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CASE STUDY: ICT IN SUPPORT OF CRM AT GODIVA CHOCOLATIER EUROPE

Abstract

Godiva Chocolatier is specialised in the production of premium chocolate. The company is based in Brussels, Belgium. It has manufacturing facilities in Belgium and the USA and nearly four thousand points of sale world-wide.

Customer relationship management at Godiva is a core part of the business strategy. Focusing on creating and maintaining lasting relationships with its customers, the company has developed a CRM solution. The physical channels (shop counter, phone/fax) are complemented by ICT applications like dedicated website and the back-and front-office applications integrated with intranet and extranet.

Case study fact sheet

■ Full name of the company:	Godiva Chocolatier
■ Location (HQ / main branches):	New York – US, Brussels - Belgium
■ Sector (main business activity):	Production of chocolate, confectionery and drinks
■ Year of foundation:	1926
■ Number of employees:	600 in Europe
■ Turnover in last financial year:	n.a
■ Primary customers:	Retail and distribution outlets , franchising outlets, private and corporate customers
■ Most significant market area:	Europe, US, Japan, Hong-Kong
■ Focus of the case study:	LINK-Extranet system , part of CRM
■ Key words	CRM

Background and objectives

Godiva Chocolatier was created in 1926 by the Draps family, and for the first 40 years, the company operated regionally as family business. In 1966 Godiva entered the American market and six years later the company became a wholly-owned subsidiary of Campbell Corporation (USA). Presently, the two production units in Belgium and the USA distribute Godiva products all over the world. The range of offer, which traditionally comprised premium chocolates, now includes ice-creams and cocoa-based beverages.

In the United States, the Pennsylvania plant supplies the whole North American market via the network of proprietary boutiques and upscale retail outlets. The Belgian production supplies markets in Europe, the Middle East and Asia. In these regions, Godiva has developed three distribution channels: its own shops, counters in luxury stores and a network of franchises, which is expanding particularly in Europe. Godiva Chocolatier's products are also sold through catalogues, via phone/fax orders and on the internet, mainly in North America, Japan and Hong-Kong.

Godiva faces increasing competition from other chocolate producers, such as the Belgian company Leonidas, Irish Butlers and Thorntons in the UK. Across Europe, there is also a growing number of small new companies selling their products via internet. Competing in this environment is becoming more and more challenging for Godiva. The main challenges are product positioning and branding, as well as the flexibility to meet customers' changing tastes. Godiva has started using ICT to support the image as a luxury brand and to better develop marketing tools. For instance, Godiva internet website, www.godiva.com, has been one of the important means to promote brand awareness. In 1994, long before e-commerce took off, Godiva launched its own website with an online ordering facility, becoming one of the very first retailers to do so. Since then, the web site has been a tool for strengthening Godiva's reputation and commitment to customers.

Customer relationship management (CRM) at Godiva is a tool for creating and maintaining lasting relationships with customers and lays the basis for targeted marketing and product development. As company spokeswoman Viviane Burgess says, *"the Company needs to keep track of evolving consumer behaviours in order to offer those products which best respond to their needs."*

The world-wide presence is a challenge, which requires that different solutions are implemented to address the various customers' preferences. For instance, the company has different websites' contents (though based on identical templates) and separate CRM solutions for each Godiva division (North America, Japan, Hong-Kong and Europe). This strategy allows better product positioning and development, closer relationship with the individual clients from different markets, and development of targeted marketing.

e-Business activities

CRM at Godiva evolved into a company-wide business strategy designed to reduce costs and increase profitability by building and supporting customer loyalty.

CRM brings together information from all data sources within an organisation (and where appropriate, from outside the organisation) to give one, holistic view of each customer in real time. This allows customer-facing employees in such areas as sales, customer support and marketing, to make quick yet informed decisions on everything from cross-selling and up-selling opportunities to target marketing strategies to competitive positioning tactics. Godiva has developed a CRM strategy in which the physical channels (shop counter, phone/fax) are complemented by ICT applications like dedicated website and the back-and front-office applications integrated with intranet and extranet.

