouloudi, 1999).

Privacy is an elastic concept, which is seen differently between different individuals and at the same time it is something that is given to us by law (Margulis, 2003).

“Privacy, as a whole or in part, represents control over transactions between person(s) and other(s), the ultimate aim of which is to enhance autonomy and/or to minimize vulnerability.” (Margulis, 2003, pp 245)

Privacy often has been discussed as an area where individuals rightfully may expect to be left alone and in terms of certain data, they should be entitled to control. The sphere in which individuals should be granted freedom from intrusion has typically been equated with the indisputably private domestic sphere (Palm, 2009).

As a legal concept privacy emphasizes decisional privacy which means everybody has the freedom to decide and act in public or private as one deems appropriate, without government interference (Margulis, 2003). On a personal level Tavani (2007) identifies four theories of privacy: no intrusion, seclusion, control and limitation. The first two address the privacy concerns pertaining to physical access to individuals; the last two address the privacy issues concerning access to information about individuals. The theory of control says one has privacy if and only if one has control over information about oneself, while the theory of limitation says one has privacy when information about oneself is limited or restricted in certain contexts (Tavani, 2007).

Privacy is an important issue for individuals, and since September 11, 2001, it has become a greater concern for the public (Regan, 2003). There is a rising concern within the public community as to what type of information is being collected about them in the digital world (Smith et al., 1996; Watson, 2004). Loss of privacy can potentially have life and death costs, this when a person has a critical goal for the concealment of his or her intentions or identity. This depends on the content of the information being violated (Margulis, 2003).

Unknowingly breaking privacy legislation is an overhanging concern. With new upcoming technologies, the need for privacy controls is increasing (Rowlingson, 2006). Internet privacy policies describe an organization's practices in data collection, use and disclosure. These privacy policies both protect the organization and signal integrity to site visitors. Consumers use the stated website policies to guide browsing and transaction decisions (Earp, Antón, Aiman-Smith, & Stufflebeam, 2005). Privacy remains an important issue for internet users. Users are concerned about supplying private information online (LaRose & Rifon, 2006). Non- users see the internet as a privacy threat, which suggest online privacy problems are deterrent to non-users as well as users of the internet (LaRose & Rifon, 2006). LaRose and Rifon (2006) state online privacy poses as a paradox. Paradoxically, internet users despite their privacy concerns, seldom engage in self-protection.

Privacy to this research is the ability for an individual to be able to decide how and when their personal information is being used by businesses and organizations. Each individual should have complete control over which information is being collected about them and how it is used and stored.

2.3 CRM and Privacy

One of the areas where privacy has become a major issue is in within the concept of CRM. Since CRM has grown, so has the amount of data collected through such systems (Fletcher, 2003; Foss & Bond, 2005). Miller & Greenberg (2006) point out that as e-commerce continues to grow; CRM will become even more important to businesses and consumers. It will especially provide a better customer experience to improve loyalty (Miller & Greenberg, 2006). Several laws and regulations have been put into place the last decade making it harder for marketers to obtain access to customer information, allowing consumers to block

unsolicited sales, calls and institute stiff penalties for companies violating these statutes (Lager, 2005).

While companies are under strict laws and regulations, when it involves their data and how they handle it, they remain dependent on their customers trust (Foss & Bond, 2005). Privacy is clearly a concern for some consumers, where physical privacy being the annoyance of suggestions from the companies (Brohman et al., 2003; Lager, 2005), and information privacy representing a more substantial worry (Foss & Bond, 2005). Consumers will abandon internet transactions based on fear for their privacy (Hoffman, Novak, & Peralta, 1999; Sipior & Ward, 2004; Trott & Jones, 2001). Consumers do not trust companies to use information they collect for the purpose stated and with this, the data collection can become incomplete for the companies. In this, is the fear of information being sold to a third party or identity theft (Hoffman et al., 1999; Sipior & Ward, 2004).

Protecting customer privacy is both an ethical and economical issue (Sipior & Ward, 2004). It is critical to address the protection of consumer privacy, and consumers have the right to expect companies manage their data professionally (Foss & Bond, 2005; Sipior & Ward, 2004).

It is important to understand in the future CRM will be dependent on consumers' willingness to share their information and to ensure this is happening trust is the key (Fletcher, 2003). Trust cannot be won unless privacy is respected and security is assured (Foss & Bond, 2005).

Fletcher (2003) presents a grid showing customers awareness and knowledge towards privacy. These groups will also respond differently to CRM activities from companies.

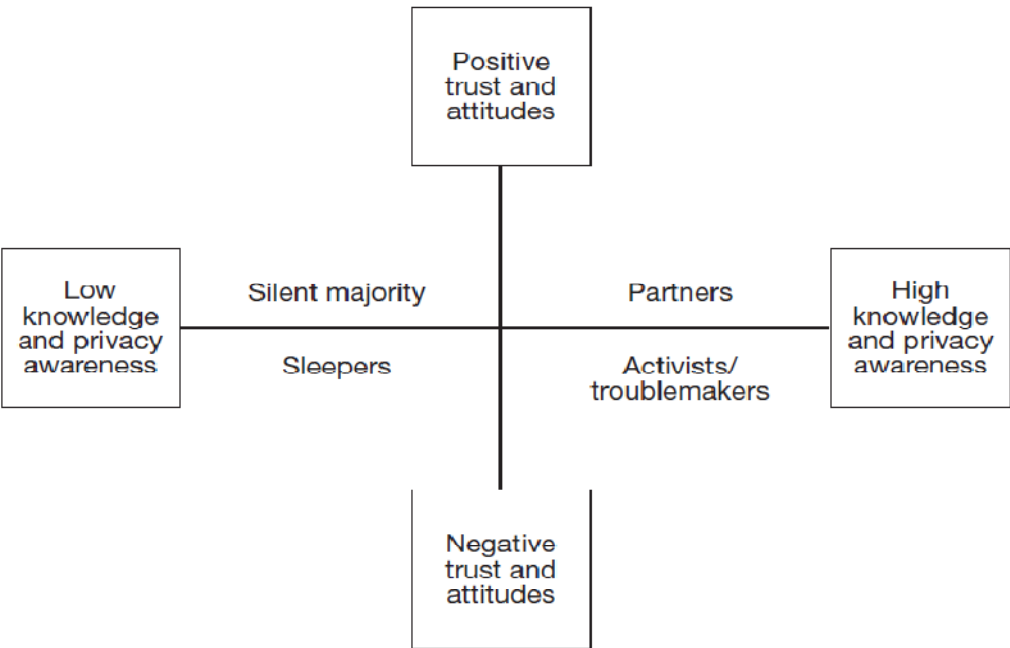


Figure 4 Privacy Grid (Fletcher, 2003)

Because customer's awareness of how much information is being collected and how it is being used is important for privacy, I find this grid important to my research. This applies especially towards the banking industry, which is collecting and using a great amount of their customers' data. I want to use this grid to illustrate how customer's privacy can be boosted by the customers themselves.

The greatest challenge for CRM proponents is the unaware and poorly informed segments become stimulated by the activists to demand protection from information gathering, collection and use that impinges upon their privacy rights. Organizations are in danger of moving from a situation where they were exploiting consumers to one where consumers are potentially able to exploit them (Fletcher, 2003).

This is in agreement with Watson (2004) who states there is a shift in the near future concerning power between consumer and businesses. Customer Managed Interaction (CMI), in this concept the customers are the owners of their own personal information and information about previous purchases. They choose how and when to share their information with businesses, and in this way can create a shift in the power between business and customer. This way also allows customers to "shop" for future deals, and makes businesses compete for their business in a way not known before. At the same time this concept gives businesses the knowledge of customer's needs and wants, in comparison with CRM where businesses make educated guesses about their customer's future needs (Watson, 2004; Watson et al., 2005).

2.4 Intent

One way of defining intent is to equate intention with motivation (Lu & Hsiao, 2007). By doing this intention is understood as a person's inner disposition that drives him or her to display a behavior, and this can be seen as a minimal-casual view of intent (Lu & Hsiao, 2007). Intention can also be defined as an action-directing goal representation in memory. The action direction properties can be abstract commitments to behaviors to reach the goal of a concrete set of actions (Chapman, 2001). Authors have suggested that intention is comprised of two components; content and cue. The content includes the objective of the behavior and the means of obtaining the goal, whereas the cue is a motivating force directing attention to the goal (Chapman, 2001). In contrast to the formal understanding of intention as a dispositional, intention can be referred to the mental state or process a human is in at the moment of expression (Chang, 1992). Outcome expectations and knowledge self-efficacy can both determine intention of humans. Individuals tend to undertake behavior they believe will result in a "better" outcome (Lu & Hsiao, 2007).

Within organizations the intent to use information is constrained by two factors, the organizational guidelines and the individual handling the information. Security mechanisms will not be effective if individual employees choose not to comply (Beautement, Sasse, & Wonham, 2008). If the employee's goals are aligned with the organization's security goals,

there is no conflict, as the behavior required individual translates into perceived gain for them as well as for the organization. Thus, security policies are likely to be followed at least by most individuals, most of the time (Beautelement et al., 2008). Culture, rather than rationality, acts to interpret knowledge and artifacts as well as guides our actions and our sense making. Individuals security behavior is strongly influenced by behavioral norms, most individuals try to “fit in”, rather than seek conflicts with their colleagues (Beautelement et al., 2008).

Sometimes information is collected from individuals for one purpose, but is used for another, secondary purpose without authorization from the individuals. Even if contained internally within a single organization, unauthorized use of personal information will very often elicit a negative response (Smith et al., 1996). It is common for organizations to find new uses for data, some banks’ marketing groups have attempted to use income data collected on loan applications to sort customers into narrow categories for targeted sales offerings (Smith et al., 1996).

2.5 Gap in Literature

From information I have researched it appears to be the intent which affects the use or misuse of private information. Through my research I aim to investigate how businesses plan to use personal information about their customers. As intent is an individual act, it is not an easy topic to address. In today’s information age, more individuals are concerned about the possible misuse of personal information. As discussed in the literature, trust is an important issue for customers and businesses realize their customers’ trust is necessary to be able to conduct business. When we read the daily newspapers or listen to the news broadcast of identity theft occurring, individuals become more protective about their personal information.

CRM, Customer Relationship Management, is a growing concept. Researchers state organizations who encounter implementing CRM have to consider the whole organization and the organizational changes that come with the implementation. It is important to remember CRM is more than just a technology, and there are processes and a way of thinking attached to it. To my knowledge the level of CRM, as in how well CRM is integrated within the organization and how this level affects the protection of customer’s privacy, has not been researched previously. I believe the level of CRM within an organization has an effect on how aware and careful an organization is towards their customer’s privacy. I seek to study the connection through this research.

Because there is a gap in the information and research about this topic, I hope to create insight and a better understanding to the intended use of personal information within businesses. From the literature it can be understood that intent is a state of mind making individuals act. This state of mind is controlled by organizational culture and individual factors. I believe there is a connection between CRM, Intent and Privacy. These connections are shown in the figure below:

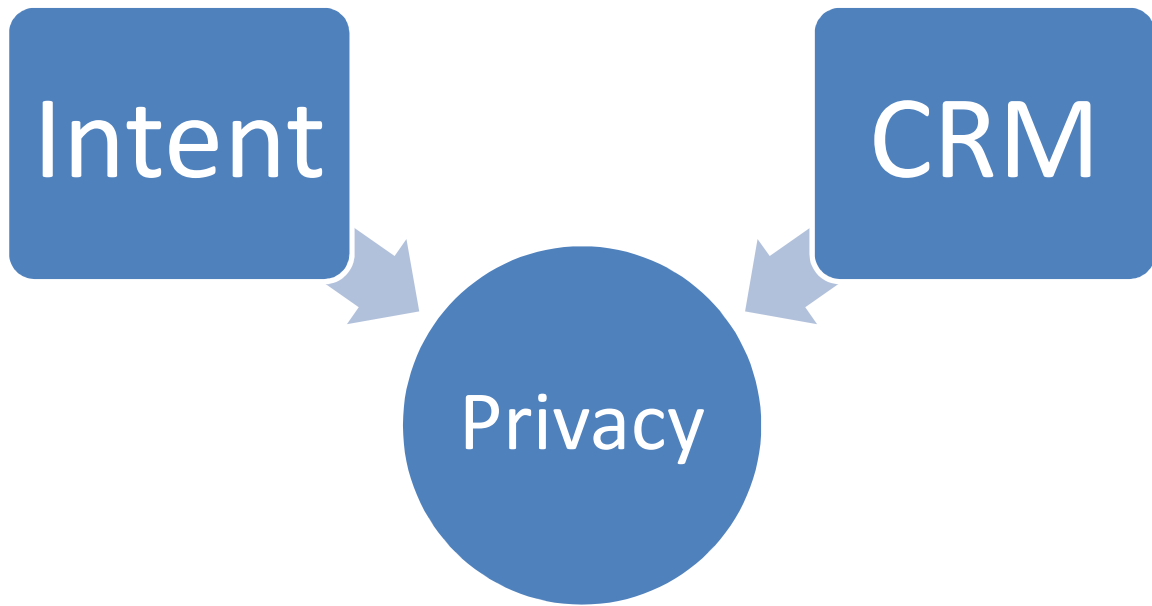


Figure 5 Concepts connection in this thesis

As shown in Figure 5, I believe the intended use of personal information and the level of CRM within an organization are connected to protection of customer's privacy. Literature presented in this chapter will be used towards the analysis and discussion of the data collected throughout my interviews.

