Enhancing Customer Loyalty Through UX-centric CRM Strategies

Sameh Soliman

Haaga-Helia University of Applied Sciences

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Abstract

Author(s)
Sameh Soliman

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This research is a research-based bachelor thesis conducted by the author to explore how businesses can use user-centered design (UCD) principles to improve customer relationship management (CRM) systems and, in turn, boost customer loyalty and retention.

The research explores the practical implications of integrating UCD principles into CRM strategies. Drawing from the theoretical framework and real data and insights gathered from different sources in addition to qualitative structured interviews with industry experts, the research demonstrates that businesses implementing user experience (UX) principles, such as ensuring good usability, designing simple user interfaces (UI), facilitating easy feature usage, and gathering user feedback, can significantly improve customer experiences. These enhancements foster customer loyalty and retention, crucial factors in today's customer-centric business environment.

This research consists of an introductory chapter presenting the research background, objectives, research, methods, and key concepts. The second chapter discusses the literature review, covering key topics such as CRM, UX, and UCD and the connection between these areas. The third chapter presents the empirical part of this research, including the research implementation and structured interviews with industry experts highlighting the key findings. Lastly, the fourth chapter presents the research results and findings and closes with practical recommendations for businesses to effectively incorporate UCD principles in their CRM strategies.

In conclusion, this research addresses the importance of integrating UCD principles into CRM strategies. It provides practical insights for businesses seeking a deeper understanding of how UCD can improve CRM systems and foster customer loyalty. By understanding and addressing user needs through UCD principles, businesses can transform their CRM systems into powerful tools for building customer loyalty and achieving sustainable business growth.

The research contributes to the sustainable ongoing discourse on effective CRM strategies, empowering businesses with insights to optimise their CRM systems and cultivate enduring customer relationships.

The research process enriched the author's understanding of CRM, UX, and UCD, fostering both personal and professional growth. Exploring these crucial business topics has fostered a greater understanding of customer relationships and the impact of design on business success. The research process further refined the author's critical thinking and analytical skills, equipping them for future business endeavours.

Keywords
Customer Loyalty, Customer Relationship Management (CRM), User-Centered Design (UCD), User Experience (UX), CRM Strategies.

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1 Introduction

Acquiring new customers is more expensive than retaining existing ones, according to a study by Bain & Company. Investing in existing customers is one of the best ways to grow a business. It is cheaper, more effective, and more sustainable than acquiring new customers. Existing customers are already familiar with the brand and its products and are more likely to trust it. Additionally, existing customers are more likely to repeat purchases and refer their friends and family to the business (Reichheld 1996).

In today's business world, customer loyalty is vital for any company's success. Having loyal customers means a steady source of income and protection against tough competition. Building and maintaining strong customer relationships have become crucial strategies for businesses aiming to stand out in crowded markets (Goodman 2014).

At the core of this pursuit of customer loyalty are Customer Relationship Management (CRM) systems. These are digital tools that help companies manage their interactions with customers. CRM systems collect customer information, provide insights, and aim to improve communication and the overall customer experience. However, the effectiveness of these systems in fostering customer loyalty depends on an aspect that is sometimes overlooked: the user experience (UX) (Greenberg 2010).

In an age where user-centered design (UCD) principles are gaining recognition, exploring how they can be integrated into CRM strategies is essential. UCD principles, which focus on ease of use, accessibility, and gathering user feedback, have a proven track record of making products and systems more user-friendly and engaging. Designing CRM systems that adapt UCD creates a powerful synergy that can reshape how businesses interact with customers and strengthen customer loyalty (Gothelf & Seiden 2013).

The research dives into the intersection of CRM, UCD, and customer loyalty. It aims to investigate the connection between these areas, highlighting how UCD principles can impact CRM systems and customer loyalty and retention. Through a thorough literature review, this study establishes the theoretical basis and outlines the potential consequences of blending these concepts (Dixon, Toman, & DeLisi 2013).

This research aims to provide practical insights for businesses seeking a deeper understanding of how UCD can improve CRM systems and foster customer loyalty. By embracing UCD principles, companies can create more user-friendly CRM systems and, in turn, cultivate lasting customer loyalty in a business world increasingly focused on customer satisfaction (Daffy 2019).

1.1 Key Concepts and Abbreviations

The table below presents the key concepts and abbreviations used in the research.

Table 1. Key Concepts and Abbreviations

Key Concept / Abbreviation	Definition
Accessibility	Accessibility refers to the extent to which a product or service can be utilised by everyone, regardless of their circumstances or modes of interaction. While accessibility laws are primarily designed to cater to the needs of individuals with disabilities, designers should strive to create inclusive designs that accommodate all potential users across diverse usage contexts. This approach not only benefits those with disabilities but also leads to enhanced overall design quality and usability for all users (Interaction Design Foundation 2023).
CCPA	The California Consumer Privacy Act (CCPA) is a law in California that deals with how organisations manage the personal information of people living in California. It became active on January 1, 2020, and is the first thorough and modern data privacy law in the United States (Cookiebot 2023).
CRM	Customer Relationship Management (CRM) is a technology that handles a company's relationships and interactions with existing and potential customers. The main aim is to enhance business relationships. A CRM system assists companies in maintaining connections with customers, simplifying processes, and boosting profitability (Salesforce 2023).
Customer Loyalty	Customer loyalty refers to a customer's willingness to return to a company for repeated business. This tendency is often a result of the positive and memorable experiences they encounter with that particular brand (HubSpot 2023).
Customer Satisfaction	Customer satisfaction is a measurement that determines how happy customers are with a company’s products, services, and capabilities. Customer satisfaction information, including surveys

	and ratings, can help a company determine how to best improve or change its products and services. It is a crucial metric for businesses to track, as it can significantly impact customer loyalty, repeat business, and overall profitability (ASQ 2023).
GDPR	General Data Protection Regulation (GDPR) is a comprehensive data protection and privacy regulation implemented by the European Union (EU). It aims to safeguard individuals' privacy and personal data within the EU and the European Economic Area (EEA). The GDPR outlines specific requirements for how organisations should collect, process, store, and handle personal data (GDPR.EU 2023).
Opt-in	Opting in refers to individuals expressly granting consent or permission for an organisation to gather, process, and utilise their data. This practice is commonly employed in marketing and data collection to ensure that individuals willingly provide their information and are open to receiving communications (Securiti 2023).
Opt-out	Opting out implies that individuals are automatically included in data collection, and they must actively take steps to express that they do not want their data collected. This approach assumes that most individuals wish to participate but offers an alternative for those who prefer not to (Securiti 2023).
UCD	User-centred design (UCD) is an approach to design that grounds the process of understanding the end-user's needs, behaviours, and preferences. It involves actively involving users in the design and development process, ensuring that the final product is usable and aligns closely with user expectations and requirements (Gothelf & Seiden 2013).
UI	UI refers to how a product or service looks and works. It includes how buttons and menus appear and how users interact with a CRM system (Gothelf & Seiden 2013).
Usability	Usability is a quality attribute that evaluates the ease of use of user interfaces. Additionally, usability encompasses methods to

	enhance ease of use throughout the design process (Nielsen Norman Group 2023).
UX	User Experience, often called UX, is how users feel when they use a product, system, or service. It is not just about how easy it is to use; it also includes users' feelings and thoughts during and after using it (UXtweak 2023).
UX-Centric CRM Strategies	UX-centric CRM strategies are CRM strategies that focus on improving the customer experience at every stage of the customer journey. By focusing on UX, businesses can create CRM systems that are more user-friendly, more efficient, and more effective at building customer loyalty (Gothelf & Seiden 2013).

1.2 Background of The Research

Customer relationship management (CRM) and user experience (UX) are two crucial aspects of modern business that are pivotal in shaping customer interactions and driving organisational success. CRM encompasses the strategies and technologies employed to manage customer relationships throughout the entire lifecycle, fostering loyalty and enhancing profitability. On the other hand, UX focuses on creating seamless, positive, and engaging user journeys across all touchpoints, ensuring that products and services meet user needs and expectations (Charisol 2021).

The evolution of CRM and UX is deeply intertwined with the shifting dynamics of the business landscape. In the past, businesses primarily focused on acquiring new customers and driving transactions, often overlooking the importance of fostering long-term customer relationships. However, as competition intensified and customer expectations rose, the need for a more holistic approach to customer management emerged. CRM emerged as a strategic framework for understanding and responding to customer needs, enabling businesses to build stronger relationships and drive customer retention (Greenberg 2010).

In parallel with the rise of CRM, UX emerged as a critical discipline in the digital age. As businesses increasingly embraced digital technologies to interact with customers, the need for intuitive, user-friendly interfaces and seamless user experiences became paramount. UX design principles gained widespread recognition as businesses realised the impact of positive user experiences on customer satisfaction, loyalty, and, ultimately, revenue (Gothelf & Seiden 2013).