To support the strategy, Godiva has introduced suitable software applications and systems over time. Some years ago, Godiva introduced an ERP system to run most of the business processes and, more recently a CRM. Before the introduction of CRM, customers' data were stored in different locations and in many cases were entered manually, which resulted in omissions and errors. In 2005, the firm decided to develop its own in-house CRM solution based on flexible applications to save cost and time during

the development phase and afterward. The developments are taken in stages and are still ongoing, so it is too early to assess impact and benefits of the whole system. However, there are many technological components to CRM, and at the beginning of its implementation Godiva needed a closer links with its clients and automated processes of order taking and communication. In 2002-2003 Godiva European Division, developed the *LINK* Extranet system, which links business partners¹ via dedicated website (www.link.godiva.be) with Godiva's office in Brussels, as an integral part of an end-to-end CRM process. In 2002 -2003 the Link project was developed by the company with the help of external consultants. It cost about 120,000 Euros and it took about one year for it to be fully operational, including training of the customers and in house staff. It was relatively easy to convince the customers of the benefits of electronic order placements and communication. This turned into 100% customers using the system after nine months from the start date.

The LINK system plays an important role in the company's CRM. For example serving as a front office system, directly taking customer's details and orders and then processing this data into a back-office that fulfils and supports customer orders. This way, information about customers, purchasing patterns and models come directly via LINK into company's CMR/ERP database. Taking into account that nearly 70% of orders in Europe comes from Godiva's own and franchised retailed outlets, the need and impact of linking them with an automated and streamline process brought significant improvements of customer service and management. The real-time link with customers also increased the possibility to develop and deliver the right products at the right time and season (for example Christmas time, Valentine's Day) with production being able to respond accurately.

Before introduction of the *LINK* system, each customer (a retail outlet) had to send an individual order by fax or post, sometimes using outdated order forms. This implied that the order could arrive in bad quality and / or with bad handwriting with missing data. The details of the order had to be then manually entered in Godiva's ERP system for processing. Besides being time-consuming, the process resulted in a certain amount of human error and delays in deliveries. Today, the company receives the orders via www.link.godiva.be websites where registered partners can log in to place and manage their orders 24/7.

The LINK application enables automated order placement and processing of real-time data collection on customers' behaviour. Moreover the LINK application has established an easier and faster communication channel between the company and its partners. The application plays an important part in the collaborative function of the CRM ensuring close contact with customers.

Clients and partners have an access to daily updated information on products, details on training², events and other developments. By using banners and pop-ups the reading of important information is promoted. Profile-based information is sent to different customers, allowing for promoting different products in the regions, for example; chocolate without alcohol, but making possible exceptions on customer level. Then the marketing, sales and customer service strategies are based on the data and feedback collected via LINK, supporting the analytical function of CRM. The company saves cost