3 Research Approach

Empirical research aims to discover how a phenomenon or topic is in reality, to answer which explanation or opinion is best. It moves our knowledge from a thought to reality. It searches to answer a question, confirm a view or prove it incorrect. Empiricism gives us data on how the reality actually looks (Jacobsen, 2005).

This chapter will consist of the descriptions of research strategy, research design and research method; it will also describe how the research was conducted.

3.1 Research Strategy

In research it is important to understand the meaning of epistemology and ontology; these phrases have to do with how we view the world and how to learn from it. Ontology originates from the Greek language meaning “how something actually is”. Jacobsen (2005) states we can look at it as the theory of knowledge about how the reality is. Epistemology is the theory of knowledge embedded in the theoretical perspective, “the knowledge of knowledge” (Creswell, 2003; Jacobsen, 2005). Under both of these theories we find the positivistic approach, which comes from the science theories, and states there are some general laws in social systems, like it is in for example physics (Jacobsen, 2005). At the same time there have been critics to this way of thinking, when it comes to social systems, because humans are able to think and learn from any situation. This means it is important to remember there might not be only one objective to the reality, but different understandings of it (Jacobsen, 2005). Based on this theory, I decided to do a qualitative research where humans were able to describe their own understanding of a phenomenon.

As a research strategy, the case study is used in many situations. A case study can contribute to knowledge of individuals, groups, organizational, social, political and related phenomena (Yin, 2003). The purpose of a case study is to increase the understanding of a particular event (MacNealy, 1997). Yin (2003) states the case study method allows the researcher to retain holistic and meaningful characteristics of real-life events; this can include organizational ways of work and thoughts. A case study research strategy means creating a theory involving the use of one or more cases to create theoretical constructs, proposition or midrange theory from case-based empirical evidence. This research makes it possible to recognize patterns of relationships between constructs within and across cases and their underlying arguments (Eisenhardt & Graebner, 2007). I found it interesting to see if I could find any patterns between the different organizations that could contribute to the research on personal information and privacy. A case study has a distinct advantage when a “how” or “why” question is being asked about a contemporary set of events, over which the investigator has little or no control (Yin, 2003).

3.2 Research Design

Research design is the logic linking data to be collected to the initial question of study. A research design is a logical plan for getting from here to there, where here may be defined as the initial set of questions to be answered, and there is some set of conclusions, answers, about these questions (Yin, 2003). Every empirical study has an implicit, if not explicit, research design. Yin (2003) also defines four conditions related to design quality of a case study:

- Construct validity
- Internal validity (for explanatory or causal case studies)
- External validity
- Reliability

Yin (2003) states a multiple-case design is likely to be stronger than a single-case design. Since my research concerns a topic where there has not been much research, I see the multiple-case study as a good way to look for patterns and similarities, as well as possible differences between organizations. My goal for the research was to create an insight to a view on CRM and privacy that to my knowledge has not been previously discussed.

Jacobsen (2005) states the research design is dictated by the research question, consisting of two main focuses on research, causal and descriptive. I chose to do a case study with multiple cases because my research is leaning towards being descriptive, where I seek to answer a “how” question.

3.2.1 Case Selection

When choosing cases for my research I was looking for organizations that have been collecting personal information about their customers over a period of time, and is collecting a large amount of data. I sought to interview individuals who had expertise with CRM systems and are familiar with how their organization uses this particular information within their CRM systems. These organizations have no connection to each other, other than they all are collecting and storing a large amount of data about their customers within their systems, and have been willing to participate in this research. Because of the time limitations of my thesis work, I was unable to interview multiple individuals within each organization. Access to interview participants has been a challenge, which also placed restrictions on the number of participants in this research. I have viewed the similarities and differences in the data I have collected from the participants who have spoken to me. When choosing people to interview within the different organizations I was dependent on being directed to the right stakeholder, based on their position within the organization. While interviewing these initial people, I was directed further to the next individual who could provide more information about my topic, but from a different angle than the initial interviewed participant. The central idea of snowball sampling is every individual in a population can nominate other individuals in that

population, which have an equal probability of being selected (Eland-Goossensen, Van De Goor, Vollemans, Hendriks, & Garretsen, 1997). In qualitative research it is usually necessary to interview a variety of people within an organization. Finding different subject is called “triangulation of subjects”, where the idea is to try not to force one voice to emerge (Myers & Newman, 2007). Through my research I have within two of my participating organizations interviewed two participants and have tried to find multiple voices within the organizations. Due to the lack of access to participants and time limitations, I was unable to interview more participants.

3.3 Methodical Approach

Jacobsen (2005) describes methods as an approach to collect empiric about the reality, or what we call data about the reality. He continues to say the method is a tool to be able to describe the reality. This study is a qualitative study where it seeks to explore a topic not easy to quantify. The data surrounding the topic is based on the individual’s thoughts, beliefs, and experience of the reality. Qualitative methods seek to explore individuals beliefs about a specific topic or situation, and this way the researcher can try to understand their thoughts (Holme & Solvang, 1996; Jacobsen, 2005).

Qualitative methods are best used to explore and find the answer to what and how something happens (Creswell, 2003). Qualitative research is multi-method research that uses an interpretive, naturalistic approach to its subject matter (Gephart Jr, 2004). While quantitative methods are focused on being able to generalize based on surveys and statistics and in that way gives knowledge in a wide area, qualitative methods will give knowledge in depth (Holme & Solvang, 1996).

3.3.1 Literature Review

Literature review is done for several purposes. It shares with the reader results of other studies, gives us a background and understanding of a topic, helps us define gaps in literature and the possibility to fill these gaps and extend prior studies (Creswell, 2003). Creswell (2003) has given a table of how to use literature in a qualitative study:

Table 2 Using literature in a Qualitative research (Creswell, 2003, pp 31.)

Use of literature	Criteria	Examples of suitable types of studies
The literature is used to “frame” the problem in the introduction to the study.	There must be some literature available.	Typically used in all qualitative studies regardless of type.
The literature is presented in a separate section as a “review of the literature”.	An approach often acceptable to an audience most familiar with the traditional, positivist,	This approach is used with those studies employing a strong theory and literature background at the beginning

	approach to literature reviews.	of a study, such as ethnographies, critical theory studies.
The literature is presented in the study at the end; it becomes a basis for comparing and contrasting findings of the qualitative study.	This approach is most suitable for the “inductive” process of qualitative research; the literature does not guide and direct the study but becomes an aide one patterns or categories have been identified.	This approach is used in all types of qualitative designs, but it is most popular with grounded theory, where one contrasts and compares his or her theory with other theories found in literature.

The motivation for the use of theory in the earlier stages of case studies is to create an initial theoretical framework which takes account of previous knowledge. This also creates a sensible theoretical basis to inform the topics and approach of the early empirical work. Earlier research can provide valuable initial guidelines for the researcher, but there is a danger that the researcher only sees what the theory suggests, and by that makes it hard for the researcher to use the theory to see potential new issues and avenues of exploration (Walsham, 1995).

Literature Search

When starting this research I spent a large amount of time searching for existing literature in the research databases Ebsco and Google Scholar. I have also used the University of Nebraska at Omaha campus library to find additional literature from books, in addition to books I have ordered online of the topics at hand.

A literature review is concept-centric, thus concepts determine the organizing framework of a review (Webster & Watson, 2002). I identified basic concepts I needed to review through my literature research and did searches based on these concepts. I also used the input I received from initial results to identify new concepts to search.

Through the database literature searches, I have used search strings, to give me insight to the topic. The results have helped me to understand and create a discussion for this thesis. I used the following search strings:

Business ethics CRM
 CRM
 CRM use
 Customer managed relationships
 Ethics and privacy
 Intention information
 Privacy
 Workarounds

Business ethics personal information
 Customer Relationship Management
 Customer Managed Interaction
 Ethics
 Intent business
 Measuring intent
 Privacy CRM

Through my research I have found a lot of empiric research articles and some conceptual articles. I have discovered a gap in the literature that gives the basic for this research. Because I wanted a broad variety of sources to base my research upon, it has been a point for me to do my searches based on topic and not by journal. I have also used literature found in reference lists of earlier research, as suggested in the literature (Webster & Watson, 2002).

3.3.2 Data Collection

Qualitative research is often based on information and data collected as words. Data collection methods that are common are individual interviews, group interviews, observation and document analysis. The data collection method will affect the validity of the data because every method is selective in their data collection (Jacobsen, 2005).

I chose to use individual in-depth interviews as my primary data collection technique. This technique is best when there are few entities being examined, when interested in the opinion of the individual person speaking and when interested in how the individuals interpretation and meaning in a specific phenomenon (Jacobsen, 2005). I have been researching at a phenomenon that has not been examined to this extent before and interested in how individuals within my participating organizations interpreted the phenomenon. I have also communicated follow-up questions through e-mail, to clarify questions from the initial interview.

As secondary sources I have used the three organizations' websites. I have through these websites gathered information about the organizations and their vital facts.

Individual Interviews

The qualitative interview is a powerful research tool. It is an excellent means of gathering data (Myers & Newman, 2007). This data collection method is known by the participant and the researcher talking together as in a normal dialogue. The data collected is in the form of words or sentences and stories. Most commonly, this is conducted face-to-face, but can also be conducted by phone or internet (Jacobsen, 2005).

Initially I planned to do face-to-face individual in-depth interviews, but due to locations of my participants this was not feasible. I chose to conduct telephone interviews with my participants and to e-mail any additional questions. Jacobsen (2005) states participants find it easier to talk and open up to a researcher face-to-face and easier for them to lie in a phone interview. Due to the physical separation it is harder to establish a confident and safe environment between the participant and the researcher over the phone. The researcher loses the opportunity to observe the participant through the interview, how they react to a question and how their body language evolves through the interview. At the same time it is a way to reduce what is called the interview effect, which means since a phone interview is somewhat an anonymous form, the researcher's presets will not affect the participant by their body language and facial expressions (Jacobsen, 2005).

All my interviews have been individual interviews and Jacobsen (2005) states there are different degrees of openness in an interview. I chose to give myself some structure in what topics and questions I wanted answered by creating an interview guide to use for my interviews. This correlates to Jacobsen (2005) who states an interview guide is valuable to assure we cover the important topics through an interview. On his scale, shown in the figure below (Figure 6), of how open or closed an interview can be, I chose to move towards the very open part of the scale. I created an interview guide (Appendix B) with only open ended questions. This would enable my participants would tell me their views openly, but at the same time I would have the opportunity to ask questions I felt were important to have answered on the particular topic. For the same reason, I sent all my participants the interview guide by e-mail prior to the interviews, so they could read the questions, speak more freely and not be interrupted by me asking the questions.