Today, CRM and UX are recognised as essential components of business success. CRM systems provide businesses with a centralised platform for managing customer data, tracking interactions,

and identifying opportunities to enhance customer satisfaction. UX design principles guide the creation of products, services, and digital experiences that are functional, engaging, memorable, and aligned with user needs (Daffy 2019).

Integrating CRM and UX strategies has yielded significant benefits for businesses across industries. Businesses can tailor UX design to create personalised and relevant experiences by understanding customer needs and preferences through CRM data. This, in turn, enhances customer satisfaction, fosters loyalty, and drives repeat business (Dixon, Toman, & DeLisi 2013).

In conclusion, CRM and UX have become indispensable elements of modern business practices. By effectively managing customer relationships and creating positive user experiences, businesses can gain a competitive edge, increase customer satisfaction, and achieve long-term success.

Integrating these two disciplines is crucial for navigating the ever-evolving business landscape and thriving in the digital era (Goodman 2014; Daffy 2019).

1.3 Research Objectives and Scope

This research delves into the impact of UX-centric strategies on customer loyalty, drawing insights from industry experts who have successfully implemented such approaches. The emphasis is on exploring the broader implications of UX-centric strategies, particularly their role in creating personalised user experiences and fostering enduring customer relationships.

The research scope extends to the practical implications of integrating UCD principles into CRM strategies adopted by businesses, focusing on prioritising user experience to foster customer loyalty. Qualitative interviews with industry experts bring practical perspectives to the exploration.

The study's key components involve examining businesses' strategies for prioritising UX, exploring personalised user experiences, and assessing their impact on customer loyalty. Insights from industry experts, obtained through qualitative and quantitative interviews, shed light on how UX-centric strategies contribute to enhanced customer satisfaction, increased retention rates, and repeated business.

The theoretical framework of the research encompasses themes related to how businesses can use user-centered design (UCD) principles to improve CRM systems and, consequently, boost customer loyalty and retention. The content unfolds with an overview of the current state of CRM systems in business, an introduction to user-centered design, and a theoretical framework outlining the incorporation of UCD principles into CRM strategies. The research concludes by identifying

challenges and ethical considerations in implementing UX-centric CRM strategies, offering practical recommendations for businesses adopting such strategies

1.4 Research Delimitations

To ensure a focused and manageable research endeavour, certain delimitations will be applied:

This research avoids an in-depth exploration of the specific technical aspects of CRM and UX implementation, focusing on the broader impact of these strategies on customer loyalty and business performance.

The scope of the research is limited to businesses that have actively adopted and implemented UX-centric strategies.

Choosing to emphasise the broader impact of UX-centric strategies rather than delving into technical details facilitates a more comprehensive understanding of their overall contribution to business success.

The concentration on customer loyalty aligns precisely with the core objective of the research: to assess the effectiveness of UX-centric strategies in fostering long-term customer relationships.

The exclusion of businesses not implementing UX-centric strategies ensures that the study remains focused on relevant cases, providing valuable insights into these strategies' actual implementation and outcomes.

1.5 Research Questions

This research aims to explore and investigate how incorporating UCD principles into CRM systems can create more effective CRM systems that build and enhance customer loyalty in contemporary businesses. The central research questions revolve around the following:

- How does integrating User-Centered Design (UCD) principles into Customer Relationship Management (CRM) systems influence customer loyalty and retention?
- How does the user experience of CRM systems impact customer satisfaction?
- How do customers perceive and respond to UX enhancements?

The study will focus on understanding the crucial aspects of improving customer loyalty and retention through user experience-centred approaches to understand this vital aspect comprehensively.

1.6 Research Method

The research methods used in this report include a literature review of academic and industry publications to comprehensively review the existing literature on CRM, UCD, and customer loyalty. This extensive literature review serves as the foundational framework for this study. It enables a thorough exploration of the theoretical underpinnings and historical evolution of CRM and UCD, as well as the myriad dimensions of customer loyalty (Greenberg 2010; Dixon, Toman, & DeLisi 2013).

This thorough analysis of existing knowledge is a critical starting point, allowing for identifying gaps and formulating research questions that address current industry and academic needs (Goodman 2014).

Furthermore, to augment the literature-based insights, the research includes interviews with experts in the field of CRM and UX. These expert interviews serve as a valuable qualitative component of the research. Engaging with professionals with hands-on experience in these domains offers a unique opportunity to gain practical insights into the challenges and opportunities of integrating UCD principles into CRM strategies. These experts bring a wealth of knowledge regarding the real-world implementation of UX-centric approaches, enabling a nuanced understanding of the complexities involved (Gothelf & Seiden 2013).

This research aims to comprehensively understand the impact and practical implications of integrating UCD principles into CRM strategies by employing a mixed-methods approach that combines literature review and expert interviews. It strives to bridge the gap between theory and practice by synthesising academic insights with real-world experiences (Daffy 2019). Additionally, this approach ensures data triangulation, enhancing the findings' reliability and validity.

Ultimately, the research offers actionable recommendations and valuable insights for businesses seeking to enhance customer loyalty through UX-centric strategies. It seeks to provide a roadmap for organisations aiming to navigate the dynamic landscape of customer relationship management in an era where user experience has become a defining factor in the pursuit of sustained customer satisfaction and loyalty (Reichheld & Teal 2001).

1.7 Research Structure

The theoretical framework of this research encompasses the following themes: The research will explore how businesses can use user-centred design (UCD) principles to improve CRM systems and, in turn, boost customer loyalty and retention. The content will start with an overview of the current state of CRM systems in business, followed by an introduction to user-centered design and a

theoretical framework that outlines how UCD principles can be incorporated into CRM strategies, highlighting the potential impact on customer loyalty and retention. The research closes by identifying the challenges and ethical considerations in implementing UX-centric CRM strategies and practical recommendations for businesses adopting UX-centric CRM strategies.

The following table matrix overlay presents the research structure corresponding to the research questions.

Table 2. Overlay matrix (adapted from Peltonen 2017, 3)

Investigative questions	**Theoretical framework (Chapter)**	**Results (Chapter)**
1. How does integrating User-Centered Design (UCD) principles into Customer Relationship Management (CRM) systems influence customer loyalty and retention?	2 – 2.6	4 - 4.3
2. How does the user experience of CRM systems impact customer satisfaction?	2.5 – 2.8	4 – 4.3
3. How do customers perceive and respond to UX enhancements?	2.8	4 – 4.3

2 Literature Review

The research literature review chapter provides a comprehensive overview of the existing knowledge and research related to the study's topic. It also provides a theoretical framework for the study, grounding the research in established concepts and theories. Additionally, the literature review helps refine the research questions and objectives, ensuring the study provides relevant and meaningful value.

2.1 Introduction to CRM

As highlighted in Greenberg's seminal work (2010), CRM represents a strategic approach to managing and nurturing customer relationships. It encompasses processes, technologies, and strategies that enable businesses to understand their customers, cater to their needs, and build lasting loyalty. The core objective of CRM is to enhance customer satisfaction and loyalty by delivering personalised experiences.

CRM is crucial in today's business world, guiding organisations through the complexities of customer interactions. CRM systems are designed to empower businesses with a comprehensive toolkit to facilitate effective customer engagement.

One of the central tenets of CRM is the aspiration to enhance customer satisfaction and loyalty. This objective is not merely about maintaining a transactional rapport; it aspires to elevate customer experiences to a level where they become emotionally invested in the brand. CRM strategies are meticulously crafted to deliver personalised experiences that resonate profoundly with individual customers (Dixon, Toman, & DeLisi 2013).

In this pursuit, CRM systems capture, analyse, and leverage data to uncover insights into customer behaviours, preferences, and pain points. This rich reservoir of information empowers businesses to tailor their interactions, offerings, and communications to align seamlessly with customer expectations. By doing so, CRM aims to transcend the traditional customer-vendor relationship and cultivate enduring customer loyalty, which is the lifeblood of organisational sustainability (Goodman 2014).

2.2 Benefits of CRM Systems

CRM systems can provide several benefits to businesses, including:

- Increased Sales and Revenue**:** CRM systems can help businesses increase sales and revenue by providing the tools and insights they need to understand better and serve their customers. For example, CRM systems can help businesses track customer interactions, identify customer

needs, and develop personalised marketing campaigns (Greenberg 2010; Reichheld & Teal 2001).

- Improved Customer Satisfaction and Loyalty: CRM systems can help businesses improve customer satisfaction and loyalty by providing the tools they need for a more personalised and efficient customer experience. For example, CRM systems can help businesses track customer preferences, resolve customer issues quickly and efficiently, and provide customers with personalised product recommendations (Goodman 2014).
- Reduced Costs: CRM systems can help businesses reduce costs by streamlining their operations and automating tasks. For example, CRM systems can help businesses automate customer lead management, marketing campaigns, and customer support (Greenberg 2010).
- Increased Efficiency and Productivity: CRM systems can help businesses increase efficiency and productivity by providing a central repository for customer data and automating tasks. This can free employees to focus on more important tasks, such as building customer relationships and developing new products and services (Dixon, Toman, & DeLisi 2013).
- Better Decision-making: CRM systems can help businesses make better decisions by giving them insights into customer behaviour and trends. For example, CRM systems can help businesses identify which marketing campaigns are most effective, which products are most popular, and which customers are most likely to churn.