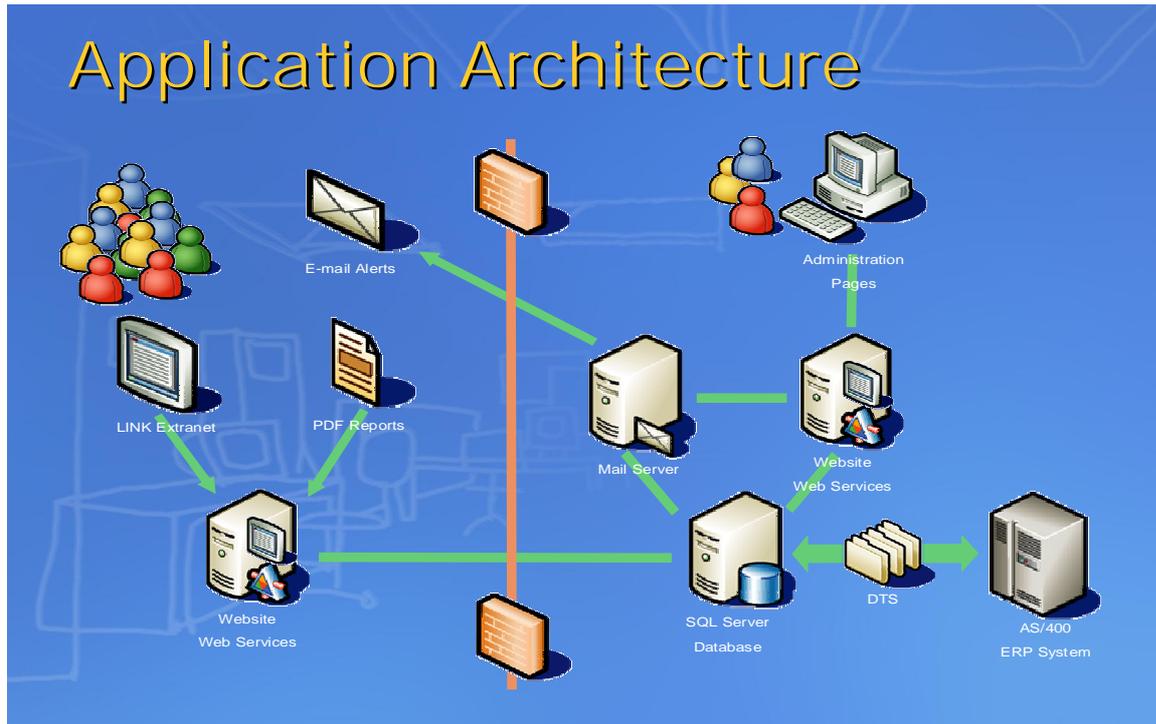
¹ own and franchised shops

² Training on new IT applications, new products, shelf display

and time on sending marketing materials and ensures that the messages reach the targeted audience fast.

The LINK facilitates interactions with customers and supports co-ordination of employee teams and channels. The system ensures immediate and personalised response to customers' queries received via extranet making the client feel. For the company, the web collaboration reduces customer service costs, it also improves quality by eliminating errors and delays.

Exhibit 1: Application of LINK Architecture at Godiva Europe



Impact

Nearly 100% of Godiva Europe customers are business partners (retailers). Godiva manages the commercial relations with such partners through a tailored solution, by linking them with the company via LINK extranet. LINK has been the step-stone towards CRM. The automatic processing of orders and other communication automatically feeds the database, which comprises individual accounts that store information about single customer's activities. That creates the base for further development of CRM. The LINK project has brought the following improvements of business processes at Godiva:

- Complete and up-to date customers' orders and queries in digital form, directly linked with the ERP, imply no more need for manual re-entry, therefore reduced number of errors, speedier and more accurate deliveries.
- Inventory management and logistics improved, with better central management of all orders.
- Automated order-flow, resulting in employees liberated time for providing more and better customer service.
- Accurate and up-to date data warehouse with increase market knowledge.
- Delivering real time customer feedback that helps product development.
- Valued source of gathering market intelligence.

- Improvement of the company image through personalised services, efficient deliveries and better relationships with its partners.
- Communication with partners streamlined.
- Enhanced customer visibility by providing a full view of activities on each customer account.

LINK and the computerisation of orders processing was designed not only to improve and speed up the processes within the company but also to add value to customers by providing:

- Easier and faster communication channel between the company and its partners;
- Easier order placement, with 24/7 access to manage orders in an intelligent format management and tracking with a possibility to change the order anytime and access the invoice information;
- Order status and dispatch information tracking;
- Up-to-date detailed information on products, manuals-on line;
- Direct communication platform to Godiva.

Lessons learned

There are many technological components to CRM, but thinking about CRM in primarily technological terms may be a mistake. Godiva's case confirms that CRM is as a process that helps bringing together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends. CRM should be regarded as a strategy to learn more about customers' needs and behaviours in order to develop stronger relationships with them. Good customer relationships are widely acknowledged to be an essential ingredient of business success.

CRM provides the resources to track most details of business relationships. This detail improves business process by allowing organisations to make more educated and strategic decisions. In turn, accurate and current information helps improve implementation results.

Further on, gathering all the information on individual customers and make it available in one place, CRM allows to sort and process information necessary to improve customer's experience. It serves as a central communications tracking tool of elements collected at the different points where interaction with customers takes place. *"The information collected about a customer -said Mr. Peter Stevens- is more effective when used to create a customer file, which is then available for sharing with the enterprise as a whole. On the marketing side, we needed a way to make more informed decisions about our marketing content and cost, says company representative. We need to collect and keep the data about our customers and their behaviour also to support future product enhancements or customisation."*

The company chose to develop its own solution based on the specific customers' needs, to work on enhancing existing business processing, and to replace only those that are no longer valid or sufficient for serving customer.

The CRM in place at Godiva Europe has also proved to be very useful in simplify interactions and communications with the customers. The customers benefit having access to information on demand, improving accuracy, enhanced product knowledge, and marketing message that they want. As the understanding about the customer increases, Godiva finds that it can serve them better.

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This case study was conducted by Aneta Herrenschmidt-Moller on behalf of the e-Business W@tch in September and October 2006. Sources and references used:

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