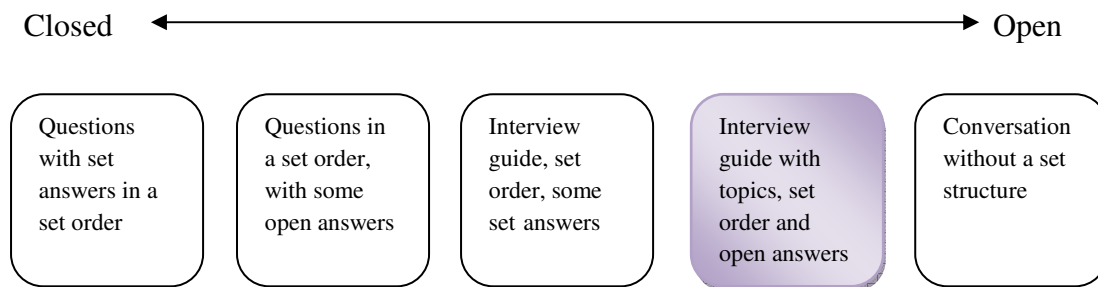


Figure 6 Degrees of structure in an interview (Jacobsen, 2005, pp 145)

3.3.3 Data Analysis and Categorizing

Data analysis is based on what is told by a participant in an interview or data obtained through observation, and can be reduced to a smaller amount of topics or categories. In this part of research, it is important to find the right or most relevant categories, and fill these with content (Jacobsen, 2005). Categorizing means we divide data into groups; some data is similar and will cover the same phenomenon or topic. The first step of this categorizing is to simplify complicated, detailed and rich data, and align them into categories based on some criteria. A criterion to do this kind of categorizing is to compare different textual documents, which interviews are, and say they all discuss the same topic but from different aspects or viewpoints. This also means the categories have to be relevant to be able to cross check them against other sources, like existing theory/empiric and how others interpret a topic (Jacobsen, 2005).

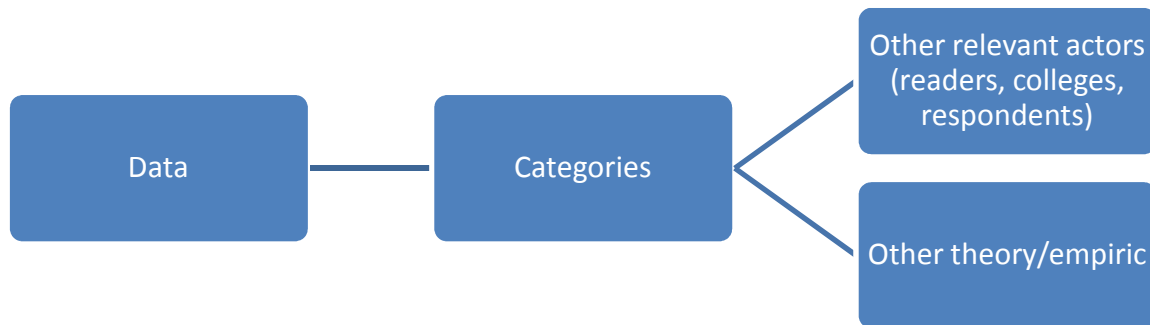


Figure 7 Control of categories against data, theory/empiric and other actors (Jacobsen, 2005, pp 194)

When conducting my interviews, I have recorded them with the consent of my participants, making it easier to transcribe the interviews. I spent a considerable amount of time transcribing my interviews to assure they are accurate. I also wanted to assure I understood the comments being made by each participant. I sorted the data into categories and created a table (Table 4) to compare the information collected from each participant. I have also used these categories throughout my analysis and discussion to be able to identify and discuss similarities and differences between the responses of the participants and previous literature. I have chosen to quote my participants to illustrate the differences and similarities between the participant's responses and to illustrate my findings in Chapter 5.

3.4 Validity and Generalization

Qualitative methods also have to undergo a critical evaluation when discussing the validity of the findings or the results (Jacobsen, 2005). Some researchers will not consider validation and reliability into account when conducting qualitative research, but the importance to discuss these terms is present. A critical discussion about validity and reliability in qualitative methods does not mean to do a quantitative logic, it means to make an effort to stay critical to the quality of the data collected (Jacobsen, 2005).

3.4.1 Internal Validity

Internal validity includes if the results can be interpreted as correct. One way to do this is to let the participants in the research go through the central findings and conclusions in the research. This way validation happens by individuals given the opportunity to give their opinion about the content of the research. This type of internal validation is criticized by Jacobsen (2005), because it puts great pressure on the participants to give their opinion.

I chose to do my internal validation by contacting each participant individually by e-mail and attaching a draft of my results and analysis. I gave them the opportunity to comment and give their opinion about the results; to assure my results were in validation with their own.

I have also discussed my results with my supervisors throughout the research process.

3.4.2 External Validity

External validity is concerned with the transferability of findings to other parts of the population which has not been included in the research. Qualitative methods however do not have an intent to generalize from the sample to a larger population. Qualitative methods rather have the intent to understand and explore phenomena and themes (Jacobsen, 2005).

My participants were chosen on a background of organization type and availability. It can be argued external validity may be present. I however cannot prove my results can be transferred to a larger population. Yin (2003) states in multiple case studies this can be achieved by using replication logic. By doing multiple cases, where I search for similarities and differences and compare to known literature, I can prove some external validity.

3.4.3 Reliability

The goal of reliability is to minimize the errors and biases in a study (Yin, 2003). Jacobsen (2005) states participants are influenced by both the researcher and the context in which the interview was conducted. In Chapter 3.3.2 I have described the interview process including the pitfalls and advantages concerning the interview process.

I have given my participants the opportunity to give their comments to the quotes and results I present in this report. Under the assumption that the participants have taken the time to thoroughly read and comment on the draft presented to them, I conclude the data collected in this study is reliable.

4 Cases

In this chapter I will present my cases and findings from interviews within the specific organizations.

All facts about DnB Nor, Gallup and BN Bank are collected through their own websites, dnbnor.com, gallup.com and bnbank.no (BNBank, 2009; DnBNor, 2009; Gallup, 2009), unless otherwise noted.

4.1 DnB Nor

DnB Nor is Norway's largest finance organization, and manages a capital of 2141 billion Norwegian kroner. The organization has large and well known brands such as DnB Nor, Vital, Nordlandsbanken, Cresco, Postbanken, DnB NORD and Carlson. With their 2.3 million private customers and over 200,000 business clients, they cover a large amount of the Norwegian population. In addition to being a large banking organization, they are Norway's largest life and pension insurance company with approximately 1 million customers. Other areas they are leading in Norway are investments, real estate broking, asset management, and employs 14,057 full time employees. Also, internationally they have made a large brand. It is one of the world's leading shipping banks, Norway's leading foreign exchange bank; they also have large operations in Sweden, Poland and the Baltic states, and private banking in Luxembourg.

The largest shareholder for DnB Nor is the Norwegian Government by the Ministry of Trade and Industry, with 34% of the shares.

In their policies and guidelines DnB Nor has a clear policy for corporate social responsibility. Their goal is to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations.

4.2 Gallup

Gallup has studied human nature and behavior for more than 70 years. Their reputation for delivering relevant, timely and visionary research on what people worldwide think and feel is the cornerstone of the organization. Gallup consultants help organizations boost organic growth by increasing customer engagement and maximizing employee productivity through measurement tools, coursework and strategic advisory services. Gallup has 2000 professionals delivering services at client organizations, through the web, at their Gallup University's campuses and through over 40 offices worldwide.

As a consulting company, Gallup is a global research-based consultancy, specializing in employee and customer management. Gallup consultants draw on a suite of constructs and tools to drive business performance for their clients. They work based on the theory if you have an engaged workforce, employees who enjoy their work environment, enjoy the people

they work with, feel they have a purpose and are in the right role within the organization, they will be more successful for the organization (Participant 2, Gallup).

4.3 BN Bank

BN Bank, formerly known as Glitnir Bank ASA, offers a wide range of retail and corporate banking services. It was acquired as a consortium of SpareBank1 banks in December 2008. With its headquarters in Trondheim and a bank branch office in Oslo, it has clients throughout Norway and provides services to clients through the internet and telephone banking. The bank is one of the leading Norwegian mortgage lenders. In the corporate market, the bank offers niche expertise within real estate, seafood, ship building offshore service vessels and traditional shipping.

BN Bank has 110 full time employees, and is moving towards being a online banking service with telephone service as a supporting service.

4.4 Interviews

I have through my research had five participants, from three different organizations, two Norwegian organizations and one American organization. The Participants are divided as shown in the table below:

Table 3 Interviews in this research

Organization	Participant	Date	Length
DnB Nor ASA	Participant 1	29.09.09	37.07 minutes
Gallup	Participant 2	30.09.09	39.51 minutes
DnB Nor ASA	Participant 3	16.10.09	34.34 minutes
BN Bank	Participant 4	21.10.09	31.50 minutes
BN Bank	Participant 5	22.10.09	43.34 minutes

Due to assuring my participants being anonymous I have not disclosed their work title within their organization in this report.

5 Findings

Through my interviews, I have collected information from the involved organizations within the topics CRM, Privacy and Intent. In this chapter these findings will be presented.

On the basis of my interviews I have created an interview overview shown in the table below. This table gives a short view into the similarities and differences between the organizations. Table 4 describes how my participants viewed the four main categories throughout this research. It gives a snap shot picture of the key findings and the main points made by my participants. My findings are described in-depth through quotes and descriptions throughout this chapter, and compliment the findings shown in Figure 4.

Table 4 Summary of key findings

Organization	Gallup, 2800 full time employees, 3000 globally, Consultant company, focus on employee and customer engagement.	DnB Nor, 14000 full time employees, Norway's largest financial organization	DnB Nor, 14000 full time employees, Norway's largest financial organization	BN Bank, 110 full time employees	BN Bank, 110 full time employees
Participant	Participant 2, New York, USA.	Participant 1, Oslo, Norway	Participant 3, Oslo, Norway	Participant 4, Trondheim, Norway	Participant 5, Trondheim, Norway
CRM	Customer Relationship Management solution, customer being current or target/prospect organization. Dynamic solution. Maintain decision makers within 5000 companies, to market direct and not mass market.	CRM uses customer knowledge to attract, develop and keep long term customer relationships. Uses this knowledge to give the right message to the right customer through the right channels. This means to place the customer at the center and build	Communication channel that considers both incoming and outgoing information making the relationship with the customer a conversation. Organization does not use CRM this way, but more as a tool to know how and to perform strategic moves and offer customer right information and	An automated system that through rule engines generate product offers and relationship building messages on its own. In this sense the organization does not have a CRM system to date.	CRM system can be used analyze the total customer mass to be able to offer customized products or marketing. It is dependent on a good customer quality and data quality. Today this is not systemized and more random within the organization. Has the

		customer value.	products.		system, but does not use to its fullest potential.
Privacy	Collects no personal information about people, but information about advocates within an organization that would be helpful to create a client relationship with Gallup.	Consent is not gathered for information bought from other collection companies; any customer will be shown what type of information is collected about them upon request, will not be notified without requesting.	Privacy is controlled by three main regulations. Privacy law, financial law and MIFID (an EU regulation). Financial law and MIFID regulations will override the privacy laws in most cases. These regulations are to prevent making the same mistakes which has caused the current financial crisis.	Privacy is a paradox. Banks have government rules and regulations stating they have to collect information to assure people are who they claim to be and to keep track of who they can give offer products. At the same time these laws regulate how this information can be used.	Customers have the right to deny use of their personal information. Written consent is an important factor. Due to rules and regulations, information has to be collected, but customer should decide how it can and will be used.
CRM & Privacy	Only collects information they as an organization will use. This information does not include residence, spouse, and children etc. but where within an organization one works or what responsibilities one has.	There are guidelines within the corporation that must be upheld. Where the CRM process is one of them. The Norwegian privacy law is foremost. Guidelines for consent, how to share social security numbers and must not to visible through an envelope window.	In the CRM system there is privacy in the way there are silos between the different companies within the corporation, where the information about private customers cannot be shared between the companies.	All employees have access to the information collected. Can do queries to obtain information from the database.	To date, insufficient data quality in consent data. Must request customer's permission to use the information. Will integrate in the CRM system that the customers through their online bank will answer once a year or every sixth month period if the bank is still permitted to use information. Create loyalty and trust.
Intent	Use information for outbound	To participant's knowledge	Uses information for analytical tasks,	The information collected today	To date, information is collected

	marketing, more importantly keep track of who to target within an organization. Employee engagement is important to a different audience than customer engagement is within the same organization.	information collected for one reason is used for that reason only. Survey answers can be reviewed later and used in another analysis, but not personal information. Participant will not state this is something consistent throughout the corporation, as it is not within participant's field of knowledge.	to create background for marketing and future strategic moves. Does not have customer contact. Participant states old systems are used between companies within the corporation. This can give room for information collected for one reason to be used differently another place.	is gathered to enable the bank to decide whether or not a person can have a mortgage loan or savings account. Manually used to create mass communication messages towards the customers.	immediate use. Does have the system to be able to use it for future decisions but must change the mindset of organization. When ready, will assure customers will be informed what information is being supplied and customer will decide if it can be used.
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I have created a model to show the main categories and sub categories my findings are sorted under throughout this chapter. Figure 5 only describes the categories, the findings within each category and sub category is described and presented through the text in this Chapter.