In summary, CRM is not merely a software application or a set of processes; it is a holistic approach that encapsulates the essence of customer-centricity. It empowers businesses to journey to understand, engage, and delight customers, ultimately creating lasting bonds that transcend transactional exchanges. The core objective of CRM is to elevate customer satisfaction and loyalty to a zenith by delivering experiences that resonate deeply with individuals, thereby securing a sustainable foundation for organisational success (Greenberg 2010).

2.3 Current State of CRM Systems in Business

In today's rapidly evolving business landscape, CRM systems are widely used by businesses of all sizes. According to a study by Statista, the global CRM software market is expected to reach $43.3 billion by 2023. This valuation is expected to increase as companies continue investing in CRM to meet customer-centric needs.

Industry giants such as Salesforce, Microsoft Dynamics, and SAP are leading the charge in CRM. These platforms command a substantial market share and have solidified their positions as the go-to solutions for businesses seeking to optimise customer interactions. Their dominance is not solely a result of their reputation; instead, it is rooted in the comprehensive functionalities they offer.

Figure 1: The top five CRM vendors by market share according to Statista (SelectHub July 2023)

With its adaptability and scalability, Salesforce offers a wide range of tools suitable for businesses of all sizes. HubSpot, known for its inbound marketing capabilities, is preferred for SMEs looking to engage customers effectively. Backed by Microsoft's resources, Microsoft Dynamics provides CRM and ERP tools that seamlessly integrate with the company's larger product ecosystem.

These CRM systems have evolved beyond mere contact management tools. They now encompass a wide array of functionalities that span the entire customer lifecycle. This includes but is not limited to sales automation, marketing automation, and customer service management. Through these features, businesses can achieve inconceivable operational efficiency and customer engagement.

Moreover, Greenberg (2010) elucidated that CRM systems facilitate customer service management, enabling businesses to deliver exceptional post-purchase experiences. These systems centralise customer inquiries, track service requests, and empower customer support teams to provide timely and personalised assistance. This heightened customer service resolves issues promptly and improves customer satisfaction and loyalty.

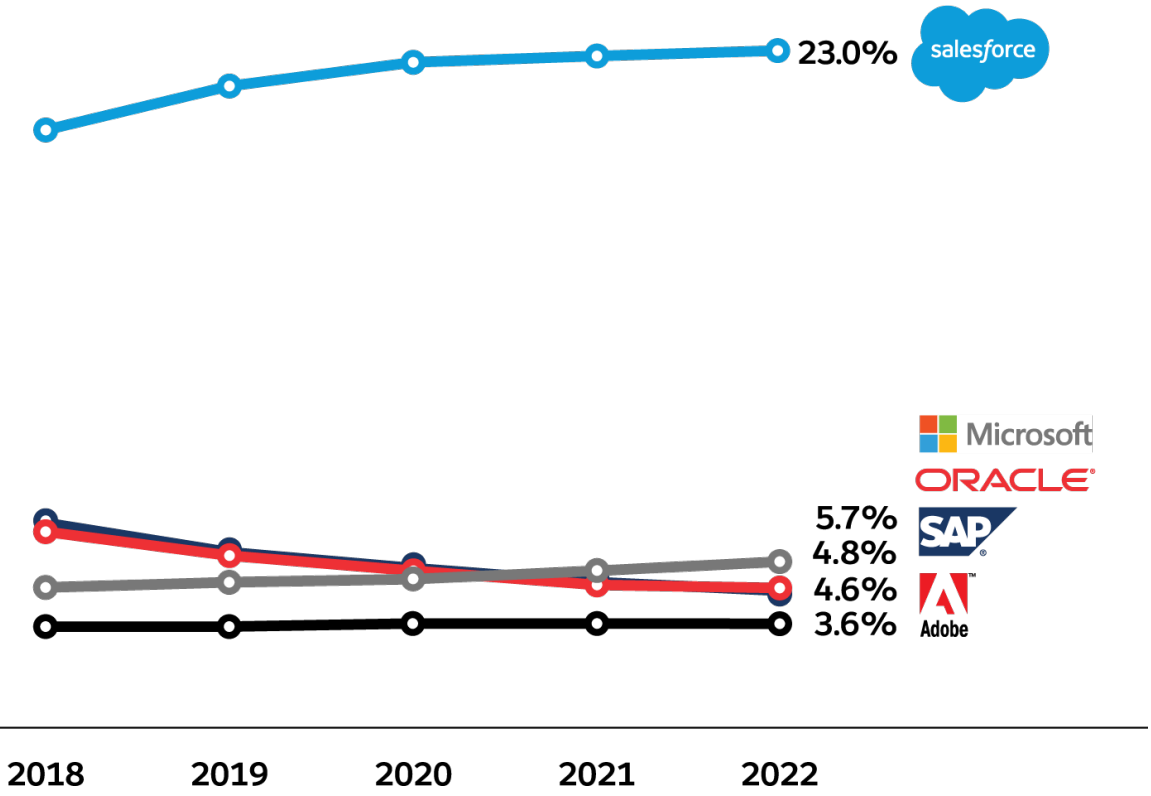

Figure 2: Global leading CRM Vendors' market share (Salesforce April 2023)

The integration of CRM systems has profound implications for businesses seeking to enhance customer loyalty. By consolidating data, streamlining operations, and enabling data-driven decision-making, these systems pave the way for personalised interactions that resonate with customers on a deeper level. Through these personalised experiences, businesses can nurture lasting customer relationships and cultivate loyalty that transcends transactions (Greenberg 2010.)

As exemplified by Salesforce, Microsoft Dynamics, and SAP, CRM systems represent a transformative force in contemporary business operations (Salesforce 2023; Microsoft Dynamics 2023; SAP 2023). Their multifaceted functionalities extend well beyond traditional contact management, encompassing sales automation, marketing automation, and customer service management. These systems are instrumental in streamlining operations, enhancing customer engagement, and improving customer loyalty (Gartner 2018).

As businesses continue to adapt to the evolving demands of the market, CRM systems remain at the forefront of the technological arsenal, equipping them to thrive in a customer-centric and data-driven landscape (CRM Research 2023).

2.4 Introduction to UX, UI and UCD Principles

Knowing about User Interface (UI) and User Experience (UX) design is essential to understanding UX-centric CRM strategies. In "Lean UX" by Gothelf and Seiden (2013), UI refers to how a product or service looks and works. It includes how buttons and menus appear and how users interact with a CRM system.

In CRM, a good UI makes it easy for users to use the system, find information quickly, and complete tasks without confusion. Visual elements like buttons, menus, and how data is shown all contribute to the UI. A good UI design helps users work with the CRM system efficiently without unnecessary complications.

UX is more than how things look. It is about users' entire experience, including their emotions, satisfaction, and how easy it is for them to do what they need to do. (Gothelf & Seiden 2013.)

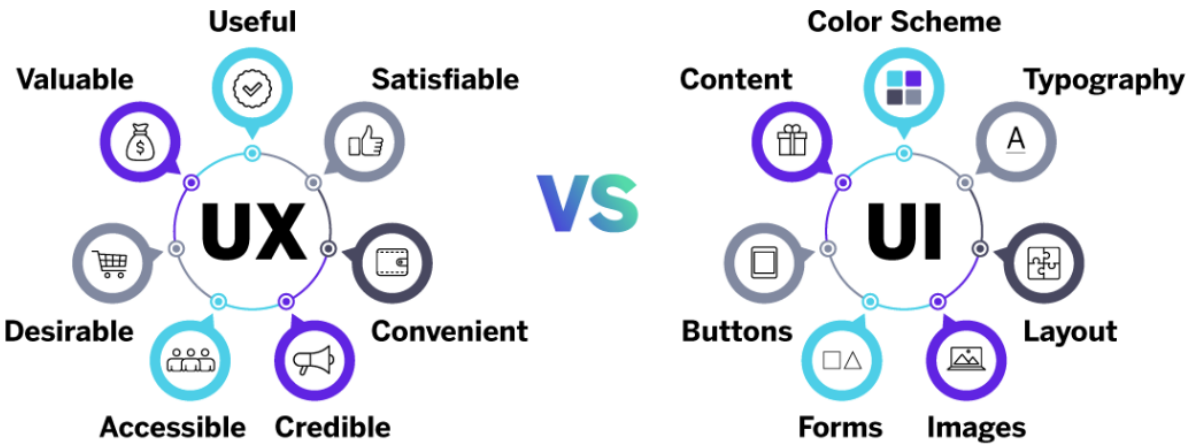

Figure 3: The difference between UI and UX (Qualtrics 2023)

In CRM, a positive UX means users like how the system looks, enjoy using it, find it efficient, and feel that their interactions are meaningful. It involves understanding why users use the system, what problems they face, and what they prefer. CRM workflows and features should be designed to connect with users on an emotional level for a good UX.