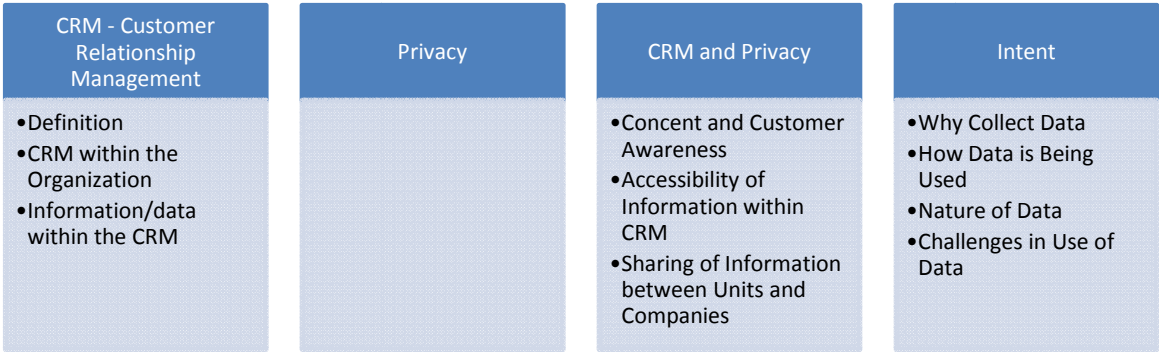


Figure 8 Main Categories and Sub Categories in this Thesis

5.1 CRM – Customer Relationship Management

Definition

I asked all Participants what they put in the term CRM and I received five different answers.

“When it comes to the term CRM, it to me means to use customer knowledge to attract, develop and keep long term customer relationships. The use of customer knowledge is important to give the customer the right message at the right time and through the right channel. CRM means to put the customer at the center of all actions, and to build customer value both from the customers and the organizations point of view.” (Participant 1, DnB Nor)

“Customer Relationship Management application is how we define CRM within Gallup. The important element is how we define “customer” as an organization. A customer to us is any organization that is of size, scope, industry, etc. that is currently or has been the potential of being a revenue generation Client. So that would include prospects. And within the definition of relationship, our goal is to monitor and record the complete life of the relationship from initial marketing and touch-points through on-going contracted business consulting and service build-on. When a relationship expires, we monitor where it stands so support the next opportunity to build a working Client partnership.” (Participant 2, Gallup)

“CRM is intelligent use of customer information for customer communication and marketing. In the concept of banking, this will cover most of what we call a service concept. Traditionally it has been used for only outgoing traffic, pro activity, but I don’t see anything that should stop it from also including ingoing traffic. I feel that CRM is not in addition to an ordinary service concept, but that either you have a CRM concept or not. And then you keep track of all interaction with the customer, to be able to have a more intelligent conversation with the customer, not dependent on conversation channel and people treating the customer contact. The question here is that the term is not set in stone; we just have to find a definition that makes sense. I mean it makes sense to look at both directions of customer contact, so you get a dialogue, if not you get a monologue.” (Participant 3, DnB Nor)

“CRM is a big term, and you can put a lot in it. My definition is that it is an automated system that from rule motors generates a product offer or a relationship building message on its own.” (Participant 4, BN Bank)

“You ask what CRM is, and what I link with that it is a way to analyze a group of customers and offer them one-to-one marketing or one-to-one offers.” (Participant 5, BN Bank)

CRM within the Organization

The way CRM is being used within the different organizations also varies.

Gallup, within their CRM system, defines a customer to be a prospect or target organization. They have within their system organizations, in the US and globally, that meet the

requirements to be a possible client, someone they would like to obtain in a client relationship.

“In the United States, our CRM is probably our most dynamic area; we manage about 5000 companies, that we call our Gallup 5000” (Participant 2, Gallup).

Within their CRM system they monitor and do their best to maintain decision makers for the organizations. They do not go deep into each organization, thus the theory, there are within each organization about 10 key decision makers, and by monitoring these they can manage their audience for marketing. Within the CRM system any interaction is being monitored as a lead, from the initial point of contact, through the educational phase and all through any type of relationship with the prospective or existing customer. All information is recorded within the CRM system, thus allowing them can keep track of any relationship Gallup has had with anyone for about the last 15 years. Within their system they focus on size of organization, number of employees, size of sales force, revenue, where the revenue is generated. Gallup monitors who their competition is in the arena, consulting arena, if the organizations are working with other consulting companies, Gallup also monitors who their target organizations are working with, and if the information is available, when renewals come up with companies. All information is compiled into prospecting or pursuing the relationship aspect of opportunities and leads, also intricately attached to the contact and the company record.

Where Gallup is defining a customer as an organization and focuses on possible advocates within each organization, DnB Nor defines a customer as a private customer or a business customer. DnB Nor explains the history about their CRM system in a different manner than Gallup.

They state that in 1995, a small unit was created on the outside of all regular communication channels with the customers, and placed in the marketing department of the bank. Initially it was looked at as an intelligent way to send out DM (Direct Marketing) to customers. Since online banking was not well known, or used, the leads that were in this CRM system came from two communication channels, direct customer contact and print. Though it was put on the side of direct communication channels, there were high expectations to the new system. Failure to meet these expectations, as pointed out by Participants, had nothing to do with the technology, but the small amount of professional super users of the system. Right competence and capacity of these was the bottle neck for efficient use of the CRM system. Now that the customers have different banking habits, more information is being collected and communicated through electronic channels. The bank uses their employees, including employees throughout the bank's branch locations, to provide more pro active activities towards the customers. Today DnB Nor has five teams within CRM. CRM analysis works with anything concerning customer knowledge. They have focus on evaluating and using the knowledge they have to do the right activities towards the customers and to communicate with them. CRM Strategy and Goal focuses on the strategic changes within the organization based on the customer knowledge the CRM system gives them. The ultimate goal is to be recognized by the customer as one unit across the organization. This team also works with selection of a new CRM system that will be implemented across the entire organization.

CRM direct has responsibilities within the online banking and all electronic communication channels between the bank and its customers. These channels include e-mail, SMS and in the future, MMS. This team is also responsible for the traditional DM, by sending out brochures and invoices to their customers. They are also highly involved in development projects for the electronic channels, especially towards the online banking. CRM consulting team works with activities towards the organization's consulting units. This team works to get the right information to the various consulting employees to help them communicate with the customer they are dealing with at the time. They send out information about activities and needs important to communicate to the customer. The last team is CRM phone, who handles customers contacting customer service, sales workforce and consultants who contact customers. All these teams work closely together to make sure the organization is seen as a unit by the customer, and ensure both customers and employees are receiving the correct information at the right time.

BN Bank defines their customers as private customers and business customers in the same sense as DnB Nor. BN Bank states that they do not have a CRM system in place at the current moment. Their focus until now has been to attract and create new customer relationships. They have their regular banking system that keep track of the customers, but do not have an overall system that they analyze and use for one-to-one communication with customers. Today they are using mass marketing and are in the starting phase of thinking CRM and one-to-one relationship building.

Information/data within the CRM

Gallup does not collect personal information within their CRM system as they define their customers as target organizations. They collect information about decision makers within the target organizations, and their work responsibilities. Gallup does this to be able to reach the right advocate with the right information and to create a client relationship with the right message from Gallup.

“If we are talking about employee engagement or employee satisfaction in the workplace or a survey, there is a specific audience that is right for that, within an organization. If you are dealing with bringing more customers, we have a message about customer engagement; there will be a very different audience within an organization. A senior official or a senior officer in strategic planning, organizational design, would be probably more appropriate for customer centric campaign or information, as opposed to a more HR, human resources or employee engagement driven information” (Participant 2, Gallup).

The information to be found in Gallup's CRM system is on size of organization, number of employees, size of sales force, revenue, where the revenue is generated. They monitor who their competition is in the arena, consulting arena, if the organizations are working with someone else. Gallup keeps track on who their target organizations are working with, and if the information is available when contract renewals will appear.

DnB Nor states that information about their customers is located within their CRM system. The system contains personal information such as name, address, social security number,

products that each customer obtains and transaction data. Information about who is the customer's consultant, the bank branch where the customer conduct business, the channels used for contact and all demographical data is contained within the data warehouse. DnB Nor also collects data from customer surveys through their online banking, in addition to official customer data that can be purchased from Statistisk Sentralbyrå. DnB Nor also has information about their business customers in their CRM system which includes number of employees, revenue data and rating. Also within DnB Nor's system, there is consent data that will inform them if and how data can be used and if there are any restrictions on contacting the customer. Another very important piece of data is risk data, how well the economical situation to the customers are and if there has been any mistreatment of loans or credits in the past.

“Risk data is very important to us, this so we do not do the wrong activities towards the customers. So we don't offer mortgage to somebody that already is deep in debt and has problems with keeping on track with these” (Participant 1, DnB Nor).

Soft data is becoming a larger part of the data DnB Nor is collecting into their CRM system.

“Financial data (is collected), but increasing the amount of communication data or soft data. That can be everything from web clicks, where on our website the customer has been, data about what topic the customer has been in contact with us for. The last one is the one we have gotten the shortest with” (Participant 3, DnB Nor).

BN Bank is not currently using their CRM system, but is collecting data and information about their customers. The data they obtain about their customers are name, social security number, address, miscellaneous c/o address, cell phone number, home phone number, e-mail address, and home municipality and county. Data also includes transaction data, data about loans, and information about real estate like value.

“If someone is applying for mortgage we collect a lot of information about the applicant, their spouse, if there are any children, economical situation, real estate that the customer wants to put up as security, if it is a cabin or house. We collect taxation data, and we use it to evaluate if they can be granted the mortgage” (Participant 5, BN Bank).

5.2 Privacy

Under the topic of Privacy, I was interested in how the organizations in general viewed the term privacy. I wanted to know about any formal and informal guidelines they followed. I also found it interesting to learn how the individual Participants viewed the topic in question of what their personal view of privacy. A common consensus is the information that is collected and stored in the systems is interesting to a third party and the importance of keeping these data stored in a secure way is the focus.

“Gallup does not, we have even been asked, we do not, we have very formal guidelines concerning that we do not sell our content. We do not exhaust our contacts; we don't want to

over use that is why we have such a focus on getting the right message to the most appropriate person” (Participant 2, Gallup).

Gallup is very protective of their customers, because their customers are their best advocates. Gallup host events where leaders from different organizations can meet and discuss Gallup and their experience, but Gallup is very protective of how the information is being used. They do not proactively solicit their customers to serve as advocates or endorsements. They allow clients to talk to prospective new clients, but only as a well orchestrated event where they are invited and are there by their own choice.

“Privacy in general, I think in our industry, especially when you are a premier vendor or force, it serves you better to be very conservative and focused in your approach and use of your contact information” (Participant 2, Gallup)

In the Norwegian organizations it is clear the national Privacy laws are a strong incentive for how to protect customer’s personal information. These laws are known within the organizations and are important in the way they view privacy.

“Yes we have guidelines for that (privacy)” “The CRM process is one of the guidelines, where the national Privacy law is one of the steps on how we are acting towards privacy” (Participant 1, DnB Nor).

The Norwegian Privacy law includes how a company can espouse customers, rules for consent and sharing of social security numbers. DnB Nor has these guidelines implemented in their CRM system and the law also regulates how personal information is allowed to be used.