User-Centered Design (UCD), also mentioned by Gothelf and Seiden (2013), is an important method that keeps the user's needs and preferences in focus during design and development. UCD ensures that design decisions are based on what users say and need.

In UX-centric CRM strategies, UCD means involving users early in the design process, studying what users need, and making changes based on their feedback (ENOU 2023). UCD ensures that CRM systems are made to fit what users want, improving the UI and overall UX (Gothelf & Seiden 2013).

Organisations can use UCD in CRM to create systems that match users' expectations. This leads to good-looking interfaces and meaningful and satisfying user experiences. This way of designing is crucial for the success of UX-centric CRM strategies because it affects how users feel about and use the CRM system. This, in turn, influences customer loyalty and satisfaction. (Gothelf & Seiden 2013.)

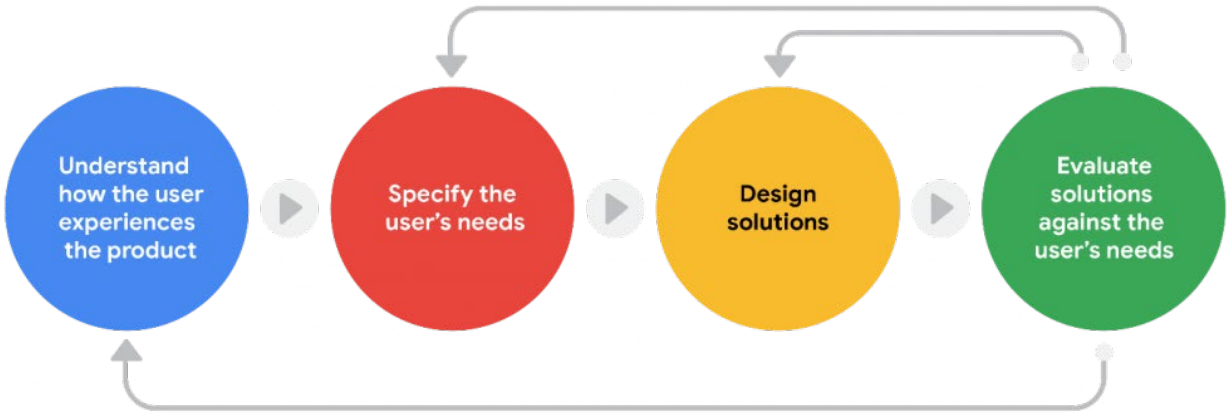

Figure 4: User-centered-design process (Medium, July 2021)

To make CRM strategies more user-friendly, we can follow User-Centered Design (UCD) principles (Nielsen Norman Group 2023). This means focusing on what users need and like. Here is how it works:

- Understand Users: We start by learning about the people who will use the CRM system. We discover what they need, their problems, and what they prefer (ENOU 2023).
- Easy to Use: UCD suggests making the CRM system easy. This means designing it so users can figure out how it works without much help. Buttons, menus, and organising should make sense (Wow Makers 2023).

- Personalization: We can adapt the CRM system to each user's needs. It can show them the information they care about and suggest what to do. This makes users feel like the system is made just for them (Gothelf & Seiden 2013).
- Smooth Interactions: UCD encourages us to smooth interactions with the CRM system. This means making it easy for users to get things done. We can remove extra steps, automate repetitive tasks, and give clear instructions (HubSpot 2023).
- Feedback: Users should be able to give feedback about the CRM system. This helps us make it better. Listening to users helps us know what works and needs improvement (O8 2023).
- Keep Improving: UCD means we keep improving the CRM system based on what users say and the business needs. It is not a one-time but an ongoing process (Wow Makers 2023).

Incorporating UCD principles into CRM strategies is about making users feel valued and improving their experience. When we focus on what users want and like, we can make the CRM system a tool users appreciate and use well. This approach recognises that the success of CRM strategies depends on how well they serve the people who use them (Nielsen Norman Group, 2023; Gothelf & Seiden, 2013).

2.5 How UCD Principles Can Be Incorporated into CRM Strategies

Incorporating User-Centered Design (UCD) principles into Customer Relationship Management (CRM) strategies is paramount for enhancing customer experiences and fostering loyalty. This process involves a comprehensive approach to understanding user needs, preferences, and behaviours, ensuring the CRM system is functional and user-friendly.

In CRM, a good UI makes it easy for users to use the system, find information quickly, and complete tasks without confusion. Visual elements like buttons, menus, and how data is shown all contribute to the UI. A good UI design helps users work with the CRM system efficiently without unnecessary complications (Gothelf & Seiden 2013).

As Gothelf and Seiden (2013) explained, UX is more than how things look. It is about users' entire experience, including their emotions, satisfaction, and how easy it is for them to do what they need to do. In CRM, a positive UX means users like how the system looks, enjoy using it, find it efficient, and feel that their interactions are meaningful. It involves understanding why users use the system, what problems they face, and what they prefer. CRM workflows and features should be designed to connect with users emotionally for a good UX (Gothelf & Seiden 2013).

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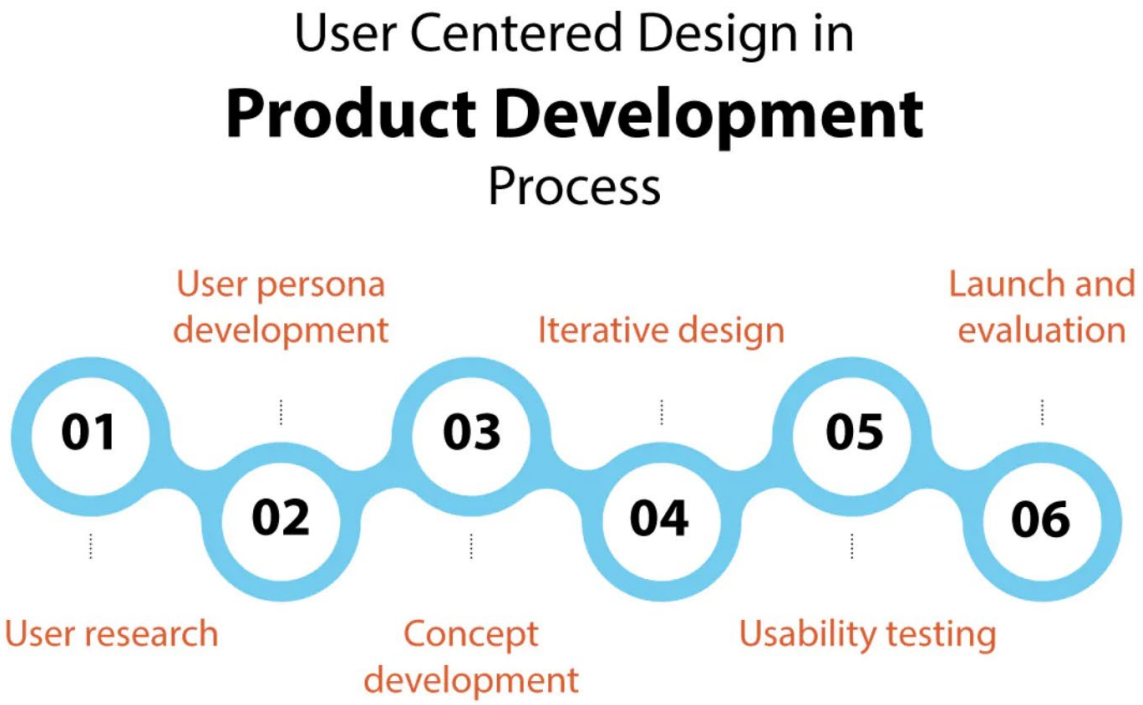

Figure 5: User-Centered-Design in Product Development Process (Monarch Innovation 2023)

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Organisations can use UCD in CRM to create systems that match users' expectations. This leads to good-looking interfaces and meaningful and satisfying user experiences. This way of designing is crucial for the success of UX-centric CRM strategies because it affects how users feel about and use the CRM system. This, in turn, influences customer loyalty and satisfaction. (Gothelf & Seiden 2013.)

2.6 The Impact of Positive UX on Customer Loyalty and Retention

In their seminal work, "The Effortless Experience" (2013), Dixon, Toman, and DeLisi illuminate the profound impact of a positive user experience (UX) within customer relationship management (CRM) systems on customer loyalty and retention. This exploration underscores the pivotal role of UX in contemporary business, where nurturing customer relationships is central to sustained success (Dixon, Toman, & DeLisi 2013).

Effortless Interactions: A cornerstone of a positive UX within CRM systems is effortless interactions. When customers can engage with a CRM system effortlessly, it signifies a smooth and obstacle-free journey. Such interactions impart a sense of value and respect to customers, resulting

in heightened satisfaction levels. This ease of use is fundamental to creating a positive brand perception (Dixon, Toman, & DeLisi 2013).

Enjoyable Experiences: The enjoyment derived from using a well-designed CRM system cannot be understated. When users find the system enjoyable, it simplifies their tasks and generates positive emotions. These positive emotional connections become synonymous with the brand and are pivotal in fostering customer loyalty (Dixon, Toman, & DeLisi 2013).

Tailoring to Individual Needs: A vital attribute of a user-centric CRM system is its ability to tailor interactions to individual customer needs. Personalised content, recommendations, and solutions demonstrate that the brand understands its customers. This personalised approach fosters a deep bond between customers and the brand, significantly enhancing the likelihood of customer loyalty (Dixon, Toman, & DeLisi 2013).

A key aspect highlighted by Goodman (2014) is the importance of personalisation in CRM strategies. UCD principles advocate tailoring the CRM system to individual user needs, providing them with important information and suggesting actions based on their preferences. This personal touch enhances user satisfaction and contributes significantly to building customer loyalty (Reichheld & Teal 2001).

Proactive Issue Resolution: CRM systems with User-Centered Design (UCD) features have an additional advantage. They enable businesses to anticipate and address customer concerns before they escalate. By proactively identifying and resolving issues, businesses demonstrate their commitment to customer satisfaction. This proactive stance prevents dissatisfaction and solidifies customer loyalty (Dixon, Toman, & DeLisi 2013).

Drawing inspiration from the works of Daffy (2019), CRM strategies incorporating UCD prioritise simplicity and relevance. Users interacting with CRM systems should find streamlined views and simplified actions that enhance their experience without overwhelming complexity. This aligns with the broader shift towards self-managed platforms, where configuration precedes intricate coding, facilitating adaptability (Daffy 2019).

To illustrate the impact of UCD on CRM, insights from the interviews with industry professionals further underscore the real-world significance. For instance, interviewee A emphasises the success of a streamlined quote request process that resulted in quicker, error-free data entry and increased user commitment (Interviewee A).

Metrics play a crucial role in assessing the effectiveness of CRM strategies. Interviewee B points out the importance of aligning metrics with business goals and strategy, emphasising a continuous

improvement cycle. Key metrics include transaction frequency, average purchase, number of services used, and time spent, providing a comprehensive view of customer loyalty (Interviewee B).

Customers who encounter a CRM system that combines effortless interactions, enjoyable experiences, tailored solutions, and proactive issue resolution are more inclined to remain loyal to the brand. A positive UX within CRM systems elevates customer interactions from mere transactions to meaningful relationships (Gothelf & Seiden 2013).

Moreover, loyal customers are more likely to continue associating with the brand, directly impacting customer retention. They become advocates who refer others to the brand, thus expanding the reach of positive experiences. This ripple effect strengthens customer loyalty and contributes to sustained business growth (Reichheld & Teal 2001).

In conclusion, as Dixon, Toman, and DeLisi emphasised in "The Effortless Experience" (2013), a positive UX within CRM systems catalyses improved customer loyalty and retention. Effortless, enjoyable, and personalised interactions and proactive issue resolution establish a customer-centric environment where loyalty flourishes. Businesses prioritising UX within their CRM strategies are better positioned to cultivate lasting customer relationships and drive long-term success (Dixon, Toman, & DeLisi 2013).

Integrating UCD principles into CRM strategies is not merely a technical consideration but a strategic imperative (Daffy 2019). The seamless alignment of these principles ensures that CRM systems are not just tools for managing customer relationships but powerful enablers of positive user experiences, loyalty, and sustainable business growth (Goodman 2014; Reichheld & Teal 2001).

As businesses navigate the complexities of the market, incorporating UCD principles in CRM strategies emerges as a guiding principle, placing the user at the forefront of customer relationship management (Daffy 2019).

2.7 Challenges and Ethics in UX-centric CRM Implementation

Implementing User Experience (UX) centric Customer Relationship Management (CRM) strategies brings numerous business benefits, including enhanced customer loyalty and satisfaction. However, this transformation in customer relationship management is not without its challenges and ethical considerations. To optimise user experiences and build lasting customer relationships, businesses must navigate a complex landscape that demands careful attention to ethical principles and potential obstacles (Daffy 2019).

One of the most prominent ethical considerations in UX-centric CRM strategies revolves around data practices. The core of such strategies often lies in collecting and utilising customer data to tailor experiences. While personalisation is a fundamental aspect of improving customer experiences, a delicate balance must be struck between personalisation and intrusion into the privacy of individuals.

Transparency emerges as a pivotal ethical principle in this context. Customers should know how their data is collected, stored, and used. Being forthright about data practices fosters trust and ensures that customers are comfortable with the level of personalisation they experience. In "Creating Customer Loyalty" by Daffy (2019), open communication with customers regarding data usage is emphasised as a means to maintain trust.

Figure 6: The data privacy paradox and digital demand (CEPR 2021)

Another ethical imperative is obtaining explicit and informed consent from customers before collecting and using their data. Customers should be able to opt in or out of data collection and personalisation features. This respects their autonomy and reinforces ethical data-handling practices.

Protecting customer data from breaches and unauthorised access is not just a legal requirement but also an ethical duty. Businesses must invest in robust data security measures to safeguard customer information and maintain trust.

Ethical UX-centric CRM strategies should empower users with control over their data and preferences. It is essential to provide easy-to-use tools and interfaces that allow customers to manage their data settings and privacy preferences.

Another critical ethical consideration involves mitigating bias in personalisation algorithms. The algorithms driving personalisation should be carefully designed to avoid reinforcing harmful stereotypes or discriminatory practices.

Staying compliant with evolving data protection regulations like GDPR or CCPA is an ethical obligation. Businesses must continuously monitor and adapt CRM strategies to meet changing legal requirements. (Daffy 2019.)

Transitioning to UX-centric CRM often encounters resistance from within organisations due to ingrained organisational cultures, employee habits, and apprehensions about new methodologies. To address this resistance effectively, businesses must adopt a strategic change management approach, emphasising communication, training, and showcasing UX-centricity benefits (Kotter 1996).

Interviewees identified challenges in implementing UCD-centric CRM strategies, such as avoiding solutions based on assumptions and starting with overly comprehensive systems. As recommended by Interviewee C, best practices involve designing attractive, user-friendly, and adaptable operations while constantly monitoring and testing with user participation (Interviewee C).

Ethical considerations and future trends, especially in the context of AI usage and data privacy, are highlighted by interviewees, aligning with industry standards and regulations (Reichheld & Teal, 2001). Looking to the future, interviewee C anticipates the transformative impact of AI, automation, and data management on CRM strategies, emphasising the need for businesses to stay abreast of these evolving trends (Interviewee C).

2.8 How Customers Perceive and Respond to UX Enhancements

Customers perceive UX enhancements in a variety of ways. Some customers may immediately recognise and appreciate the positive impact of these enhancements, while others may not notice them at all yet still benefit from them (Forrester Research 2018). For instance, if a website's loading speed is improved, users may not explicitly notice the difference, but they will still experience a faster and more efficient browsing experience.

Customers' responses to UX enhancements are equally diverse. Some customers may be more inclined to use a product or service if it offers a positive UX. Others may be more likely to

recommend a product or service with good UX to their peers. Additionally, some customers may be willing to pay a premium for a product or service that provides an exceptional UX (Nielsen Norman Group 2018).

Research has demonstrated the significant impact of UX enhancements on customer behaviour. For example, a study by Forrester Research (2018) found that a mere 10% improvement in UX can lead to a 20% increase in customer satisfaction. Similarly, another study by Nielsen Norman Group (2018) revealed that a 10% improvement in UX can result in a 30% increase in conversion rates.

Businesses can employ various methods to measure how customers perceive and respond to UX enhancements effectively. One approach is to conduct user surveys. These surveys can gather feedback on specific UX enhancements or provide a general understanding of how customers perceive the overall UX of a product or service (Forrester Research 2018).

Another effective method is to track customer behaviour. Businesses can monitor how often customers use a product or service, the duration of their usage, and the features they utilise most frequently. This data can pinpoint areas where UX enhancements can be implemented (Nielsen Norman Group 2018).

Furthermore, businesses can leverage analytics tools to measure how customers perceive and respond to UX enhancements. These tools allow businesses to track website traffic, user engagement, and conversion rates. By analysing this data, businesses can identify areas for UX improvement to enhance customer engagement and conversion rates (Forrester Research 2018).