“Yes, it is frightening how large amount of data that is available is, but for instance something that our organization has not looked at enough, is web data, if you look at customer’s movement on the website. There are a lot of companies that watch that, but there are limits to how you are allowed to use that. And you have to act in a way that you do not cross the privacy limits, that is not allowed in Norway” (Participant 1, DnB Nor).

Another response I received on formal and informal guidelines concerning customer’s privacy was:

“Yes, first of all we are in a special situation, since we have to by law to collect a lot of data and store it in a way that is responsible. We also have to validate, or control, that the data at a given frequency. There are instructions on how the data have to be stored and how it can be used. We also have to have consent from the customer to be able to use the data actively” (Participant 4, BN Bank).

As for internal guidelines I received the following information:

“We have guidelines for how we exchange data between the bank and other companies. For instance when we do a customer survey, we have guidelines concerning which data we share and what we do not share. For example, we do not send over social security number. We

only send what we need to send, that it is well enough anonymity and we do not send it in an open e-mail. It will be sent encrypted and with password protection. We have guidelines for how we do that” (Participant 5, BN Bank).

Participant 5 also stated guidelines are good and are as they should be, however possibilities for making mistakes are still present.

Throughout my Participants there is a common agreement that privacy and privacy laws are important, especially in the social environment we live in today.

“I hope Norway stays on the level of regulation that we have today, that the individual sphere is kept. Personally I would feel it very aggressive and tiring if my personal computer was monitored all the time. I find that it is important to have limits for that” (Participant 1, DnB Nor).

“I think it is important that we have good laws and regulations for this within the society in general, on how personal information is being collected and stored, and more importantly used. I think, on the one side of course protection of individuals, but on the other hand for us that do marketing. We can quickly cross the line, in our wish to be smart when customizing offers, and aggravate the customer and not make them happy” (Participant 4, BN Bank).

“I think it (privacy) is reasonable and important. My personal relationship is that as long as I am allowed to make the decision about yes or no, if it can be used or not, then it is ok. But I want to know about it; I will rather have too many questions about my consent than no questions at all” (Participant 5, BN Bank).

5.3 CRM and Privacy

The Participants are in agreement that privacy is an important topic and needs to be taken seriously. I was interested in knowing how they protected their customer’s privacy within their CRM systems and how they managed the question of sharing information between units, departments and companies within the corporation.

Consent and Customer Awareness

Gallup states they collect their information in an open interface CRM, in strategic intelligence, and manage company related information within a quality specialized key. They handle anything about a company and assure that everything is accurate for organizational charting. Concerning individuals within the target organizations, Gallup monitors senior decision makers to assure they have the right CEO or executive suite. All information is being monitored at a corporate level. Additional context and input can be given, or registered, into the system by anyone within Gallup. Anyone within Gallup has the possibility to create a client relationship and track it within the CRM system. Gallup employees will then register where the relationship with the target organization is going. Gallup employees add any competitors in the arena or other information that is connected to the relationship with the

target organization and context itself can be supplemented into the system. The information Gallup collects about target organizations they obtain through major outlets. Some elements within Gallup's CRM system have high security coverage because it is concerning government clients. Government clients provide regulations when working with them, which Gallup states that they *"follow to a key"* (Participant 2, Gallup).

"We do not mine deeper than, we do not mine into very personal and specific information about contacts. We keep it very much on the business spectrum. For this reason we do not find ourselves in needing to get consent for the data that we collect" (Participant 2, Gallup).

Even though Gallup does not collect consent from their target organizations to collect data about them, they are much attuned to if anyone in their system is resistant to any type of contact from them.

"We do have a system in place that if people do not want to be e-mailed to or they do not want to receive anything that appears to be solicitation, we do have a "do not e-mail" list, we have "do not phone" list, and that is incorporated within the CRM (system)" (Participant 2, Gallup).

Gallup goes on by stating they do not think their customers mind the type of data they collect and have no objections to them obtaining this information.

"Because we are very much in collection data in a business contest, I do not think we are the type of organization in which individuals outside our organization or our customers feel we are collecting personal data. We are just not in that venue" (Participant 2, Gallup).

DnB Nor states within their CRM system they have consent data, where the customer will agree to DnB Nor collecting and using the information about them. Customers have the opportunity to learn what information is being kept about them upon request.

"Customer surveys are not mandatory to answer, so that (data) they know about. In relation to the person enlightenment law, we are required to give information about which data we obtain, if the customer requests it" (Participant 1, DnB Nor).

Customer surveys are recognized as very important to DnB Nor. These customer surveys are anonymous, but they give DnB Nor an idea of how the customers interpret and view their processes and products.

BN Bank, which today does not use their CRM system to the extent it promises, states they presently have some holes in the context of consent data from their customers.

"We are missing some data about consent, if it is a 'yes' or a 'no' from the customer. When we do not have this data we have to assume it is a 'no', we cannot use the data. Then we have to try to get the customer to decide if it is a 'yes' or a 'no'" (Participant 5, BN Bank).

BN Bank also points at the problem with customers not being aware of how they have consented to the use of their data, and have purchased a system to be implemented in their CRM system and online banking system. This system will remind customers to take a stand

towards their own personal information and the privacy protection of this data, once a year, once every six months or more often.

“We are somewhat in the start phase of this internally now, but we are starting with quality in customer data and quality of consent data” (Participant 5, BN Bank).

“We have a solution that will make a consent form appear in the online banking periodically. The ambition is, and a great advantage I think, is that the customer has to take a stand every year or every six months, instead of answering on consent once in 1999 and it is valid forever” (Participant 5, BN Bank).

“It is, within banking, what we call for consent declaration. That means that all customers that we create, we have to ask them if we can use the data about them, use the data to create product offers. This consent form will appear in their online bank every 3rd month, to confirm, or validate the choice they have made towards consent. Then the customers will be reminded that they have made a choice and are asked to validate that choice” (Participant 4, BN Bank).

BN Bank also states they have little to no experience with customers not being comfortable with the fact they obtain the information they do. BN Bank thinks the banking industry is in a special position when it comes to the customer’s awareness and comfort ability concerning personal information.

“The banking industry is a special phenomenon, in the sense that we are used to the bank knowing a lot about us as private persons” (Participant 4, BN Bank).

Accessibility of Information Within CRM

Gallup emphasizes it is important that every Gallup employee knows and understands who their customers are. This means every Gallup employee can access any information about the target organizations, and by this they can make a personal bond with the customer they are working with on a project.

“Any Gallup, when it comes to customers, anyone within Gallup, very importantly, everybody within Gallup understands who our customers are; we want them to know who the customers are” (Participant 2, Gallup).

“If there are customers facing, or client facing, a role within Gallup or not directly role within Gallup, we always want them to see their association with that relationship” (Participant 2, Gallup).

An interesting fact came out of the interviews with the two Participants from DnB Nor, is that they are not allowed, by law, to use information within one product category to market, or sell products and services within another product category. This means that transaction data stored within their CRM system cannot be used to sell mortgage for instance. To the great

extent this means information collected by one company within the corporation is not accessible to another company within the corporation.

“Some has access to this and some to this. It is stored in apartments, if you want to call it that, inside the data warehouse. With access that is controls what you have the possibility to look at. It is the use of neutral customer information and in-depth information we separate on” (Participant 1, DnB Nor).

“For instance, if it is a customer that is a banking customer that does not mean that you are allowed to know about all his shares, investments, in Market. You can learn if he is a customer of Market or not, but not what funds, which placements or risk he has taken. Neutral information like name, what companies you are a customer of and address is allowed to look into” (Participant 1, DnB Nor).

“We cannot use information within one product category to market, or try to sell, products or services within another product category. Datatilsynet operates with three categories which are; payment services, savings and deposit products and loans and credit products. So we cannot use information about transactions to sell mortgage or car financing, for instance” (Participant 3, DnB Nor).

BN Bank does not have the same challenges as DnB Nor, based on size and number of companies within their corporation, at the same time they are regulated by the same laws.

“There (within the CRM system) employees have access to what they need to have access to, need to know. But there are many (of the employees) that have access to most of the data” (Participant 4, BN Bank).

“There are access configurations on everything, those who need access have access, and those who communicate with customers every day have access to all data about the customer. I do not have access. Some have reading rights, while others have full rights, but everyone has access on their level” (Participant 5, BN Bank).

On question of how data is being shared between units and departments in the organization, the Participant answered:

“All (data) is stored in mutual databases, so if you work for analysis or accounting you work towards the same source, but in different forms” (Participant 5, BN Bank).

Sharing of Information Between Units and Companies

Gallup states their employees knowing the customer they are working with is the most important factor. It is important for Gallup to assure each employee is aware of their role concerning each customer. For this reason, all employees have access to all information about their customers stored within their CRM system. An employee producing and printing brochures or marketing material for the customer and the consultant working closely with the customer have the same access to the customer information.

Within their CRM system, DnB Nor states the information about customers is stored in silos with access limitations. These limitations have to do with which company within the corporation the employee is employed and what information the employee needs to have access to perform their job. On the other hand, DnB Nor has legacy systems where all sales and information about customers are being stored. These systems are common throughout the companies within the corporation and are the interface to support the employees in their day to day work. These systems were built in the 1970's and have been built upon when the requirements changed and they were built for incoming traffic.

“Yes, there everybody has access to everything. There the queries go directly towards the different registration systems.” “They (the companies) use the same kind of legacy system; it is not like each company has their own legacy system for registering their sales, which means that everybody has access” (Participant 3, DnB Nor).

This information is not moved into the corporation data warehouse and is not accessible through the CRM system, but through the legacy systems all employees have access to all information about the customers.

“Access is on single queries, but they can search customers one at the time and then have full information” (Participant 3, DnB Nor).

DnB Nor also points to the fact that functionalities within bank branch offices around the country are changing. More of them are consulting branches and are not involved in the day to day banking for the customers.

“And this (information) they use increasingly for outgoing activities, because the bank branches have shifted their functionality from mostly in going to almost only outgoing” (Participant 3, DnB Nor).

DnB Nor states the laws show weaknesses towards this shift in communication channels and bank branch functionality.

“A CRM activity that is made within a CRM unit and sent to the branches it will be based on different and less information than if the branch took the time to go through the customer information at location” (Participant 4, DnB Nor)

DnB Nor emphasizes the laws being outdated with the current development of shift in communication channels and bank branch functionality, is one of their greatest challenges.

BN Bank does not point at the same difficulties and differences between systems within their organization as DnB Nor does. Here an employee has access on need to know basis, and because the CRM system today is not used to an extent, this is not an issue at the present time.

5.4 Intent

Something that has been important to me is to know why organizations collect data about their customers and for what purpose they plan on using this information. I have asked my Participants why they collect data, collect the exact data they gather and how they use the data they obtain. I have also asked if the nature of the data has changed over time, and if the information collected today is different from the information collected in the past.

Why Collect Data

In recent years, Gallup has changed their system by doing so changed the type of data they collect. They have internally made it very clear they will only collect data they believe they will use and in a context makes sense to their usage.

“I think as an organization it is important to only collect the information that your organization intricately need” (Participant 2, Gallup).

“If we felt that we would not use it (the information) we just chose not to do it, we wanted to strip it down to the core information that we needed to get our message across to the right audience” (Participant 2, Gallup).

“Absolutely, we are very upfront with only collection information, not for some future purpose or to sell. Our data collection is specifically targeted at what will we use” (Participant 2, Gallup).

DnB Nor responds to the question about why they collect data in this way:

“To reach the customers, with the right activity at the right time, with the right message and initiative, that is why we collect this type of data” (Participant 1, DnB Nor).

DnB Nor also states:

“It has to do with getting feedback from the customers on what is working concerning customer communication and not. And do we reach the goals we have set through the marketing we do” (Participant 1, DnB Nor).

BN Bank’ s respond to why they collect data about their customers:

“When talking about mortgage, it is because all data will be used to evaluate if the customer is credit worthy, if they have ability to pay and will to pay” (Participant 5, BN Bank)

In addition to collecting data based on customer communication and their own marketing activities, BN Bank points out Norwegian laws regulates some of the data they collect and they have to keep a minimum amount of data based on these laws.