Here are some specific examples of how customers perceive and respond to UX enhancements:

- Usability and efficiency in UX design: Customers often perceive UX enhancements through improved usability, which includes streamlined navigation, intuitive design, and faster interactions. These factors contribute significantly to positive perceptions (Greenberg 2010).
- Aesthetics and design: As highlighted by Daffy (2019), play a crucial role in customer perception. Visual appeal, characterised by clean and visually pleasing designs, positively impacts how customers perceive a product or service. Visual enhancements contribute to a positive emotional response, fostering a connection between the user and the product (Daffy 2019).
- Enhancing functionality and features**:** This is another dimension influencing customer response. Dixon et al. (2013) argue that introducing new features or improving existing ones can positively impact user experience. Additional functionalities aligned with user needs and preferences enhance customer perceptions (Dixon, Toman, & DeLisi 2013).
- Seamless interactions: An essential aspect of UX design, it also contributes to positive customer responses. As Gothelf and Seiden (2013) outlined, minimising friction points and

ensuring a consistent flow throughout the user journey enhances how customers respond to the overall experience. Users appreciate applications or websites that provide smooth and seamless interactions (Gothelf & Seiden 2013).

- Personalization: According to Goodman (2014), it is a critical factor influencing customer perception. Tailoring the user experience to individual preferences creates a sense of personalisation. Customers respond positively when a product or service understands and caters to their needs, fostering a deeper connection with the brand (Goodman 2014).
- Feedback and user involvement: Advocated by various experts, including Greenberg (2010), contribute to positive customer perceptions. Involving customers in the enhancement process, such as seeking feedback or conducting user testing, shows a commitment to meeting user expectations. This engagement fosters a collaborative relationship between users and the product or service (Greenberg 2010).
- Mobile responsiveness: This is highlighted by various sources, including Salesforce, as a crucial aspect of UX design. Ensuring UX enhancements translate seamlessly across various screen sizes contributes to positive responses. With the increasing use of mobile devices, businesses prioritise mobile responsiveness to enhance the overall user experience (Salesforce).
- Brand trust and loyalty: According to Daffy (2019), consistent positive experiences through UX enhancements influence brand trust and loyalty. Customers are more likely to engage with and remain loyal to brands that prioritise and invest in improving their user experience. A positive user experience becomes synonymous with brand trust and loyalty (Daffy 2019).
- Accessibility: The Interaction Design Foundation emphasises that it is another critical factor in customer perception. Making products and services accessible to a diverse audience positively influences customer perceptions. Inclusive design practices contribute to a more favourable response, emphasising the importance of considering users with varying abilities (Interaction Design Foundation 2023).
- Performance optimisation: As highlighted by Salesforce, is a final dimension influencing customer perceptions. Faster loading times and optimised performance contribute to positive responses. Customers appreciate applications or websites that respond quickly to their actions, creating a seamless and efficient user experience (Salesforce 2023).

In conclusion, the relationship between customers and UX enhancements is dynamic and interconnected. Businesses prioritising a user-centric approach and continually enhancing the user experience are better positioned to elicit positive customer perceptions and responses.

3 Insights from Industry Experts

This research chapter presents the results and findings and closes with practical recommendations for businesses to effectively incorporate UCD principles in their CRM strategies.

The empirical phase of the thesis relies on a comprehensive review of existing literature and industry publications from the previous chapter, along with insights gained from interviews with seasoned professionals, providing a holistic understanding of the impact of UX-centric strategies on customer loyalty and retention.

3.1 Interviews Conduction and Findings

The author conducted structured qualitative interviews with professionals and industry experts who possess expertise in Customer Relationship Management (CRM), User Experience (UX), and Customer Loyalty Management. This method was selected to thoroughly explore the effects of UX-centric strategies on customer loyalty and retention.

Engaging with industry experts through interviews contributes valuable insights supporting the research objectives. These experts bring a wealth of knowledge and experience, informing the study on industry trends, challenges, and best practices. Interviews collect real-world data directly from individuals immersed in the subject matter, complementing other research methods and offering diverse perspectives.

The interviews were conducted via e-mail or online platforms like Teams and Google Meet. All interviewees received a copy of the interview questions, consent form, and research announcement in advance.

During the interview process, a strict commitment to preserving the anonymity of the respondents was upheld, ensuring that their comments and insights retained objectivity, firmly rooted in their professional experiences and perspectives.

3.2 Target Interview Group

To gain a deeper understanding of the impact of UX-centric strategies on customer loyalty and their broader implications on business performance, this research will engage a carefully selected cohort of professionals and specialists with extensive experience and expertise in CRM, UX, and Customer loyalty. Their insights and perspectives will provide valuable context and depth to exploring this research topic.

Interviewing industry experts in CRM and UX will allow us to tap into their wealth of knowledge and practical experiences. Their sector-specific perspectives will be instrumental in shedding light on the nuances and complexities of implementing and evaluating UX-centric strategies. These interviews will form a crucial component of our qualitative research approach, ensuring that the research outcomes are comprehensive, relevant, and grounded in real-world experiences.

Table 3 below details the interviewees' profiles, including gender, occupation, and years of experience.

Table 3. Interviewees Profile

Interviewees	Gender	Occupation	Years of Experience
Interviewee A	Female	Salesforce Consultant / Project Manager / Solution Architect	12 years
Interviewee B	Male	HubSpot Senior Consultant / Strategy Director	30 years
Interviewee C	Male	Senior Lecturer	30 years

3.3 Interview Findings

The interview findings reveal profound insights into the intersection of UX-centric strategies and customer loyalty from three industry experts. Interviewee A highlights a significant shift in CRM towards the "Customer 360" concept, emphasising user-friendly CRM systems and streamlined processes. They stress the importance of comprehensive visibility of customer data for improved loyalty and provide a real-world project example illustrating the impact of a well-implemented UX-centric strategy.

Interviewee B underscores the alignment of UX-centric strategies with business goals and strategy, focusing on key metrics such as transaction frequency and average purchase. They recommend various feedback collection methods and identify challenges and best practices, emphasising ethical considerations for privacy policies and compliance with regulations like GDPR.

Interviewee C emphasises the constant analysis of user needs across channels in UX-centric strategies, with core components including UX, data protection, and management strategies. They provide examples of successful strategies in significant retailers and outline critical metrics for measuring customer loyalty. The interviewee highlights common challenges, best practices, and ethical considerations, anticipating future trends driven by AI and technological advancements.

In conclusion, the interviews provide a rich understanding of how businesses implement UX-centric strategies to enhance customer loyalty, address challenges, emphasise best practices, and consider ethical considerations in the ever-evolving landscape of CRM and UX.

3.3.1 Interviewee A Summary

According to interviewee A,

- There is a significant shift in CRM towards the "Customer 360" concept, emphasising the consolidation of customer information for easy access and personalised interactions. Notably, businesses increasingly prefer self-managed platforms, emphasising configuration over complex coding, enabling them to adapt solutions independently.
- From a UX-centric standpoint, the interviewee underscores the dual focus on CRM users and customers. For users, streamlined views and simplified actions within the CRM system are crucial, emphasising relevance without overcrowding. For customers, diverse channels and intuitive self-service options play a pivotal role in fostering positive experiences.
- Regarding valuable customer data for improved loyalty, the interviewee highlights the importance of comprehensive visibility. Ensuring that everyone involved in customer interactions has access to relevant data, coupled with high data quality, allows for automation of routine tasks, enhancing efficiency.
- A real-world project example illustrates the impact of a well-implemented UX-centric strategy. A streamlined quote request process featuring clear instructions, validations, and logic resulted in quicker, error-free data entry and growing user commitment.
- According to the interviewee, metrics for measuring customer loyalty should encompass stages of the process, emphasising the importance of understanding satisfaction levels and promptly addressing dissatisfaction.
- The interviewee suggests various strategies for effectively collecting and utilising customer feedback, including post-encounter feedback and observing customer behaviour. Pilot groups testing systems before broader launches are also recommended for obtaining honest feedback.
- Common challenges in implementing UX-centric strategies involve solutions based on assumptions rather than actual feedback, managerial planning without user input, and initially attempting to build overly comprehensive systems. The interviewee advocates starting small, observing user behaviour, and iterating based on feedback.
- For businesses seeking to improve customer loyalty through user-centered design principles, the interviewee recommends understanding customers thoroughly, starting small, and focusing on common problems before addressing exceptions.

- Ethical considerations and data privacy are emphasised when dealing with customer data, particularly in AI usage, where data anonymisation becomes critical.
- Looking to the future, the interviewee anticipates a significant impact of artificial intelligence on CRM, emphasising automation and analytics. Personalised service across channels, especially social media, is crucial for meeting evolving customer expectations.

3.3.2 Interviewee B Summary

According to interviewee B,

- UX-centric strategies stress alignment with business goals and strategy. Metrics and objectives should be based on understanding customer loyalty drivers and fostering continuous improvement.
- Valuable customer data includes insights into behaviour, how customers find the business, problem-solving efficacy, and time spent in the service.
- Interviewee B identifies key metrics like transaction frequency, average purchase, number of services used, and time spent as essential for measuring customer loyalty.
- Interviewee B recommends collecting feedback through forms, questionnaires, and interviews. Interviewee B underscores the importance of internal meetings to qualify and prioritise feedback for system development.
- Challenges in implementing UX-centric strategies are noted, cautioning that the strategy must align with business results and be tracked through Key Performance Indicators (KPIs).
- Best practices include defining problems with current data, validating solutions with clients, testing, continuous improvement, and establishing monitoring habits.
- Ethical considerations involve adherence to privacy policies and compliance with regulations like GDPR, the EU's Data Markets Act, and the EU's Data Services Act.
- Interviewee B sees AI as transformative, identifying and predicting user needs to enhance customer experiences and loyalty through careful design and planning.