“As a bank we are required by law to collect and store this type of data to assure that the customer is who they say they are and to supervise any illegal activities” (Participant 4, BN Bank).

How Data is Being Used

Gallup states they are very academic when it comes to the use of their customer data. They use the data for forecasting, to foresee their customers' needs and wants.

“Gallup approaches everything very academically and very high brow and very numbers driven. On how our practices engage with an organization and how it can impact your bottom line. I think our message is very very clear. And we know specifically who that message will resonate within the (target) organization, based on their role within the organization” (Participant 2, Gallup).

DnB Nor points at the Norwegian laws regulating how they are allowed to use data about their customers. Some of the use of the information has nothing to do with privacy and is just to create better customer value and products.

“Within analysis we are not interested in the customer's name or where they live or who they are. We use this (information) to statistical analysis to create a better range of services” (Participant 3, DnB Nor).

“Without information we will not have incentive to change, we would not know what to change and the customer experience would not become better. So we need feedback from the customers” (Participant 3, DnB Nor).

As I have pointed out earlier in this chapter there are strong laws in Norway for the banking industry as to how they are allowed to use information they have within their CRM system, which is stated in the Privacy laws.

“We cannot use information within one product category to market, or try to sell, products or services within another product category. Datatilsynet operates with three categories which are; payment services, savings and deposit products, loans and credit products. So we cannot use information about transactions to sell mortgage or car financing, for instance” (Participant 3, DnB Nor).

BN Bank does not have a CRM system where they systematically use the data they have collected and stored about their customers, but states they do use the data they currently obtain.

“We use it like this; actively we use it to sell other products to the customer. It goes both ways, we sell deposit products to mortgage customers, and the other way around” (Participant 4, BN Bank).

“We do not have a very advanced use of it (the information), we view what the customer lack of products and movements in their account and size of their engagement, and look at what else they can use” (Participant 4, BN Bank).

BN Bank responds that the data they collect is to be used to answer the current request from the customer, but they have no initial intention of using the data in the future. At the same

time it is clear since they are in the initial stages of starting to use their CRM system, they will watch the potential found in their data.

Nature of Data

Gallup does not believe the nature of the data they collect has changed much over time, but the way it is collected and stored has had the greatest change.

“Specifically on titles on roles, our ability to tag someone as the primary decision maker or influence, the CRM especially the new technology in the way it is being created, is helping us to be smarter on that venue. Has the data points itself changed, I don’t think they have changed that much” (Participant 2, Gallup).

BN Bank on the other hand feels the nature of data has changed over the recent years, but states what has changed the most is how data is being stored.

“Yes, type of data has changed, we receive more and more requirements on type of data we are to collect, and store” (Participant 4, BN Bank).

“Earlier, the data was stored in a vault somewhere, now the same data is accessible to almost any employee’s computer. And we have a completely different opportunity to coordinate data, collect more types of data and receive new decisions and connections from it” (Participant 4, BN Bank).

BN Bank also responds:

“It is a little different kind of data being collected, because we are changing our behavior towards which customers we want, and what kind of information we wish to evaluate the customer on” (Participant 5, BN Bank).

Challenges in Use of Data

Even though the Privacy laws are clearly important within the Norwegian organizations there is still the question of how clear these laws are. There are also other laws that come into account when we talk about privacy, and can be viewed as conflicting with the initial Privacy law.

“Guidelines for data use, and we can discuss how clear these guidelines are, but we have to fulfill the requirements given to us from Datatilsynet as a minimum. But we are regulated by more laws than the privacy law. For instance we have the Finance agreement law that gives us strong guidelines for the use of personal information when we offer credit. We cannot offer loans or credit to individuals that cannot maintain the loan, and to make that decision we have to use personal information” (Participant 3, DnB Nor).

MIFID is an EU regulation which DnB Nor points at it as one of the regulations to be followed when it comes to use of personal data.

“MIFID does not include savings account, but it includes all of funds, shares and warrants’, products with a risk” (Participant 3, DnB Nor).

“The customer has to have consulting, and there is supposed to be written documentation that the customer understands what they have purchased. This requires a full examination of the customer’s economical situation and it has to be documented” (Participant 4, BN Bank).

DnB Nor goes on by stating to be able to stay inside these regulations they have to use all personal data about a customer. It requires looking at the customer as a whole and their total economy, which requires use of privacy information while both the Finance agreement law and MIFID regulations go ahead of the Privacy laws.

“We cannot as a bank, hide behind the fact that we are not allowed to use this information when we sell mortgage or funds products. These guidelines are commonly known, but it is interesting how ambiguous these laws are” (Participant 3, BN Bank).

6 Analysis and Discussion

Through my research, I have interviewed five participants from three organizations; I will in this chapter of my thesis present a discussion of my findings towards known literature.

6.1 CRM – Customer Relationship Management

As it is in the literature, CRM is shown to be a difficult term to define and my participants have a broad variety of definitions. CRM has various meanings to different people and can be based upon their knowledge and experience with the work in this area. Gallup and DnB Nor, which have over a period of time worked with CRM systems and use CRM as an important factor in their day to day work, defines CRM as a way to build long term relationships with their customers. *“CRM to me is to use customer data to attract, develop and keep long term customer relationships. The use of customer knowledge is important to give the customer the right message at the right time and through the right channel”* (Participant 1, DnB Nor). This is supported by Brohman et al. (2003) who state CRM is an interactive process designed to turn customer data into customer relationships, through active use of and learning from the information collected. CRM has also been defined as more than a process by Kale (2003), who states CRM to include incorporation with the organizational focus on the behavior of, and communication with, the customers. DnB Nor’s participant has the following view of CRM, *“CRM is intelligent use of customer information for customer communication and marketing”* and *“I mean it makes sense to look at both directions of customer contact, so you get a dialogue, if not you get a monologue”* (Participant 3, DnB Nor). Gallup also states CRM is a way to build customer relationships, monitor and record the complete life of the relationship with the customer. BN Bank, who has not started using their CRM system, has a more technical definition of CRM. They state CRM to be an automated system, which on a base of rule motors generate a product offer or a relationship building message on its own. At the same time they have a hope and goal for their CRM to be *“a way to analyze a group of customers and offer them one-to-one marketing or one-to-one offers”* (Participant 5, BN Bank).

These different definitions can be supported by existing theory, but I find it interesting to examine how much state of mind within the organization can have an impact on the individual’s interpretation of CRM. BN Bank is in the starting stages of their CRM work. Though they have collected information about their customers, they have yet to use the data in a manner towards long-term relationship building. Gallup has collected and stored a large amount of data about public polling for over 70 years. Today they collect information about organizational customers in their CRM system. They state even after a relationship with a customer is ended, they continue monitoring the customer information for possible opportunities to build a new working relationship with the customer. It is also interesting to examine how much further participant 3 takes the definition of CRM, then for instance Participant 4. Where Participant 4 sees CRM as an automated process done entirely within the system itself, Participant 3 recognizes the need for communication and CRM being a part

of a service concept from the organization. Participant 3 states *“I feel that CRM is not in addition to an ordinary service concept, but that either you have a CRM concept or not. And then you keep track of all interaction with the customer, to be able to have a more intelligent conversation with the customer, not dependent on conversational channel and people receiving the customer contact”*. Fletcher (2003) states CRM as an information flow which is required to make information-driven marketing work, such as data access, relationship building and trust development. Kale (2003) states CRM above all is a commitment to simultaneously boost customer satisfaction and shareholder value by providing consistent, seamless, high-quality experiences for valued customers. Participant 3 states *“The incoming customer contact is handled by units who do not have an overview over outgoing contact. So because of this I mean that CRM has to take into account both directions of customer communication, if not it will be very pointless. CRM will then not achieve the basic goal as defined, intelligent use of customer information for customer service”*.

Based on the responses from my interviews, I have made a scale describing the three organizations definitions of CRM.



Figure 9 Scale of CRM definition

DnB Nor and Gallup have a long history of using CRM and have clear views on how they use their systems.

Gallup states their CRM system is probably their most dynamic area, where they manage 5000 companies. Within Gallup’s system they monitor and maintain decision makers for these 5000 companies. All information is recorded within the CRM system to keep track of any client relationship Gallup has had with anyone for the last 15 years. Gallup also monitors companies they would like to have a client relationship with in the future, thus being prepared when the opportunity arises to build such a relationship with an organization. All information within Gallup’s CRM system is compiled into the prospecting or pursuing relationship leads.

DnB Nor recently has made organizational changes to be directed more towards CRM and their approach towards customers to build long-term customer relationships. In the literature

we see CRM has emerged as a strategy bridge between information technology and marketing strategy (Gunasekaran, 2008), as DnB Nor describes they have done. Since 1995, DnB Nor has taken the steps from technology being separated from their strategic marketing activities, to their CRM being an important factor in these activities. DnB Nor has five CRM teams working closely together to ensure the customer experience to be unified and value creating for the customers.

BN Bank, as earlier stated is in the starting phase of their CRM. Their focus until now has been to attract and create new customer relationships, whereas they will now shift their focus to also include retaining existing customers. Pries & Stone (2004) state CRM often refocuses a company from making efforts to obtain new customers to retaining existing customers.

Goodhue et al. (2002) present a figure (Figure 2) showing CRM has two sides, an analytical side and an operational side. In this figure the analytical side represents the historical data obtained within the data warehouse, supporting generic applications. On the operational side, data is captured and stored from all inbound touch points. From this definition, both Gallup and DnB Nor have applications and company views to support both sides of CRM. BN Bank also has some of the same features. BN Bank has data collection and data warehouses to support some of both the analytical and operational side of CRM; however they do not analyze the data to the extent showed in the figure made by Goodhue et al. (2002). Also they do not use their analysis to create the one-to-one communication at the outbound touch points. Today BN Bank is using mass marketing, and is now taking the first steps towards the fully CRM way of thinking.

Table 5 CRM within organizations

Organization	Analytical side of CRM	Operational side of CRM
Gallup	YES	YES
DnB Nor	YES	YES
BN Bank	Yes, some	Yes, some

Turban et al. (2006) point at there being a third part in addition to analytical and operational activities of CRM, collaborative CRM activities. This deals with all necessary communication, coordination and collaboration between vendors and customers. Through my research, at this time I find DnB Nor is the organization leading in this area of their CRM, where they are viewing the possibility to involve the customer more with incoming data and communication stored in the CRM system.

Turban et al. (2006) points at three major CRM activities; how DnB Nor, Gallup and BN Bank divide into the three groups is shown in the table below:

Table 6 CRM activities within the organizations

Organization	Operational	Analytical	Collaborative
DnB Nor	Customer service	Collects data through information from customer contact, store in data warehouse, analyze data, process and interpret.	Outbound one-to-one marketing, communication and coordination. Through e-mail, phone, personal touch points. Two-way communication important.
Gallup	Personal touch points, sellers	Collecting data, store in data warehouse, analyze, process and interpret data.	One-to-one marketing, communication and coordination. Personal contacts.
BN Bank	Customer service	Collect data from customer, cross check with government information, store in data warehouse	Mass marketing

Rigby et al. (2003) state to make CRM work for an organization, it has to be supported by more than having customer knowledge and a customer-centric strategy. Both Gallup and DnB Nor have taken the steps to practice this line of thinking. CRM will not go anywhere unless the organization is set up to reflect and to support CRM strategy (Rigby et al., 2003). BN Bank is taking the first steps in this direction and moving their organization to support the CRM strategy.

The information collected within the three organizations CRM systems varies among them. Where Gallup defines their data collection not to be of a personal nature, both DnB Nor and BN Bank collect a large amount of personal information about their customers.

The information collected is shown in the table below:

Table 7 Information within CRM system

Organization	Information
DnB Nor	Private customers: Name, address, social security number, products, transaction data, risk data, consent data Business customers: number of employees, revenue data, rating
Gallup	Business customers: Size of organization, number of employees, size of sales force, revenue, where revenue is generated, competition, contract renewal information
BN Bank	Private customers: Name, social security number, address, c/o address, phone number, email

	address, home municipality, county, transaction data, loan information, real estate value, spouse, children, economical situation, taxation data
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6.2 Privacy

Privacy is important for all three organizations and they are aware of the difficulties connected to their customer's privacy. Privacy is being called one of the most important ethical issues of the information age (Smith et al., 1996), and the organizations are aware of the responsibilities on their own behalf. They state data being collected into their CRM systems are interesting data for third parties wanting to use them, and are very protective of how this data is being stored. Gallup states they are very protective of their customers and their data, this because their customers are their best advocates. Since they do not collect personal information about their customers, this protectiveness is more towards not exhausting them to where customers will feel used and not attracted to Gallup's attempts to communicate.

The two Norwegian organizations, DnB Nor and BN Bank have a very different view and are very clear on how their customers privacy must be protected. Within their CRM systems there are large amounts of personal data about individuals, and they point at the Norwegian privacy law as being a strong factor when it comes to privacy protection. The Norwegian privacy law, Personal Data Act, states the purpose of the act is to protect natural persons from violation of their rights to privacy through the processing of personal data. The Act shall help to ensure personal data is processed in accordance with fundamental respect for the right to privacy, including the need to protect personal integrity and private life and ensure personal data is of adequate quality (Appendix A).

Tavani (2007) has identified four theories of privacy. These include: non-intrusion, seclusion, control and limitation. Non-intrusion and seclusion have to do with the physical access to individuals. Non-intrusion defines privacy in terms of being free from intrusion. Seclusion states privacy is identified by being alone and the individual is completely inaccessible. These two theories of privacy do not apply to the business world and therefore do not apply to my participating organizations. The control and limitation theories however address the privacy issues concerning access to information about individuals, which applies to all organizations within this research. Control states privacy is defined as one has privacy if and only if one has control over information about oneself. It involves individuals to determine for themselves when, how and to what extent information about them is communicated to others (Tavani, 2007). An individual is able to grant, as well as to deny, other access to information about him or herself. Limitation states privacy is defined as when access to information about oneself is limited or restricted in certain contexts (Tavani, 2007).

How these theories apply to the participating organizations is shown in the table below:

Table 8 Organizations in privacy theories

Organization	Non-intrusion	Seclusion	Control	Limitation
DnB Nor	N/A	N/A	Consent to collecting and use.	Privacy protected by national laws.
Gallup	N/A	N/A	Collects information but not on personal level.	Collects information but not on personal level.
BN Bank	N/A	N/A	Consent to collection and use.	Privacy protected by national laws.

The theory states privacy being one of the more important factors for businesses in the technology based world we live in today. When CRM has grown and the amount of data being collected has grown, privacy will also become a major issue within CRM (Fletcher, 2003; Foss & Bond, 2005). Customer trust is a major issue for businesses when dealing with the protection of their customer's privacy. Businesses are dependent on customer trust to conduct business. Consent to use and collect information is becoming more common and gives businesses the opportunity to make sure customers are aware of how their information is being used.

6.3 CRM and Privacy

Gallup does not acquire consent to use the information they obtain within their CRM system. They believe since the data they collect are in the business spectrum consent is not important for use or collection of the data. They do however have restrictions in place within their CRM system, to assure they do not overstep the line towards their contact points. Gallup does not want their communication towards target organizations to be an annoyance to their contact points. The key decision makers Gallup keeps track of within their CRM system can restrict the communication from Gallup to their own liking. Gallup does have high security towards their government clients, and follow the security restrictions placed upon them by these clients closely.

DnB Nor and BN Bank do have consent data from their customers within their CRM system. This is something they are required to have based on the Norwegian Private Data Act. The Act states, personal data may only be processed if the data subject has consented thereto, or there is statutory authority for such processing, or the processing is necessary in order to fulfill a contract to which the data subject is party, or to take steps at the request of the data subject prior to entering into such a contract (Appendix A).

DnB Nor collects consent from their customers. The customers consent to DnB Nor collecting and using the information about them. BN Bank states they have a lack of consent

data, and therefore when the data is missing must assume consent has not been given. When moving towards a fully integrated CRM, BN Bank will update the consent data giving customers the right to decide what personal information can be used. The literature tells customer do not trust companies to use information for the purpose they state it will be used (Hoffman et al., 1999), which means consent is becoming very important. BN Bank has plans to moving towards a more open and clear view on consent for their customers. This will allow customers to verify their consent more frequently than earlier, and be made more aware of how BN Bank is using the information they collect.

How the participating organizations stand on consent is shown in the table below:

Table 9 Consent data within participating organizations

Organization	Consent
DnB Nor	Consent data in CRM system; does collect these when customer first creates a client relationship with them.
Gallup	No consent data in CRM system; does not think consent is necessary for the data they collect.
BN Bank	Consent data in CRM system; this data is today lacking, but has plans for customers to consent once a year or bi-annually.

I find it interesting to learn BN Bank’s plan to make their customers more aware of the fact their financial institution is collecting data about them and how the bank plan to use it. BN Bank feels customers will be more secure and have more trust by giving the customer the right to decide on the question of information usage more frequently than is possible today. I also find it interesting to learn how well BN Bank has thought about this, including purchasing the technological software to make it possible. The fact that BN Bank is solely an online bank makes the consent even more important for their customers. The literature states people do reveal information online but are most comfortable doing so when they are informed about the uses of the information (Regan, 2003).

Even though this feature is not implemented at BN Bank yet, I have taken it into account when creating a scale of consent within the participating organizations shown in the figure below:

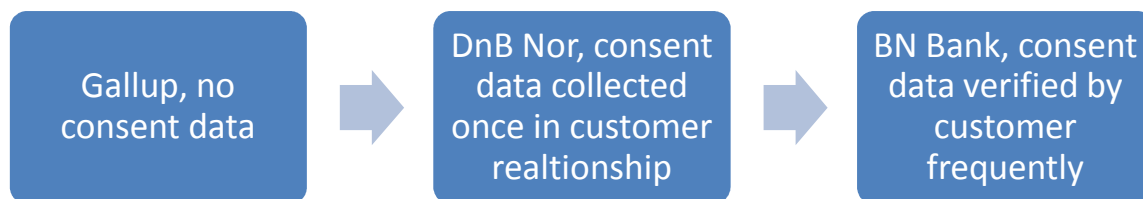


Figure 10 Scale on organizations consent data

By doing this move, BN Bank can possibly move towards a closer partnership with their customer as shown in Fletcher’s (2003) Privacy Grid (Figure 4). Partners’ customers are more trusting towards the business and have a positive attitude towards privacy. These costumers are more positive towards CRM opportunities, and are more willing to believe the benefits will accrue them, more willing to interact with the organization and believe a relationship will be mutually beneficial (Fletcher, 2003). BN Bank views the importance in enlightening their customers about their consent, and believes it will create a closer relationship with their customers.

DnB Nor points at the Personal Data Act requiring them to share what data they obtain about an individual upon request from the customer. The Personal Data Act states, any person who so requests shall be informed of the type of processing of personal data a controller is performing, and may demand to receive information as regard a specific type of processing. The right to information does not apply if the personal data is being processed exclusively for historical, statistical or scientific purposes and the processing will have no direct significance for the data subject (Appendix A). DnB Nor states any customer requesting this information will be enlightened about the data collected and how it is being processed.

Accessibility of information within CRM systems is determined by the companies, and it is their responsibility protect customer privacy and at the same time facilitate the sharing of information (Lau, Etzioni, & Weld, 1999). Gallup has decided the importance of every employee knowing the customers is more important than keeping data in closed silos where only few have access. Within Gallup all employees have access to all information about the customers, to enable them to create a personal bond with each customer. Since Gallup is not collecting personal information about their customers, they store all the information in an open interface CRM. DnB Nor, being a large corporation with many companies, has a very different structure of their CRM. Here each company has their own section within the CRM system where only the assigned company has access to personal information about the customer. Only neutral customer information is accessible to everybody within the CRM system, and then only to the employees as deemed necessary. BN Bank does not point at the

same difficulties as DnB Nor, thus BN Bank being a smaller corporation has all information stored within the same database. At the same time BN Bank has access configurations in place, where those employees needing access to the information have access.

I have created a scale on how accessible information is within each organization's CRM system:

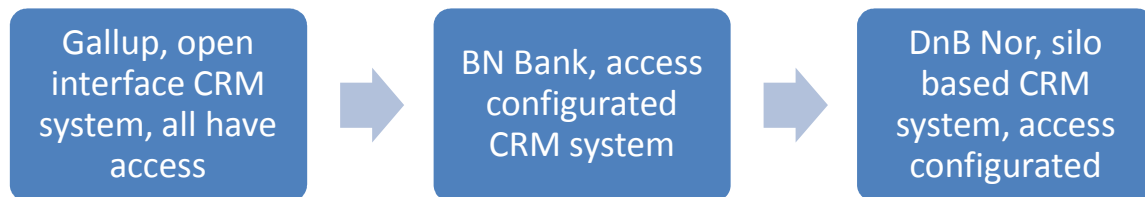


Figure 11 Scale of information access within CRM system

For the Norwegian banking institutions sharing information between companies is also an issue. Due to legislation they are not allowed to use information collected for one purpose to sell products in another area. CRM systems have to be structured to support this feature. DnB Nor states even though their CRM system is in silos and they have access configurations within the CRM system, there is the possibility to access and share information through the old legacy systems being used throughout the corporation. Even though this access is on single query basis, it is still possible for any employee having access to the legacy systems to gather all information about any customer. DnB Nor states since bank branches today are more an information and consultant service rather than a day to day banking service, the laws are outdated and unable to cover this shift of communication channels. Employees find the data within the CRM system is lacking; due to the fact all information is not accessible to them through this system. Because of this employees are more likely to use the legacy systems to obtain a complete description of the customer to better communicate with the customer. DnB Nor also states for analysis purposes they do not need access to the personal information of individuals, instead use demographical groups to do the analysis.

6.4 Intent

The literature states the organizational cultures are an important factor when discussing the intent to use information. Beutement et al. (2008) state individual's security behavior is strongly influenced by behavioral norms, and individuals will be more likely to follow the crowd than to act on their own. Gallup has a very clear policy towards their customers' data

and the reasons they collect information about their customers. They state the importance of collecting only the data they believe will be used, and collect only data to create strong client relationships with their customers. Since all employees have access to the same information, there is a common culture to the security of the data they obtain. DnB Nor states they also collect information to create strong customer relationships, to be able to reach the right customer with the right message at the right time. They also collect the data to be able to determine if they are hitting the target with their strategies, to enable themselves to evaluate their strategies and make shift in their strategies if necessary. BN Bank collects data to be able to make a decision about the customer in the moment; they do not collect data for any future uses to date.



Figure 12 Purpose for collecting customer data

Usage of personal information in Norway is restricted by law. DnB Nor states data collected for a specific purpose cannot be used to sell another product or service. This restricts the organizations when collecting data into their CRM system, and as stated earlier, DnB Nor’s data is stored in a silo based CRM system. BN Bank, where there are no silos and all data is stored within the same database, is using the complete customer data to sell new products to customers. They do not use their CRM system, but the data stored within their banking interface system is accessible on single query requests. Their cross-selling towards customers are randomly generated by each employee and are not automated through any system. Smith et al. (1996) state sometimes information being collected for one purpose is being used for another without authorization from the individuals. DnB Nor points at customer survey data occasionally being used for a different analysis than initially intended, but my participant has no knowledge of personal information being used other than its intended purpose. DnB Nor makes a point when discussing different competing legislations, which in some cases are making it difficult for the companies to determine where the lines are drawn. DnB Nor describes this as a small white area where actions are clearly within the law, a small black area describing actions being illegal and a large gray area where common sense has to determine what is or is not legal. The Finance agreement Act and MIFID directive will

override the Private Data Act in many cases, which means for the organization, they must use personal information towards actions not initially intended.