3.3.3 Interviewee C Summary

According to interviewee C,

- The interviewee emphasises the significance of UX-centric strategies, rooted in constantly analysing user needs across channels. Core components include UX, data protection, and management strategies, with privacy and data protection playing a vital role.
- From a CRM perspective, the interviewee underscores the importance of customer data in building viable user strategies. Notable examples of successful UX-centric strategies include major retailers such as Kesko and S-group in Finland, which emphasise environmental impact and responsive features in loyalty programs.

- Key metrics for measuring customer loyalty encompass business goals, sales, profit, retention, and usability. Effective collection and utilisation of customer feedback involve nurturing relationships, recognising customer needs, and introducing reasons for loyalty.
- Common challenges in implementing UX-centric strategies relate to operational changes and evolving customer expectations. Best practices include designing attractive, user-friendly, and adaptable operations with constant monitoring, testing, and customer participation.
- Ethical considerations and data privacy concerns, including GDPR compliance, are highlighted.
- The interviewee anticipates future trends driven by AI, automation, business operation planning, and data management.
- The interviewee foresees UX becoming more interconnected with neuroscience, cognitive science, and psychology. The rise of quantum computing and advanced mobile connectivity will pose challenges related to speed and manageability in the evolving landscape of UX-centric strategies and customer loyalty.

4 Research Results

The Customer Relationship Management (CRM) landscape has evolved in recent years, transforming into a predictive Enterprise Resource Planning system. This evolution involves the integration of artificial intelligence (AI) and emphasises the significance of customer data. Implementing CRM systems has facilitated the recognition of customer values, leading to more profound data analysis. This evolution has significantly benefited businesses by providing operational efficiency, transparency, and predictability (Interviewee A 2023; Interviewee B 2023).

When considering User Experience (UX)-Centric Strategies to enhance customer loyalty and retention, core principles revolve around strategic alignment with the company's goals and customer needs. The strategy must be adaptive, predictive, and rooted in constantly analysing user actions across various channels. Privacy, data protection, and effective management strategies are integral to successful UX-centric approaches (Interviewee C 2023).

From a CRM perspective, valuable customer data for enhancing loyalty through improved user experiences includes insights into customer behaviour, problem-solving effectiveness, and understanding the reasons for customer dropouts and using collected data to answer "what, how, and why" questions is crucial for developing a viable user strategy (Interviewee B 2023).

Successful implementations of UX-centric strategies impacting customer loyalty can be observed in companies like Kesko and S-group in Finland. These companies have integrated UX-centricity with their strategic goals, positively impacting customer loyalty (Interviewee C 2023).

Critical metrics for measuring customer loyalty, especially in adopting UX-centric strategies, extend beyond traditional goals. Metrics include usability, user quantity, depth of use, adaptability, scalability, transaction frequency, time spent with the service, average purchase, and the number of services used (Interviewee A 2023).

Businesses can effectively collect and utilise customer feedback by establishing solid relationships, recognising customers, and continuously analysing existing and future needs. Feedback should be qualified, prioritised, and utilised for ongoing system development (Interviewee B 2023).

Common challenges in implementing UX-centric strategies include resistance to change and regulatory considerations. These challenges can be overcome through iterative approaches, focusing on tangible results and addressing customer and regulatory concerns (Interviewee C 2023).

4.1 Discussion

The research explores the evolving nature of CRM and the impact of integrating User-Centered Design (UCD) principles into Customer Relationship Management (CRM) systems on customer loyalty and retention, the influence of CRM systems' user experience on customer satisfaction, and how customers perceive and respond to UX enhancements. The discussion emphasises the importance of aligning strategies with business goals and customer expectations for optimal outcomes (Reichheld & Teal 2001).

The synergy between CRM evolution and UX-centric strategies presents a holistic framework for businesses to adapt, predict, and meet customers' ever-changing needs. This approach emphasises aligning strategies with business goals and customer expectations (CRM Research 2023).

Corresponding to the research questions, this approach emphasises the importance of adapting to meet dynamic customer needs while ensuring strategic alignment with business objectives.

1. Influence of UCD Principles on Customer Loyalty and Retention in CRM Systems

Integrating User-Centered Design (UCD) principles into Customer Relationship Management (CRM) systems profoundly impacts customer loyalty and retention. UCD emphasises a design approach centred around users' needs and preferences, ensuring that CRM systems align seamlessly with user expectations. As discussed by Charisol (2023), prioritising the user experience through UCD principles fosters a sense of engagement and satisfaction among customers, leading to increased loyalty.

UCD principles advocate for a deep understanding of user behaviour and preferences, enabling the development of CRM systems that are intuitive and user-friendly. According to Nielsen Norman Group (2023), a positive user experience in CRM systems results in enhanced customer satisfaction, and satisfied customers are likelier to remain loyal to a brand. This aligns with Dixon, Toman, and DeLisi's (2013) findings, who argue that effortless experiences facilitated by UCD-driven CRM systems contribute significantly to building customer loyalty.

Moreover, incorporating UCD principles allows CRM systems to adapt to changing customer needs and expectations, contributing to long-term customer retention. As Gartner (2023) highlighted, UCD ensures that CRM systems evolve to meet user demands, enhancing the overall customer experience and, consequently, loyalty. This strategic alignment with user needs is crucial for businesses aiming to build long-lasting customer relationships (Daffy 2019).

Successful implementations of UX-centric strategies highlight the practical application of these principles, with real-world examples demonstrating their impact on customer loyalty. Integrating metrics beyond traditional indicators adds depth to customer loyalty evaluation, providing a more comprehensive understanding (Daffy 2019; Goodman 2014; Gothelf & Seiden 2013).

2. Impact of CRM Systems' User Experience on Customer Satisfaction

CRM systems' user experience (UX) shapes customer satisfaction. CRM Search (2023) emphasises that a well-designed and user-friendly CRM system contributes to a positive user experience, resulting in higher levels of customer satisfaction. This aligns with the principles outlined by UX Design Institute (2023), which stress the importance of a seamless and enjoyable user interface in enhancing satisfaction.

CRM systems prioritising UX design create an environment where users can efficiently navigate the system, reducing frustration and increasing (Wow Makers 2023). The principles of Lean UX, as discussed by Gothelf and Seiden (2013), underscore the importance of continuous improvement in UX design, ensuring that CRM systems remain aligned with evolving user expectations and preferences.

Furthermore, according to Salesforce (2023), a positive UX directly impacts the efficiency and effectiveness of CRM systems, contributing to higher levels of customer satisfaction. The effortless experience promoted by CRM systems, as discussed by Dixon, Toman, and DeLisi (2013), directly correlates with increased customer satisfaction, fostering loyalty and retention.

3. Customer Perception and Response to UX Enhancements

Customer perception and response to UX enhancements in CRM systems influence satisfaction and loyalty. Implementing UX-centric strategies, as discussed by Monarch Innovation (2023), reflects a commitment to improving the overall user experience, influencing how customers perceive and interact with CRM systems.

Customers are more likely to perceive the brand positively when presented with CRM systems that prioritise UX enhancements. According to Interaction Design Foundation (2023), a positive perception results from the ease of use, accessibility, and overall satisfaction derived from well-designed UX elements. This aligns with the findings of Goodman (2014), who emphasises that high-profit strategies in the age of techno service are intrinsically linked to customer perception and satisfaction.

Customers' response to UX enhancements is evident in their interaction patterns and engagement levels. CRM Search (2023) notes that customers tend to respond favourably to CRM systems that offer a seamless and intuitive user experience. This positive response is crucial for achieving the customer loyalty and retention goals outlined by Reichheld and Teal (2001), emphasising the hidden force behind growth and lasting value.

Successful implementations of UX-centric strategies further exemplify the practical application of these principles. Real-world examples, such as those seen in major Finnish retailers, provide tangible evidence of the positive impact of UX-centricity on customer loyalty. Integrating metrics that transcend traditional indicators enriches customer loyalty evaluation, offering a more nuanced and comprehensive understanding (Interviewee C 2023).

In conclusion, integrating UCD principles into CRM systems significantly influences customer loyalty and retention by ensuring strategic alignment with user needs. The impact of CRM systems' UX on customer satisfaction is evident, shaping customer perception and response to UX enhancements. These findings underscore the importance of prioritising user-centric design in CRM strategies to build lasting customer relationships.

Challenges identified in the research, such as data practices and mitigating bias in personalisation algorithms, emphasise the need for a balanced approach. The iterative nature of UX-centric strategies allows for continuous improvement, addressing challenges as they arise. The importance of tangible results further supports the notion that these strategies must translate into measurable business outcomes (Dixon, Toman, & DeLisi 2013).

4.2 Conclusion

The research journey has provided valuable insights into the dynamic relationship between CRM evolution, UX-centric strategies, and customer loyalty. The integration of these elements forms a robust framework for businesses aiming to thrive in today's competitive landscape.

The learnings from the research process highlight the necessity of a user-centric approach in CRM strategies, emphasising adaptability, customer-centricity, and a proactive response to evolving customer needs. The success of UX-centric strategies lies in their conceptualisation and practical implementation, as demonstrated by real-world examples.

In hindsight, the research process was effective in exploring the topic comprehensively. The diverse sources, including academic literature, industry reports, and online references, contributed to a well-rounded understanding.

Moving forward, a more extensive exploration of emerging technologies and their impact on UX-centric CRM strategies could enhance the depth of understanding. Additionally, engaging with industry experts and conducting case studies could provide further practical insights.

The research journey has yielded valuable insights into the dynamic relationship between CRM evolution, UX-centric strategies, and customer loyalty. The integration of these elements forms a robust framework for businesses aiming to survive and thrive in today's intensely competitive landscape.

According to the research process, it is evident that a user-centric approach is not merely a conceptual necessity but a practical imperative. The success of UX-centric strategies lies in their conceptualisation and seamless implementation, as demonstrated by real-world examples. Including a diverse set of sources, ranging from academic literature to industry reports, contributes to a well-rounded and comprehensive understanding of the topic.

In hindsight, the research process was effective in exploring the topic comprehensively. However, future research endeavours could benefit from a more extensive exploration of emerging technologies and their nuanced impact on UX-centric CRM strategies. Engaging with industry experts and incorporating case studies could provide additional practical insights, enhancing the depth of understanding.

In conclusion, the research affirms the symbiotic relationship between CRM evolution, UX-centric strategies, and customer loyalty. Integrating these elements is a strategic necessity and a dynamic response to the evolving landscape of customer expectations and business operations. The learnings from the research process emphasise the need for continual adaptation, proactive response to challenges, and a relentless focus on tangible outcomes.

4.3 Practical Recommendations for Businesses

In the rapidly evolving landscape of customer relationship management, where User Experience (UX) takes the centric stage, businesses must adapt and lead the change. Embracing UX-centric CRM strategies requires a proactive approach and a commitment to prioritising customer satisfaction and loyalty. Here are some practical recommendations for businesses aiming to excel in this era:

4.3.1 Invest in UCD-Focused Training

User-Centered Design (UCD) principles lie at the heart of effective UX-centric CRM strategies. To ensure that these principles permeate every facet of your organisation, invest in UCD-focused

training for employees. Equip your teams with the knowledge and skills to understand user needs, conduct user research, and apply UCD principles to CRM strategy development. This training empowers your workforce to champion user-centric design practices in their respective roles, fostering a customer-centric culture throughout the organisation (Nielsen Norman Group 2023).

4.3.2 Leverage CRM Systems Prioritizing UX

Selecting the right CRM system is pivotal in delivering a seamless and user-friendly experience. Businesses should prioritise CRM solutions that are designed with UX in mind. These systems offer intuitive interfaces, robust personalisation capabilities, and efficient workflows. Investing in CRM platforms that align with UCD principles ensures that the technology supports your customer-centric objectives. Furthermore, the ability to customise and configure these systems to align with your specific business needs is a valuable feature to consider (Salesforce 2023).

4.3.3 Regularly Solicit Customer Feedback

Customer feedback is invaluable in enhancing user experiences and building customer loyalty. Establish robust mechanisms for regularly soliciting feedback from your customers. This can include surveys, feedback forms, and user testing sessions. Actively listen to customer insights, preferences, and pain points. Use this feedback to make informed decisions and iterate on your CRM strategies. You demonstrate your commitment to meeting customers' needs and expectations by involving them in co-creation (Gartner 2023).

4.3.4 Iterate and Adapt

The landscape of CRM and user expectations is ever-evolving. Therefore, a key recommendation is to embrace a culture of continuous improvement. Encourage an iterative approach to CRM strategy development. Regularly assess the effectiveness of your strategies, seek opportunities for enhancement, and adapt to changing market dynamics. Be agile in responding to customer feedback and market trends, ensuring your CRM strategies align with user needs (Gothelf & Seiden 2013).

4.3.5 Foster Cross-Functional Collaboration

Effective UX-centric CRM strategies necessitate collaboration across departments. Break down silos within your organisation and encourage cross-functional collaboration between departments like marketing, sales, customer service, and IT. Cross-functional teams can ensure that UX considerations are integrated seamlessly into every customer touchpoint and interaction. This holistic approach enhances the consistency and quality of user experiences.

By embracing these practical recommendations, businesses can position themselves to thrive in the age of UX-centric CRM. Investing in UCD-focused training, selecting CRM systems that prioritise UX, soliciting customer feedback, fostering a culture of continuous improvement, and promoting cross-functional collaboration enable organisations to enhance customer loyalty, reduce customer churn, and achieve long-term sustainability. In doing so, businesses meet their customers' evolving expectations and strengthen their competitive advantage in an increasingly customer-centric marketplace. (Gothelf & Seiden 2013.)

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Appendices

Appendix 1. Research Announcement

Research Announcement

Title of the Thesis: Enhancing Customer Loyalty through UX-centric CRM Strategies

Student's Name: Sämeh Soliman
Email Address: sameh.soliman@myy.haaga-helia.fi

Supervising Teacher's Name: Seppo Karisto
Email Address: seppo.karisto@haaga-helia.fi

Objective of Data Collection

- To gather information and experts' insights and recommendations on the research topic that can be used to support the research arguments and findings.

Method and Phases of Data Collection

- The research uses the interview method to collect data.
- The interview questions will be emailed to the participants before participation.
- The participants can choose between conducting an online interview session or sending a written answer to the interview questions via email.

Duration of Participation

- The online interview session is an hour and a half.

Preparation Before Participation. Does participation require obtaining background information?

- Yes, a strong background in CRM and/or UX.
- The interview questions were sent to the participants via email before participation.

Participant has been informed that the data is intended for the purpose of the thesis research.

Dissemination of the Results

- The thesis report will be published in Theseus, an online library.

Additional Information

- Thesis author: Sameh Soliman
- sameh.soliman@myy.haaga-helia.fi

Appendix 2. Consent Form

Consent Form

I hereby consent to participate in the research interview according to the research announcement provided as an attachment.

The content of the aforementioned research announcement has been explained to me, and I understand the nature of the study, what participation entails for me, how the data I provide will be used, and how it will be stored. I have had the opportunity to ask questions and have received satisfactory answers to all my inquiries.

I understand that participation in the research is voluntary. I am aware that I can withdraw this consent at any time without giving a reason, and for instance, I can discontinue the interview if I so desire.

Consent can be withdrawn by [description of the withdrawal process]. Please note that once the research results have been analysed, the contribution of a single participant cannot be retrospectively removed.

For additional information about the research, the thesis author/authors [Sameh Soliman, sameh.soliman@myy.haaga-helia.fi] can be contacted.

I have reviewed the research announcement and the content of the consent form, and I give my consent to participate in the research.

With my signature, I confirm my consent to participate in the research.

_____
Name of the Consent Giver

_____ _____
Date Signature

Appendix 3. Interview Questions

1. Could you please introduce yourself, including your current role and professional background?
2. How has the CRM landscape evolved in recent years, and what notable benefits have you observed in how businesses use CRM in general?
3. In your view, what are the core principles or components of UX-centric strategies that businesses should consider to enhance customer loyalty and retention?
4. From a CRM perspective, what customer data or insights are most valuable for businesses aiming to improve customer loyalty through enhanced user experiences?
5. Can you share examples of successful implementations of UX-centric strategies that have significantly impacted customer loyalty within your experience or industry?
6. What key metrics or indicators are essential for measuring customer loyalty, especially when businesses adopt UX-centric strategies?
7. How can businesses effectively collect and utilise customer feedback to gauge the impact of UX-centric strategies on customer loyalty?
8. What challenges or obstacles do businesses commonly encounter when implementing UX-centric strategies to enhance customer loyalty and retention, and how can these challenges be overcome?
9. From your experience, what best practices or recommendations can you provide to businesses seeking to improve customer loyalty through user-centered design principles?
10. Are there any ethical considerations or data privacy concerns that businesses should be mindful of when implementing UX-centric strategies in the context of customer loyalty?
11. What future trends or emerging technologies do you foresee significantly impacting the intersection of UX-centric strategies and customer loyalty?
12. Do you have any additional insights or recommendations you would like to share regarding the relationship between UX-centric strategies and customer loyalty and retention in today's business landscape?