Through this research, my goal was to create insight to a topic not fully explored in earlier research. I have interviewed participants from three different organizations, each having very different views on the terms of CRM and Privacy. I find the organizations using CRM systems and have been using these systems for a long period of time, have a clear and well thought out picture of their customers' privacy. I see there are challenges for the organizations when dealing with the customer's privacy. They are torn between their own goal as an organization to do smart strategic moves and at the same time, abide laws and regulations. BN Bank to date has not started using their CRM system and has yet to turn their organization towards the CRM way of thinking. By this, I mean they are not using their CRM system to actively attract and maintain close customer relationships in the same manner as both Gallup and DnB Nor. Gallup is very concerned about their customers' privacy and has refused to sell the information they obtain within their CRM system. At the same time, they are not collecting any personal information which is possible to use in an incriminating manner. Gallup is very clear on their reasons for collecting the data and has cleared their system of data not being of interest for them to create and maintain customer relationships. DnB Nor feels torn between legislations, but are very aware of their responsibilities towards their customers and their privacy. Like BN Bank, DnB Nor does not want to delve into the private domain of their customers and are aware of the importance of customers trust. They know within their CRM system, they are storing information potentially detrimental to individuals and have a strong focus on this fact.

6.5 Summary of Analysis and Discussion

From the information I have obtained from my participants, I created a chart placing the three organizations and comparing their level of CRM and view on Privacy. Shown in Figure 13, I have placed BN Bank, DnB Nor and Gallup in this CRM/Privacy grid:

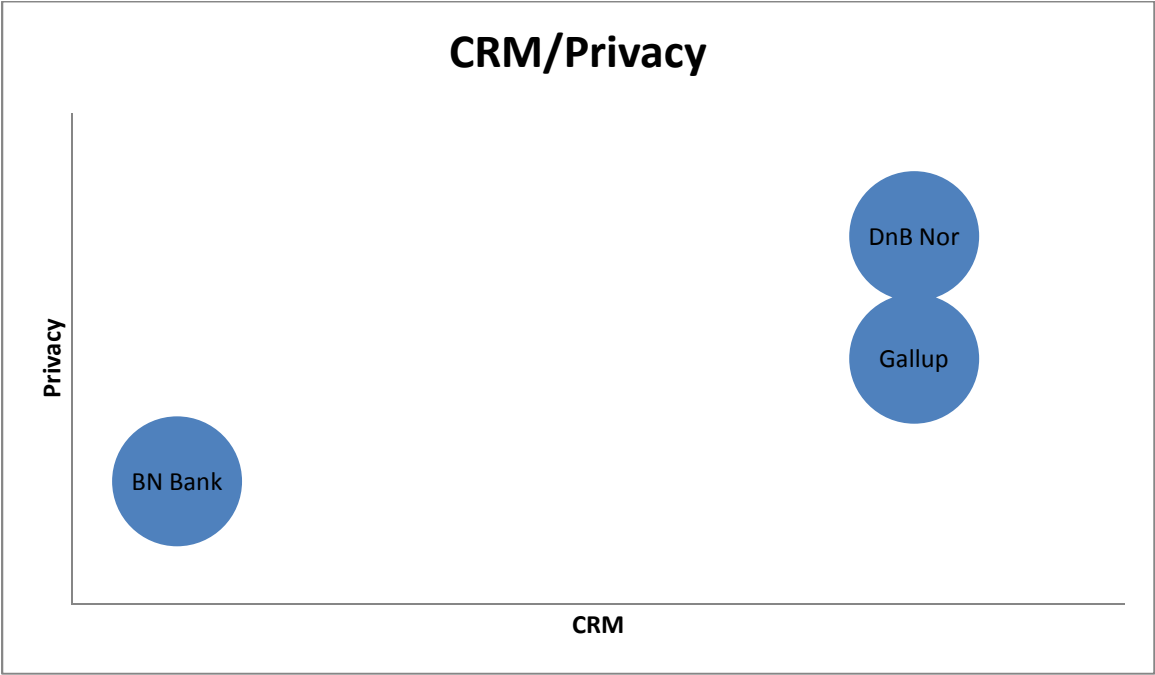


Figure 13 CRM/Privacy model

- BN Bank, currently in the starting phase of their CRM work, does not to my knowledge have a strong focus on Privacy to date. This does not mean they are reckless in their processing of personal information, but they do not to date show the same level of thought and view towards the privacy challenges as the other organizations.
- Gallup has performed CRM work over an extensive period of time and has their CRM well integrated within the organization. They are protective of the data within their CRM system, but because they do not collect personal information do not view privacy in the same manner as organizations collecting personal information.
- DnB Nor has collected and analyzed data within a CRM system for a long period of time. They have CRM well integrated within their organization and use it in their day to day work. They have recently taken steps towards even stronger CRM by centralizing and creating multiple CRM units working closely together. They are very aware of the difficulties and challenges towards privacy and are constantly striving to improve the protection of privacy for their customers.

As shown in Figure 13, DnB Nor has worked with CRM systems for a period of time and their CRM work is strongly connected with the organization. Their intention to use personal information is clear and worked into the organizational culture. DnB Nor is very aware of their customers need for privacy. DnB Nor has a high level of knowledge concerning the challenges and difficulties related to protecting customer's privacy. Gallup does not collect personal information about their customers, but has a CRM system and way of thought well integrated within their organization. They are very protective of their customer's information, and manage their privacy needs seriously. BN Bank is currently in the starting phase of their CRM work and to date has not integrated this way of thinking into their organization. They will have to make sure as they proceed in their CRM work to integrate this completely into the organizational culture to assure customers privacy is managed in the best fashion possible.

7 Conclusion

The focus in this study has been to create insight into the relationship between CRM and privacy. In previous research this perspective to CRM and privacy had not been examined. Since CRM technology and activities are expanding and becoming more powerful it is important to understand the dependencies. Through my research I have identified a relationship between the level of CRM within an organization and the organizations awareness of customer's privacy.

My research show organizations are aware of the importance to protect their customers' privacy, but there is a variation in the level of awareness. These variations are created by each organization's use of CRM and the level of CRM as a way of thinking within each organization. Organizations are complex organisms and therefore it is essential to recognize the importance of a unified way within the organization to address customer's privacy.

7.1 Limitations

There are some limitations to this research including time constraints relating to master's thesis work and access to participants.

The empiric background for this research is based on interviews from three organizations agreeing to participate in the research. The differences between the organizations are visible and have to be taken into account when interpreting the data. Due to challenges such as limited access to participants, I have not been able to interview a more substantial amount of participants. In a more in-depth study about the topic there can possibly be more factors to identify than I have been able to do through this research. Geographical location has also put limitations on this research, as I was unable to visit my participants and interview them face-to-face. Interviews were conducted via telephone and some information may have been lost through this method. Because this is a qualitative research there is the possibility the data could be interpreted incorrectly. Qualitative data is subjective by nature and is colored by the participant's opinions. The qualitative data is also colored by the researcher's opinion when interpreting the data. I am not an experienced researcher and therefore this thesis can be limited by my knowledge of conduction research at this level.

This research does not give a thorough view of the relationship between CRM and privacy, but it identifies there can be a connection between the two concepts. This thesis may also serve as background information for further in-depth research.

The theoretical background for this research has focused on explaining concepts and is not an in-depth study. There has been limited theoretical background on the specific topic, and the theories are used to understand the larger picture instead of supporting the specific findings in this research.

7.2 Possible Implications for Practitioners

The results from this research can create value for practitioners by raising awareness of the importance to change the organizational culture when using CRM within the organization, to meet the difficulties and challenges related to protecting customer's privacy. It is important to understand CRM is more than technology and take into account the processes and activities related to CRM when seeking to protect customer's privacy.

7.3 Possible Implications for Future Research

This research shows there is a connection between CRM and privacy, and their levels within the organizations. This thesis seeks to create an insight into a topic not researched earlier, and to be used as a background reference for further research about the topic. It can be used as a starting point both for qualitative and quantitative research to explore how legislation and organizational culture effect the protection of customer privacy.

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APPENDIXES

A: Laws and regulations

Norwegian Personal Data Act

The purpose of this Act is to protect natural persons from violation of their right to privacy through the processing of personal data. The Act shall help to ensure personal data is processed in accordance with fundamental respect for the right to privacy, including the need to protect personal integrity and private life and ensure personal data is of adequate quality (Datatilsynet, 2000).

This Act shall apply to processing of personal data wholly or partly by automatic means, and other processing of personal data which from part of or are intended to form part of a personal data filing system. The Act applies to controllers who are established in Norway. This Act shall not limit the right of access to information pursuant to the Freedom of Information Act, the Public Administration Act or any other statutory right of access to personal data (Datatilsynet, 2000).

Personal data may only be processed if the data subject has consented thereto, or there is statutory authority for such processing, or the processing is necessary in order to fulfill a contract to which the data subject is party, or to take steps at the request of the data subject prior to entering into such a contract. National identity numbers and other clear means of identification may only be used in the processing when there is an objective need for certain identification and the method is necessary to achieve such identification. The Data Inspectorate may require a controller to use such means of identification as are mentioned in the first paragraph to ensure that the personal data are of adequate quality (Datatilsynet, 2000).

Any person who so requests shall be informed of the kind of processing of personal data a controller is performing, and may demand to receive information as regards a specific type of processing. The right to information does not apply if the personal data is being processed exclusively for historical, statistical or scientific purposes and the processing will have no direct significance for the data subject (Datatilsynet, 2000).

Norwegian Finance Agreement Act

This Act applies for agreements and contracts about financial services with financial institutions or similar institutions, unless otherwise provided in or pursuant to law. This Act does not apply between two parties both of which are financial institutions or similar institutions, and acting in this capacity. The Act cannot be waived by agreement to the detriment of a consumer. With consumer means an individual when the agreement for this purpose is not primarily related to business activity (Lovdata, 1999).

B: Interview guide

Interview instrument

You are invited to voluntarily participate in a study concerning Customer Relationship Management and privacy. The title of this research is CRM and Privacy.

This research is a master thesis, which is collaboration between University of Agder, Norway, and University of Nebraska at Omaha. The purpose for this research is to understand how businesses intend to use personal information about their customers (and how this intended use differs from practice).

If you agree to participate, your participation will involve completing an in depth interview, which should take no more than 45-60 minutes. You may choose not to answer some or all of the questions. Your name will not appear on your completed survey and no identifying information is being collected as part of this survey.

By participating in this research you may obtain new insight and a fresh look at your own processes within your organization. With academic eyes this research seeks to create insight in an area that has not been fully researched and is address a topic that in the future might be interesting for further research.

You may leave the study at any time before completing it. No risks are known from your participation and no direct benefit from your participation is expected. There is no cost to you except for your time and you are not compensated monetarily or otherwise for participation in this study.

By participating in the study, you are giving permission for me, the investigator to use your answers for research purposes.

This research has been reviewed and approved by the UNMC IRB and assigned IRB # 501-09-EX.

Thank you,

Karen Stendal
Graduate Student, University of Nebraska at Omaha

kstendal@unomaha.edu

(402) 708-9086

GENERAL

1. Tell me briefly about your organization.
2. How many employees do you have?
3. How long have you been in business?
4. How many clients does the organization have?
5. What is your position within the organization?
6. How long have you been in the organization?
7. What are your work responsibilities?

CRM

8. What do you understand by the term CRM?
9. Does your organization use CRM?
10. What kind of CRM does your organization use?
11. Do you collect data about your customers?
12. What kind of data do you collect about your customers?
13. How do you feel about collecting data about your customers?
14. In what ways do you use the data collected about your customers?

PRIVACY

15. Do you have any formal or informal guidelines concerning the data collected?
16. What kind of guidelines are there?
17. How do you feel about these guidelines?
18. What are your thoughts about privacy?
19. Do you have any guidelines concerning your customer's privacy?
20. How are these guidelines held?

CRM & PRIVACY

21. How do you collect data about your customers?
22. How do you get consent for this data collection?
23. How is your CRM system protecting the data?
24. Do you have guidelines within the organization that addresses protection of customer data?
25. Are there multiple departments that have access to customer data?
26. Do all departments follow the same guidelines?
27. How do you feel about the data protection within the CRM system?
28. Do you know how customers feel about sharing their data with the organization?
 - a. If so, how?

INTENT

29. How long have you been collecting customer data?
30. Have the nature of customer data changed since the original nature of customer data that were collected?
 - a. In what way?
31. Were there any formal or informal guidelines for intentional use of customer data?
32. Are there any formal or informal guidelines for use of customer data?
33. How is customer data being used within the organization?
34. How do you feel about the way customer data is being used?
35. How has the way in which customer data is being used changed over time?
36. What is your greatest concern when you think about customer data?

WRAP UP

37. Do you have any additional information you would like to add?